



NOTICE OF REGULAR COUNCIL MEETING

In accordance with § 38-431.02 of the Arizona Revised Statutes of the State of Arizona, notice is hereby given to the Members of City Council and to the general public that the Mayor and Council of the City of San Luis, Arizona will hold a Regular City Council meeting at 6:00 p.m., Wednesday, September 23, 2026. The meeting will take place at the City Council Chambers, located at 1090 E. Union Street, San Luis, Arizona, 85349. The public is invited to attend the open meeting.

In accordance with the Americans with Disabilities Act (ADA) and Section 504 of the Rehabilitation Act of 1973, the City of San Luis does not discriminate on the basis of disability in the admission of or access to, or treatment or employment in its programs, activities, or services. For information regarding rights and provisions of the ADA or Section 504, or to request reasonable accommodations for participation in City programs, activities, or services contact: ADA/Section 504 Coordinator, City of San Luis Human Resources Department, 1090 E. Union Street, San Luis, Arizona, 85349; (928) 341-8520.

Notice is hereby given that pursuant to A.R.S. § 1-602.A.9, subject to certain specified statutory exceptions, parents have a right to consent before the State or any of its political subdivisions make a video or audio recording of a minor child. Meetings of the City Council are audio and/or video recorded, and, as a result, proceedings in which children are present may be subject to such recordings. Parents in order to exercise their rights may either file written consent with the City Clerk to such recordings or take personal action to ensure that their child or children are not present when a recording may be made. If a child is present at the time a recording is made, the City will assume that the rights afforded parents pursuant to A.R.S. § 1-602.A.9 have been waived.

THIS NOTICE IS GIVEN BY:

/s/ Sonia Cornelio, City Clerk

AVISO DE JUNTA REGULAR

De acuerdo con los Estatutos del Estado de Arizona A.R.S. § 38-431.02, se les informa a los miembros del Cabildo y al público en general que el Alcalde y el Cabildo, tendrán una Junta Regular a las 6:00 p.m., el día Miercoles, 23 de Septiembre del 2026. La junta se llevará a cabo en la Sala del Cabildo, ubicada en el 1090 E. Union Street, San Luis, Arizona, 85349. El público está invitado a la junta.

De acuerdo con el Acta de Americanos con Discapacidades y la Sección 504 del Acta de Rehabilitación del 1973, la Ciudad de San Luis, Arizona no discrimina por causa de discapacidad la admisión y acceso a sus programas, actividades, servicios o en el trato en cuanto a empleo. Para más información referente a derechos y provisiones del Acta de Americanos con Discapacidades o Sección 504, o para solicitar adaptaciones que sean razonables para la participación en programas, actividades o servicios de la Ciudad, contactar al: Coordinador del Acta de Americanos con Discapacidades/Sección 504, Departamento de Recursos Humanos de la Ciudad de San Luis, Arizona, ubicado en el 1090 E. Union Street, San Luis, Arizona, 85349; (928) 341-8520.

Por medio de este aviso y de acuerdo con los Estatutos del Estado de Arizona, A.R.S. § 1-602.A.9, sujeto a ciertas excepciones reglamentarias, los padres de familia tienen el derecho de dar su consentimiento ante el Estado o cualquiera de sus subdivisiones políticas para realizar una grabación de audio o video de su hijo menor de edad. Las juntas del Cabildo se graban en audio y/o video y como resultado, el hecho de que haya menores presentes puede estar sujeto a que sean grabados. Para que los padres de familia puedan ejercer sus derechos pueden dar el consentimiento por escrito con la Secretaría de la Ciudad a tal grabación, o tomar acción personal para asegurarse que su hijo menor no esté presente cuando la grabación se lleve a cabo. Si un menor de edad está presente en el momento de la grabación, la Ciudad asumirá que los padres de familia están cediendo los derechos sobre una posible grabación de acuerdo con los Estatutos del Estado de Arizona, A.R.S. § 1-602.A.9.

ESTE AVISO ES DADO POR:

/f/ Sonia Cornelio, Actuaría de la Ciudad



AGENDA
Regular Meeting
San Luis City Council
Council Chambers
1090 E. Union Street
San Luis, AZ 85349
September 23, 2026
6:00 p.m.

PLEASE TAKE NOTICE THAT MEMBERS OF THE CITY COUNCIL WILL ATTEND EITHER IN PERSON, TELEPHONE, OR VIDEO CONFERENCE COMMUNICATION. THE MAYOR OR ACTING MAYOR FOR THIS MEETING MAY CHANGE THE ORDER OF THE ITEMS; IF AUTHORIZED BY LAW AND BY A MAJORITY VOTE OF A QUORUM OF CITY COUNCIL MEMBERS PRESENT, AN EXECUTIVE SESSION WILL BE HELD IMMEDIATELY FOLLOWING THE VOTE IN ACCORDANCE WITH A.R.S. § 38-431.03(A) AND THE MEETING WILL BE TEMPORARILY RECESSED WHILE THE CITY COUNCIL RETIRES TO EXECUTIVE SESSION WHICH WILL NOT BE OPEN TO THE PUBLIC.

TENGA EN CUENTA QUE LOS MIEMBROS DEL CABILDO DE LA CIUDAD ASISTIRÁN EN PERSONA, TELÉFONO O COMUNICACIÓN POR VIDEO CONFERENCIA. LA ALCALDESA O ALCALDE INTERINO DE ESTA REUNIÓN PUEDE CAMBIAR EL ORDEN DE LOS TEMAS; SI ESTÁ AUTORIZADO POR LA LEY Y POR MAYORÍA DE VOTOS DE UN QUÓRUM DE MIEMBROS DEL CABILDO PRESENTES, SE LLEVARÁ A CABO UNA SESIÓN EJECUTIVA INMEDIATAMENTE DESPUÉS DE LA VOTACIÓN DE ACUERDO CON LOS ESTATUTOS DEL ESTADO DE ARIZONA A.R.S. § 38-431.03 (A) Y LA REUNIÓN SERÁ TEMPORALMENTE RECESADA MIENTRAS EL CABILDO DE LA CIUDAD SE RETIRE A UNA SESIÓN EJECUTIVA QUE NO ESTARÁ ABIERTA AL PÚBLICO.

1. CALL TO ORDER/ROLL CALL

2. PLEDGE OF ALLEGIANCE

3. INVOCATION

Any opening invocation that is offered before the official start of the Council meeting shall be the voluntary offering of a private person, to and for the benefit of the Council. The views or beliefs expressed by the invocation speaker have not been previously reviewed or approved by the City Council or the city staff. The city is not allowed by law to endorse the religious or non-religious beliefs or views of such speakers. Any invitation to stand during the Pledge of Allegiance or invocation shall not be construed as a demand, order, or any other type of command. No person in attendance at the meeting shall be required to participate in any Pledge of Allegiance or an opening invocation that is offered.

Toda invocación inicial que se ofrezca antes del inicio oficial de la sesión del Cabildo será una ofrenda voluntaria de una persona particular, para beneficio del Cabildo. Las opiniones o creencias expresadas por quien haga la invocación no han sido revisadas ni aprobadas previamente por el Cabildo ni por el personal de la ciudad. La ley no permite a la ciudad respaldar las creencias o puntos de vista religiosos o no religiosos de dichos oradores. Cualquier invitación a ponerse de pie durante el Juramento a la Bandera o la invocación no se interpretará como una exigencia, orden ni ningún otro tipo de mandato. Ninguna persona presente en la sesión estará obligada a participar en el Juramento a la Bandera ni en ninguna invocación inicial que se ofrezca.

4. CALL TO THE PUBLIC

This is the time for the public to comment. Under A.R.S. § 38-431.01(I), Members of the City Council shall not discuss or take legal action on matters raised during an open call to the public that are not properly noticed on this agenda for discussion and legal action. At the conclusion of an open call to the public, individual Members of the City Council may respond to criticism made by those who have addressed the City Council, may ask staff to review a matter, or may ask that a matter be put on a future agenda.

5. PROCLAMATIONS/PRESENTATIONS

5. A. Proclamation on National Day of Remembrance for Murder Victims, September 25, 2026

5. B. Proclamation on Human Resources Professionals Day - September 26, 2026

5. C. Proclamation on 928 (Area Code) Day - September 28, 2026

5. D. Recognition for Ms. Sheccid Ortiz for her outstanding work and dedication to the San Luis Letters Project and her commitment to the community. **(Claudia Montoya, Acting Assistant Director of Parks and Recreation)**

5. E. Presentation by Greater Yuma Economic Development Corporation (GYEDC) on their end-of-year. **(Greg LaVann, President/CEO)**

6. CONSENT AGENDA

All matters are considered to be routine by the City Council and will be enacted by one motion. If discussion is desired, that item will be removed from the Consent Agenda and will be considered separately.

6. A. MINUTES OF

- Regular Council meeting held on August 26, 2026

6. B. DISBURSEMENTS

From September 2, 2026 to September 15, 2026

Total \$1,465,971.30 (One Million, Four Hundred Sixty-Five Thousand, Nine Hundred Seventy-One Dollars and Thirty Cents)

7. DISCUSSION AND POSSIBLE ACTION ITEMS:

7. A. Discussion and possible action on any and all matters regarding Resolution No. 2415. A resolution of the Mayor and City Council of the City of San Luis, Arizona, approving the form and authorizing the execution and delivery of a Loan Agreement with the Water Infrastructure Finance Authority of Arizona from its Clean Water Revolving Fund Program; (2) delegating the determination of certain matters relating thereto to the manager and the finance director of the city; (3) providing for the transfer of certain moneys and making certain covenants and agreements with respect thereto; (4) authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by such loan

agreement and this resolution; and (5) declaring an emergency. **(Roula Encinas, Director of Finance and Mark Reader, Managing Director of Stifel, Nicolaus & Company)**

(6 votes in favor are required to pass immediately as an emergency per A.R.S. § 19-142.)

- 7. B.** Discussion and possible action to approve a 12-month lease agreement with Rush Refuse Systems for a 2026 Peterbilt/McNeilus Automated Side Loader Refuse Truck. **(Manuel Hernandez, Assistant Director of Public Works)**
- 7. C.** Discussion and possible action on any and all matters regarding the award of a contract to LightDay Solar Inc. for the San Luis High School Lift Station - Generator project. **(Jorge Perez, Assistant Director of Public Works)**
- 7. D.** Discussion and possible action on any and all matters regarding Order No. 2026-08. An Order of the Mayor and City Council of the City of San Luis, Arizona, approving and adopting the Intergovernmental Agreement between the City of San Luis and Gadsden Elementary School District #32 (GESD #32) for funds supporting the San Luis Police Department's participation in the School Resource Officer assignment at San Luis Middle School and Southwest Junior High School. **(Damian Miller, Lieutenant)**
- 8. SUMMARY OF CURRENT EVENTS**
Events by Mayor, Council Members and/or City Manager pursuant to A.R.S. § 38-431.02 (K).
- 9. ADJOURNMENT**



PROCLAMATION

Regular City Council Meeting

5. A.

Meeting Date: 09/23/2026

Title:

Proclamation on National Day of Remembrance for Murder Victims, September 25, 2026

Attachments

Proclamation



Proclamation

OFFICE OF THE
MAYOR
CITY OF SAN LUIS

NATIONAL DAY OF REMEMBRANCE FOR MURDER VICTIMS September 25, 2026

WHEREAS, the death of a murdered loved one is a difficult experience that robs immediate and extended family members and creates overwhelming challenges to fill the void that their absence creates; and

WHEREAS, the friends and families of murder victims cope with grief through a variety of support services, including counseling, crisis intervention, professional referrals, and assistance in dealing with the criminal-justice system; and

WHEREAS, the City of San Luis joins with the Yuma County Victims' Rights Committee, as well as victim-service programs, criminal-justice officials, and concerned citizens throughout the city, to remember the anguish caused by homicide, to honor the courage of survivors, and to strive to help the survivors rebuild their lives.

NOW, THEREFORE, BE IT RESOLVED, that I, Nieves Riedel, Mayor of the City of San Luis, Arizona, do hereby proclaim September 25, 2026, as "**National Day of Remembrance for Murder Victims**" in the City of San Luis and in doing so, I encourage all citizens of the City of San Luis to join me in remembering the victims who have been murdered and their families, and to support programs that help those who have been devastated through these violent tragedies.

DATED this 23rd day of September 2026.

Nieves Riedel, Mayor

ATTEST:

Sonia Cornelio, City Clerk



PROCLAMATION

Regular City Council Meeting

5. B.

Meeting Date: 09/23/2026

Title:

Proclamation on Human Resources Professionals Day - September 26, 2026

Attachments

Proclamation



Proclamation

OFFICE OF THE
MAYOR
CITY OF SAN LUIS

HUMAN RESOURCES PROFESSIONALS DAY September 26, 2026

WHEREAS, Human Resources Professionals are an organization's experts for staffing, employee and labor relations and safety and health; and

WHEREAS, the Human Resources Professionals who work in San Luis businesses, organizations, schools, and state and local government agencies are the committed team members tasked with obtaining and growing our workforce; and

WHEREAS, these professionals help the employer adapt to an ever-changing and competitive work environment while responding to workplace needs and economic challenges; and

WHEREAS, attracting, recruiting, training and maintaining a talented and skilled workforce play an essential role as we work to reinvent the great state of Arizona; and

WHEREAS, on this day, we recognize the vital importance of Human Resources Professionals in our city and state. We encourage all residents to learn about the career opportunities available in human resources.

NOW, THEREFORE, BE IT RESOLVED, that I, Nieves Riedel, Mayor of the City of San Luis, Arizona, do hereby proclaim September 26, 2026, as "**Human Resources Professionals Day**", and urge all municipal employees and residents to join in expressing appreciation for the essential contributions and dedicated service of our Human Resources professionals.

DATED this 23rd day of September 2026.

Nieves Riedel, Mayor

ATTEST:

Sonia Cornelio, City Clerk



PROCLAMATION

Regular City Council Meeting

5. C.

Meeting Date: 09/23/2026

Title:

Proclamation on 928 (Area Code) Day - September 28, 2026

Attachments

Proclamation



OFFICE OF THE
MAYOR
CITY OF SAN LUIS

Proclamation

928 (AREA CODE) DAY
September 28, 2026

WHEREAS, September 28, 2025, marks the first citywide celebration of “928 Day” in the City of San Luis, Arizona, an initiative created to spotlight and support local businesses while showcasing the pride, talent, and uniqueness of our community; and

WHEREAS, the goal of 928 Day is to encourage residents to shop and dine locally, strengthen ties between neighbors and businesses, and build lasting community pride that continues to support the economic well-being of San Luis; and

WHEREAS, the City of San Luis will lead a promotional campaign to highlight participating businesses, create visibility for local entrepreneurs, and provide residents with meaningful ways to support the local economy; and

WHEREAS, every purchase made on 928 Day, whether a \$9.28 lunch special, a 9.28% discount, or a 928-themed experience, contributes to strengthening the bonds of community, fostering unity, and creating momentum for future growth and prosperity.

WHEREAS, we encourage all residents to take the time to understand the importance of mental health education and recognize that taking care of ourselves and others includes taking care of mental health.

NOW, THEREFORE, BE IT RESOLVED, that I, Nieves Riedel, Mayor of the City of San Luis, Arizona, do hereby proclaim September 28, 2026, as “**928 (Area Code) Day**” in the City of San Luis, and call upon all residents to celebrate this month by supporting local businesses, exploring our community, and wearing our regional pride with honor.

DATED this 23rd day of September 2026.

Nieves Riedel, Mayor

ATTEST:

Sonia Cornelio, City Clerk



PRESENTATION

Regular City Council Meeting

5. D.

Meeting Date: 09/23/2026

Submitted By: Crystal Ochoa, Parks & Recreation Department

Presentation Topic/Summary:

Recognition for Ms. Sheccid Ortiz for her outstanding work and dedication to the San Luis Letters Project and her commitment to the community. **(Claudia Montoya, Acting Assistant Director of Parks and Recreation)**

Attachments

San Luis AZ Letters





PRESENTATION

Regular City Council Meeting

5. E.

Meeting Date: 09/23/2026

Submitted By: Sonia Cornelio, City Clerk's Office

Presentation Topic/Summary:

Presentation by Greater Yuma Economic Development Corporation (GYEDC) on their end-of-year.
(Greg LaVann, President/CEO)

Attachments

GYEDC Performance San Luis

GYEDC PERFORMANCE STATS

DRIVING GROWTH. BUILDING OPPORTUNITY.



Delivering results that strengthen our economy
and build a brighter future for **San Luis**.



\$1M

EDA Sewer Line
Extension Grant



\$500,000

ACA Economic Strengths
Program Grant



THREE (3)

new company locations
to the City of San Luis

**Myers Power, ATS Trucking,
Piana Expansion**



\$25M+

in Capital Investment



250+

Estimated FTE Jobs
to be created



\$20/HR

Average Wage



MARKETING COLLATERAL

Promoting San Luis as a
strategic location for business
investment and growth.



COMMERCIAL PORT OF ENTRY TRUCKING PILOT PROGRAM

Advancing regional trade
and economic opportunity
in partnership with GYPA.





AGENDA ITEM REVIEW FORM

Regular City Council Meeting

6. A.

Meeting Date: 09/23/2026

Summary

MINUTES OF

- Regular Council meeting held on August 26, 2026

Attachments

8/26/2026 RCM

MINUTES
Regular Council Meeting
San Luis City Council
San Luis Council Chambers
1090 E. Union Street
San Luis, AZ 85349
August 26, 2026
6:00 p.m.

1. CALL TO ORDER/ROLL CALL

Mayor Nieves Riedel called the meeting to order at approximately 6:00 p.m.

PRESENT: Council Member Maria Cecilia Cruz
Council Member Tadeo Azael De La Hoya
Council Member Esteban C. Rosales
Council Member Lizeth Servin
Vice Mayor Javier Vargas
Mayor Nieves Riedel

ABSENT: Council Member Luis E. Cabrera

OTHERS PRESENT: Jenny Torres, City Manager
Joe Estes, City Attorney
Sonia Cornelio, City Clerk
Adela Cortez, Director of Human Resources
Angel Ramirez, Fire Chief
Antonio Maldonado, Multimedia Production &
Operations Specialist
Armando Esparza, Director of Economic Development
Carolina Corral, Accountant II
Claudia Montoya, Acting Assistant Director of Parks &
Recreation
Damian Miller, Police Lieutenant
Edgar Esparza, Billing & Collections Manager
Ernesto Prieto, Police Sergeant
Eulogio Vera, Director of Public Works
Fernando Corona, IT Manager
Francia Alonso, Public Information Officer
Francisca Ramirez, Senior Services Manager
Israel Lara, IT Technician
Jorge Perez, Assistant Director of Public Works
Juan Tejeda, Acting Assistant Director of Development
Services
Maria Barajas, Human Resources Manager
Maria Sabori, Risk Manager

Miguel Ramirez, Finance Accounting Manager
Olivia Jenkins, Acting Assistant City Manager
Osvaldo Rodriguez, Lead Custodian
Tomas Sanchez, City Engineer
Victor De La Torre, Safety Officer
Yolanda Dueñas, Facilities Supervisor
Cesar Neyoy, Reporter
Christian Cuevas, Meeting Interpreter
Erik Luzanilla, Council Member-Elect
Fabher Sanchez, Resident
Luisa Arreola, Resident
Manuel Rojas, Resident
Maria Gonzalez, Resident
Mark Concha Jr., Resident

2. PLEDGE OF ALLEGIANCE

Council Member Maria Cecilia Cruz led the Pledge of Allegiance.

3. INVOCATION

The invocation was performed by Ms. Maria Cecilia Cruz – Church for The City.

4. CALL TO THE PUBLIC

Mr. James Allen Jr., 1549 E. Babbit Lane, San Luis, AZ, addressed the needs of adults with disabilities in the community, noting that while services and awareness often focus on children, adults with disabilities may feel underserved and overlooked. He emphasized the importance of providing opportunities and resources that support quality of life for individuals with disabilities at all stages of life. He also recommended placing picture communication boards on fire department vehicles and police cruisers to help nonverbal individuals communicate with first responders during emergencies or other interactions. Mr. Allen encouraged the Council to think creatively about improving accessibility and emphasized that local government should reflect the needs of the entire community.

5. PROCLAMATIONS/PRESENTATION

- 5. A. Proclamation on Childhood Cancer Awareness Month - September 2026**
- 5. B. Proclamation on Hunger Action Month - September 2026**
- 5. C. Proclamation on Library Card Sign-Up Month - September 2026**
- 5. D. Proclamation on National Suicide Prevention Month - September 2026**
- 5. E. Proclamation on Ovarian Cancer Awareness Month - September 2026**

Mrs. Sonia Cornelio, City Clerk, read the proclamations by title only.

5. F. Presentation and recognition of the 2026 2nd Quarter Awardees by the Employee Recognition and Awards Program (ERAP) for their outstanding work with the City of San Luis. (Vanessa Iturbide, ERAP Chair)

Ms. Vanessa Iturbide, ERAP Chair, presented and recognized the awardees for the 2026 2nd Quarter by the ERAP for their outstanding work with the City of San Luis.

6. CONSENT AGENDA

6. A. MINUTES OF

- Regular Council meeting held July 22, 2026

6. B. DISBURSEMENTS

From August 6, 2026, to August 18, 2026

Total \$2,783,103.29

(Two Million, Seven Hundred Eighty-Three Thousand, One Hundred Three Dollars and Twenty-Nine Cents)

6. C. Discussion and possible action on any and all matters regarding Resolution No. 2412. A Resolution of the Mayor and City Council of the City of San Luis, Arizona, approving the assignment of right-of-way on Union Street and 1st Avenue from the Gadsden Elementary School District #32. (Eulogio Vera, Director of Public Works)

MOTION: Vice Mayor Javier Vargas/Council Member Tadeo Azael De La Hoya moved to approve the Consent Agenda. The motion passed unanimously.

The vote was as follows:

Council Member Maria Cecilia Cruz	Aye
Council Member Tadeo Azael De La Hoya	Aye
Council Member Esteban C. Rosales	Aye
Council Member Lizeth Servin	Aye
Vice Mayor Javier Vargas	Aye
Mayor Nieves Riedel	Aye

7. DISCUSSION AND POSSIBLE ACTION ITEMS:

7. A. Discussion and possible action on any and all matters regarding the City of San Luis Approved Artist List for the Public Art Program. (Armando Esparza, Director of Economic Development and Government Affairs)

Mr. Armando Esparza, Director of Economic Development and Government Affairs, presented an update on the city's Public Art Program. He stated that the Economic Development Department had been working on the program for some time and had developed a list of 11 artists for consideration and approval.

He added that to identify qualified artists, the city issued a Request for Qualifications (RFQ) through OpenGov seeking artists interested in working with the city on public art installations. Mr. Esparza explained that the solicitation was intended to identify artists with the appropriate experience and technical knowledge to successfully complete public art projects. The city received 17 applications from local, regional, and statewide artists representing a variety of artistic styles, backgrounds, and mediums. City staff and the Economic Development Commission reviewed and evaluated the submissions and recommended 11 of the 17 applicants for inclusion on the approved artist list. He stated that staff recommended that the City Council approve the Economic Development Commission's recommendation and formally adopt the 11 artists as the city's approved artist list. City staff would use the list for future public art projects and installations conducted as part of the City's Public Art Program.

Council Member Lizeth Servin asked about the geographic locations of the artists who submitted applications.

Mr. Esparza stated that approximately half of the applicants were from San Luis, 25% were from the Phoenix area, and one (1) applicant was from New York. He noted that the remaining applicants were from other locations.

MOTION: Vice Mayor Javier Vargas/Council Member Lizeth Servin moved to approve the San Luis Economic Development Commission's recommendation to adopt the City of San Luis approved artist list and authorize staff to utilize the list for the Public Art Program. The motion passed unanimously.

The vote was as follows:

Council Member Maria Cecilia Cruz	Aye
Council Member Tadeo Azael De La Hoya	Aye
Council Member Esteban C. Rosales	Aye
Council Member Lizeth Servin	Aye
Vice Mayor Javier Vargas	Aye
Mayor Nieves Riedel	Aye

7. B. Discussion and possible action on any and all matters regarding the authorization to utilize budgeted Historic Preservation matching funds to complete National Register of Historic Places nomination services. (Armando Esparza, Director of Economic Development and Government Affairs)

Mr. Armando Esparza, Director of Economic Development and Government Affairs, explained that the Economic Development Department had applied for a grant from a national philanthropic organization that funds historic preservation programs, including initiatives along the U.S.-Mexico border. Although the city was not awarded the grant, the city had previously allocated \$36,000.00 in matching funds. He requested Council authorization to use the \$36,000.00 to begin the historic preservation program originally proposed in the grant application.

He added that the program would build upon the Historic Preservation Plan approved the previous year and focus on establishing recommended historic districts within the community. Because city staff lacks the specialized expertise needed to conduct the required outreach and work with property owners, the department proposed contracting with Designing Local to continue the preservation plan work. The program would include engaging property owners in the proposed districts, documenting properties that contribute to the community's historic character, and pursuing the districts' designation. Mr. Esparza explained that historic district designation would make eligible properties potentially qualify for federal rehabilitation tax credits and grant opportunities to assist with the rehabilitation of vacant or older buildings. He emphasized that the program would not impose additional restrictions on property owners and would primarily provide access to preservation-related incentives and funding opportunities for those who choose to participate.

MOTION: Council Member Lizeth Servin/Council Member Esteban C. Rosales moved to authorize the use of previously budgeted historic preservation matching funds, in an amount not to exceed \$36,000.00, for Designing Local's National Historic Register nomination services. The motion passed unanimously.

The vote was as follows:

Council Member Maria Cecilia Cruz	Aye
Council Member Tadeo Azael De La Hoya	Aye
Council Member Esteban C. Rosales	Aye
Council Member Lizeth Servin	Aye
Council Member Javier Vargas	Aye
Mayor Nieves Riedel	Aye

7. C. Discussion and possible action on any and all matters regarding the agreement for Onvida to continue being our Base Hospital. (Angel Ramirez, Fire Chief)

Mr. Angel Ramirez, Fire Chief, presented the agreement with Onvida to continue providing base hospital privileges for the city's emergency medical services. He emphasized that the agreement is an extension of the city's existing partnership and not a new arrangement. Chief Ramirez stated that renewing the agreement will ensure uninterrupted medical oversight and support for the city's paramedics. Through the continued partnership, paramedics will maintain access to physician medical direction, clinical oversight, and professional support necessary to provide high-quality prehospital emergency medical care. He further explained that the agreement provides established medical protocols that paramedics rely on daily when treating patients and responding to emergency calls. Continued base hospital privileges will help ensure paramedics have the appropriate medical guidance and resources to safely and effectively provide patient care.

MOTION: Council Member Maria Cecilia Cruz/Council Member Esteban C. Rosales moved to approve the Base Hospital Agreement with Onvida, as presented. The motion passed unanimously.

The vote was as follows:

Council Member Maria Cecilia Cruz	Aye
Council Member Tadeo Azael De La Hoya	Aye
Council Member Esteban C. Rosales	Aye
Council Member Lizeth Servin	Aye
Vice Mayor Javier Vargas	Aye
Mayor Nieves Riedel	Aye

7. D. Public Hearing followed by discussion and possible action on any and all matters regarding the recommendation of the Liquor License Application submitted to the Arizona Department of Liquor Licenses and Control by Nieves Riedel on behalf of Colibri Market LLC, located at 4626 E. County 24th Street, San Luis, Arizona. (Sonia Cornelio, City Clerk)

Mayor Nieves Riedel declared a conflict of interest regarding the item and recused herself from the discussion and consideration of the matter. She requested that Vice Mayor Javier Vargas preside over the item.

A. Staff and/or Applicant presentation

Mrs. Sonia Cornelio, City Clerk, explained that the required notice and application for the liquor license for Colibri Market, LLC, were posted in a conspicuous location at the proposed premises for at least 20 days, in accordance with state law. The City Clerk's Office received no public comments, objections, or concerns regarding the application. Staff recommended that the City Council approve the city's recommendation to the Arizona Department of Liquor Licenses and Control for the liquor license application submitted by Colibri Market, LLC. The applicant was present and available to answer questions from the City Council, and the City Clerk offered to provide any additional information requested.

B. Open Public Hearing

Vice Mayor Javier Vargas opened the Public Hearing.

C. Call to the public on this item

The public made no comments on this item.

D. Close Public Hearing

Vice Mayor Javier Vargas closed the Public Hearing.

E. Action on the recommendation of the Liquor License Application to the Arizona Department of Liquor Licenses and Control for Colibri Market LLC

MOTION: Council Member Esteban C. Rosales/Council Member Lizeth Servin moved to recommend approval of the liquor license application to the Arizona Department of Liquor Licenses and Control for Colibri Market LLC, as presented. The motion passed with five (5) Ayes and one (1) Abstention by Mayor Nieves Riedel.

The vote was as follows:

Council Member Maria Cecilia Cruz	Aye
Council Member Tadeo Azael De La Hoya	Aye
Council Member Esteban C. Rosales	Aye
Council Member Lizeth Servin	Aye
Vice Mayor Javier Vargas	Aye
Mayor Nieves Riedel	Abstained

Mayor Nieves Riedel asked Vice Mayor Javier Vargas to preside over the remaining agenda items.

7. E. Discussion and possible action on any and all matters regarding Order No. 2026-07. An Order of the Mayor and City Council of the City of San Luis, Arizona, approving and adopting the Intergovernmental Agreement between the City of San Luis and Portable Practical Educational Preparation, Inc. (PPEP Tech High School) for funds supporting the San Luis Police Department's participation in the School Resource Officer assignment at PPEP Tech High School-Cesar Chavez Learning Center. (Damian Miller, Lieutenant)

Mr. Damian Miller, Police Lieutenant, stated that the San Luis Police Department requested approval of an Intergovernmental Agreement between the City of San Luis and PPEP Tech High School - Cesar Chavez Learning Center to provide a School Resource Officer (SRO) at the school. The agreement will become effective upon approval by the PPEP Tech High School Governing Board and remain in effect through June 30, 2027, covering the 2026–2027 school year. Under the agreement, an AZPOST-Certified sworn officer from the San Luis Police Department will serve as the School Resource Officer for up to 200 school days, eight (8) hours per day, with additional hours available, subject to funding, upon request of the Principal or the Principal's designee. The agreement is intended to provide a consistent law enforcement presence and support a safe and secure learning environment for students and staff.

The City Council had a brief question-and-answer discussion with Lt. Miller regarding the proposed agreement and School Resource Officer assignment. Lt. Miller answered the Council's questions.

MOTION: Council Member Esteban C. Rosales/Council Member Tadeo Azael De La Hoya moved to approve and adopt Order No. 2026-07, as presented. The motion passed unanimously.

The vote was as follows:

Council Member Maria Cecilia Cruz	Aye
Council Member Tadeo Azael De La Hoya	Aye
Council Member Esteban C. Rosales	Aye
Council Member Lizeth Servin	Aye
Vice Mayor Javier Vargas	Aye
Mayor Nieves Riedel	Aye

7. F. Discussion and possible action on any and all matters regarding Resolution No. 2411. A Resolution of the Mayor and City Council of the City of San Luis, Arizona, Yuma County, committing local funds as leverage for Federal Fiscal Year 2025–2026 Community Development Block Grant State Special Project (CDBG-SSP) application. (Humberto Arcos, Grants Coordinator)

Mr. Humberto Arcos, Grants Coordinator, explained that the Arizona Department of Housing's Federal Fiscal Year 2025–2026 Community Development Block Grant State Special Project Account (CDBG SSP) allows the city to request up to \$750,000.00 for an eligible project. He stated that the estimated cost for the Rancho Los Oros Roadway Improvements Phase III project is \$985,488.00, requiring a local match of \$235,488.00, which would be budgeted in Fiscal Year 2028 if the grant is awarded. The project includes reconstructing approximately 3,260 linear feet of roadway, upgrading nine (9) sewer manholes and approximately 21 water valves, and installing six (6) survey monuments. Improvements will be made along Los Portales Avenue, Los Valles Street, and El Chamizal Street. Staff recommended that the City Council adopt the proposed Resolution committing the required local matching funds and authorize staff to submit the CDBG SSP grant application for the Rancho Los Oros Roadway Improvements Phase III project.

MOTION: Council Member Esteban C. Rosales/Council Member Tadeo Azael De La Hoya moved to approve and adopt Resolution No. 2411, as presented. The motion passed unanimously.

The vote was as follows:

Council Member Maria Cecilia Cruz	Aye
Council Member Tadeo Azael De La Hoya	Aye
Council Member Esteban C. Rosales	Aye
Council Member Lizeth Servin	Aye
Vice Mayor Javier Vargas	Aye
Mayor Nieves Riedel	Aye

7. G. Discussion and possible action on any and all matters regarding Resolution No. 2413. A Resolution of the Mayor and City Council of the City of San Luis, Arizona, authorizing and directing the entering into an Intergovernmental Agreement with the Yuma Union High School District #70 for joint athletic and recreational facilities use through the city's Parks and Recreation Department and San Luis High School. (Claudia Montoya, Acting Assistant Director of Parks and Recreation)

Ms. Claudia Montoya, Acting Assistant Director of Parks and Recreation, explained that on March 10, 2021, the City Council approved a five-year agreement with the Yuma Union High School District No. 70 (YUHSD) for joint use of city and district facilities, with an option to renew for three (3) additional five-year periods. YUHSD was required to submit a written renewal request within the specified timeframe; however, it did not submit one, resulting in termination of the agreement. She stated that YUHSD expressed interest in entering into a new agreement, which its Board of Directors approved on August 12, 2026. Staff negotiated the basic terms of the new agreement, with several updates from the 2021 agreement, including adding provisions for fingerprinting requirements, workers' compensation, and record retention; removing references to the High School's prior \$150,000.00 lump-sum payment for field lighting; removing expired provisions; and eliminating COVID-19-related public health requirements.

Discussion, comments, questions, and answers ensued among the City Council Members, Ms. Montoya, and Ms. Jenny Torres, City Manager, regarding the proposed agreement and a potential agreement with PPEP Tech High School.

MOTION: Council Member Esteban C. Rosales/Council Member Tadeo Azael De La Hoya moved to approve and adopt Resolution No. 2413, as presented. The motion passed unanimously.

The vote was as follows:

Council Member Maria Cecilia Cruz	Aye
Council Member Tadeo Azael De La Hoya	Aye
Council Member Esteban C. Rosales	Aye
Council Member Lizeth Servin	Aye
Vice Mayor Javier Vargas	Aye
Mayor Nieves Riedel	Aye

7. H. Discussion and possible action on any and all matters regarding Ordinance No. 487. An Ordinance of the Mayor and City Council of the City of San Luis, Arizona, amending San Luis City Code Section 13.30.010; Setback Distance; Wastewater Treatment Plants for clarity. (Jorge Perez, Assistant Director of Public Works)

Mr. Jorge Perez, Assistant Director of Public Works, presented a proposed amendment to Ordinance No. 460, which established setback requirements for wastewater treatment plants. He explained that the ordinance, adopted on March 12, 2025, reduced the setback from 100 feet to 50 feet from any dwelling and required the city to implement full noise, odor, and aesthetic controls when a dwelling, workplace, or private property is located within the 50-foot setback at the treatment plants. Mr. Perez clarified that the proposed amendment does not change the 50-foot setback requirement but adds clarifying language to ensure consistent interpretation by reviewing agencies. The amendment specifically states that when an adjacent dwelling, workplace, or private property is located within the 50-foot setback, the applicable noise, odor, and aesthetic controls required under the Arizona Administrative Code must be implemented.

Council Member Esteban C. Rosales asked whether there had been any previous complaints regarding the wastewater treatment plant setbacks.

Mr. Perez responded that Public Works had not received any complaints regarding the existing ordinance. He explained that the clarification was prompted by the city's permitting process with the Arizona Department of Environmental Quality (ADEQ) for the wastewater treatment plant expansion, during which the ordinance was being interpreted differently from its original intent at the time of adoption in 2025.

A. Action on Reading of Ordinance No. 487 by title only

MOTION: Council Member Esteban C. Rosales/Council Member Tadeo Azael De La Hoya moved to approve the Reading of Ordinance No. 487 by title only. The motion passed unanimously.

The vote was as follows:

Council Member Maria Cecilia Cruz	Aye
Council Member Tadeo Azael De La Hoya	Aye
Council Member Esteban C. Rosales	Aye
Council Member Lizeth Servin	Aye
Vice Mayor Javier Vargas	Aye
Mayor Nieves Riedel	Aye

Mrs. Sonia Cornelio, City Clerk, read Ordinance No. 487 by title only.

B. Action on Ordinance No. 487

MOTION: Council Member Esteban C. Rosales/Council Member Lizeth Servin moved to approve and adopt Ordinance No. 487. The motion passed unanimously.

A roll call vote was requested by Vice Mayor Javier Vargas to ensure a clear record of the vote on passage of Ordinance No. 487; the Mayor and the City Council voted.

The vote was as follows:

Council Member Maria Cecilia Cruz	Aye
Council Member Tadeo Azael De La Hoya	Aye
Council Member Esteban C. Rosales	Aye
Council Member Lizeth Servin	Aye
Vice Mayor Javier Vargas	Aye
Mayor Nieves Riedel	Aye

8. SUMMARY OF CURRENT EVENTS

Vice Mayor Javier Vargas reported that he attended the Arizona League of Cities and Towns Annual Conference in Phoenix the previous week and expressed his appreciation for the opportunity to represent the City of San Luis. He recognized and thanked city staff for their efforts in representing the community at the Showcase of Cities and Towns, noting that the city's booth looked great and that considerable work had gone into its preparation. He also extended special thanks and congratulations to the Gadsden Elementary School District Norteño Band for their outstanding performance and representation of the community. He noted that the band showcased the culture, talent, and spirit that make San Luis special. He added that events such as this conference provide an opportunity to highlight the City of San Luis and share with communities throughout Arizona what the city has to offer.

Council Member Maria Cecilia Cruz reported she also attended the conference and shared information from a session she attended titled "Managing Growth in Rural Arizona." She noted that these sessions provide valuable opportunities for municipal leaders to share solutions and discuss challenges facing their respective communities. Council Member Maria Cecilia Cruz highlighted a presentation by Mayor Nancy Smith of the City of Maricopa on the City Council's approval of a half-cent sales tax intended to generate approximately \$50 million to widen the congested two-lane SR 347 highway. Council Member Maria Cecilia Cruz noted that San Luis, like many communities throughout Arizona, continues to experience significant growth. She emphasized the importance of proactive planning and design for future infrastructure projects, noting that major projects require significant funding and can take years to complete. She referenced the ongoing construction along Cesar Chavez Boulevard and throughout the city, stating that the city should begin considering and planning for future projects as current construction is completed.

She congratulated Mayor Nancy Smith on the initiative and suggested that Yuma County consider a similar approach to generate revenue for infrastructure improvements, noting that a half-cent sales tax could provide funding that would remain within the county rather than being allocated to the State.

Council Member Lizeth Servin reported on several matters. She asked staff to review the city's current development impact fees to ensure they adequately reflect the infrastructure needs associated with current and future growth. She also asked staff to research whether to require perimeter walls for new residential subdivisions. Council Member Lizeth Servin reported attending the Arizona League of Cities and Towns Annual Conference and highlighted sessions on data centers and the upcoming Census. She emphasized the importance of staying informed and preparing for future growth and Census participation. She also reported attending the Yuma County Intergovernmental Public Transportation Authority (YCIPTA) Board meeting and highlighted the positive impact of public transportation in South County, particularly for students. Council Member Lizeth Servin clarified that recent social media reports about Yuma County Area Transit (YCAT) eliminating routes are inaccurate and stated that efforts are underway to secure additional funding to expand services, particularly in East San Luis and Somerton.

9. ADJOURNMENT

Vice Mayor Javier Vargas adjourned the Regular Council meeting at approximately 6:44 p.m.

APPROVED:

Nieves Riedel, Mayor

ATTEST:

Sonia Cornelio, City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the Minutes of the Regular City Council meeting of the City Council of the City of San Luis, Arizona, held on August 26, 2026. I further certify that the meeting was duly called and held and that a quorum was present.

Sonia Cornelio, City Clerk



AGENDA ITEM REVIEW FORM

Regular City Council Meeting

6. B.

Meeting Date: 09/23/2026

Summary

DISBURSEMENTS

From September 2, 2026 to September 15, 2026

Total \$1,465,971.30 (One Million, Four Hundred Sixty-Five Thousand, Nine Hundred Seventy-One Dollars and Thirty Cents)

Attachments

Disbursements



City of San Luis

Finance Department

COUNCIL MEETING SEPTEMBER 23, 2026 Disbursement Report from 09/02/2026 TO 09/15/2026

<u>Bank Accounts</u>	<u>Check Date</u>	<u>Amount</u>	<u>Schedule</u>
Accounts Payable Check Account	09/03/2026	\$ 418,689.64	Schedule A
Payroll Check Account	09/04/2026	\$ 3,937.97	Schedule B
Payroll Check Account	09/08/2026	\$ 603,709.27	Schedule C
Accounts Payable Check Account	09/10/2026	\$ 439,634.42	Schedule D

Total Disbursements: \$ 1,465,971.30 -

Please contact Ms. Roula Encinas or Mr. Miguel Ramirez prior to the meeting if additional information is needed.

RECEIVED

SEP 16 2026

CITY CLERK'S OFFICE

Prepared by Guadalupe Canez: _____

Verified by Finance: _____

For Council approval on: _____

Mayor: _____

Council: _____

Payment Register

From Payment Date: 8/31/2026 - To Payment Date: 9/3/2026

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
1BYPAYABLE - 1st BY Accounts Payable									
<u>Check</u>									
116297	09/03/2026	Open			Accounts Payable	AGILE OCCUPATIONAL MEDICINE, PC	\$2,540.00		
116298	09/03/2026	Open			Accounts Payable	ALONSO, FRANCIA	\$221.00		
116299	09/03/2026	Open			Accounts Payable	ANGEL'S TOWING SERVICE/AUTO SALES	\$525.00		
116300	09/03/2026	Open			Accounts Payable	ARCTIC GLACIER USA INC	\$348.20		
116301	09/03/2026	Open			Accounts Payable	ARIZONA PUBLIC SERVICE	\$1,784.34		
116302	09/03/2026	Open			Accounts Payable	BINGHAM EQUIPMENT CO	\$1,209.76		
116303	09/03/2026	Open			Accounts Payable	BOCK, LAURA, ELENA	\$30.00		
116304	09/03/2026	Open			Accounts Payable	BOUND TREE MEDICAL, LLC.	\$3,539.45		
116305	09/03/2026	Open			Accounts Payable	BROADCAST MUSIC INC.	\$473.00		
116306	09/03/2026	Open			Accounts Payable	BURRUEL, ANTHONY	\$294.00		
116307	09/03/2026	Open			Accounts Payable	CARLOS NEON SIGNS	\$1,347.71		
116308	09/03/2026	Open			Accounts Payable	CASTILLO'S SOUTHWEST TOWING LLC.	\$555.00		
116309	09/03/2026	Open			Accounts Payable	CISNEROS, JAVIER	\$294.00		
116310	09/03/2026	Open			Accounts Payable	COMITE DE BIENESTAR INC	\$3,621.50		
116311	09/03/2026	Open			Accounts Payable	CONSTRUCTION SUPPLY HOLDINGS II, LLC	\$211.68		
116312	09/03/2026	Open			Accounts Payable	CRUZ VASQUEZ, BERENICE	\$25.00		
116313	09/03/2026	Open			Accounts Payable	DAVE BANG ASSOC. INC.	\$1,667.66		
116314	09/03/2026	Open			Accounts Payable	ESPARZA, ARMANDO	\$185.00		
116315	09/03/2026	Open			Accounts Payable	ESTRADA, SALVADOR	\$294.00		
116316	09/03/2026	Open			Accounts Payable	FERTIZONA-YUMA L.L.C.	\$800.34		
116317	09/03/2026	Open			Accounts Payable	FITZGIBBONS LAW OFFICES, P.L.C.	\$880.00		
116318	09/03/2026	Open			Accounts Payable	GLENDALE PARADE STORE, LLC	\$880.16		
116319	09/03/2026	Open			Accounts Payable	GRACELAND COLLEGE CNTR- PROF DEV/LIFELONG LEARNING	\$220.31		
116320	09/03/2026	Open			Accounts Payable	HD SUPPLY, INC.	\$840.10		
116321	09/03/2026	Open			Accounts Payable	INTERNATIONAL CODE COUNCIL	\$255.00		
116322	09/03/2026	Open			Accounts Payable	INTERNATIONAL INSTITUTE OF	\$135.00		
116323	09/03/2026	Open			Accounts Payable	ITURBIDE, VANESSA	\$221.00		
116324	09/03/2026	Open			Accounts Payable	MAGALLANES, CESAR	\$170.46		
116325	09/03/2026	Open			Accounts Payable	MARTINEZ, ROGELIO	\$185.00		
116326	09/03/2026	Open			Accounts Payable	MITRA, VICTOR	\$294.00		
116327	09/03/2026	Open			Accounts Payable	MUVZ INC	\$3,851.45		
116328	09/03/2026	Open			Accounts Payable	O'DELL, MICHAEL	\$294.00		
116329	09/03/2026	Open			Accounts Payable	PALOMERA, CECILIO	\$192.47		
116330	09/03/2026	Open			Accounts Payable	PFVT MOTORS, INC	\$100,193.70		
116331	09/03/2026	Open			Accounts Payable	PITNEY BOWES GLOBAL FINANCIAL SERVICES LLC	\$534.54		
116332	09/03/2026	Open			Accounts Payable	QUINONEZ, FRANCISCO	\$390.00		
116333	09/03/2026	Open			Accounts Payable	REGIONAL CENTER FOR BORDER	\$10,302.77		
116334	09/03/2026	Open			Accounts Payable	REMINGTON INDUSTRIAL SUPPLY LLC	\$613.22		
116335	09/03/2026	Open			Accounts Payable	SAFETY-KLEEN SYSTEMS, INC	\$644.96		
116336	09/03/2026	Open			Accounts Payable	SAN LUIS AZ ROTARY CLUB	\$624.93		
116337	09/03/2026	Open			Accounts Payable	SHUCK DRILLING COMPANY LLC	\$8,838.27		

Payment Register

From Payment Date: 8/31/2026 - To Payment Date: 9/3/2026

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
116338	09/03/2026	Open			Accounts Payable	TORRES, DANIEL	\$294.00		
116339	09/03/2026	Open			Accounts Payable	TRACE ANALYTICS LLC	\$462.93		
116340	09/03/2026	Open			Accounts Payable	VILLA, CARLOS, ALBERTO	\$140.00		
116341	09/03/2026	Open			Accounts Payable	WAL-MART	\$173.40		
116342	09/03/2026	Open			Accounts Payable	YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRNSP AUTH	\$334.87		
116343	09/03/2026	Open			Accounts Payable	YUMA WINLECTRIC CO.	\$1,187.37		
116344	09/03/2026	Open			Accounts Payable	US PEROXIDE LLC	\$10,537.42		
Type Check Totals:					48 Transactions		\$163,657.97		
EFT									
10350	09/03/2026	Open			Accounts Payable	AIRGAS, INC.	\$7,283.79		
10351	09/03/2026	Open			Accounts Payable	BILL ALEXANDER FORD	\$1,080.01		
10352	09/03/2026	Open			Accounts Payable	BLT READY MIX CONCRETE LLC	\$5,533.46		
10353	09/03/2026	Open			Accounts Payable	CITY OF YUMA	\$31,945.55		
10354	09/03/2026	Open			Accounts Payable	CUEVAS, CHRISTIAN	\$50.00		
10355	09/03/2026	Open			Accounts Payable	CYBER MARKETING NETWORK, INC	\$145.24		
10356	09/03/2026	Open			Accounts Payable	DESERT DOCUMENT SHREDDERS, LLC	\$37.75		
10357	09/03/2026	Open			Accounts Payable	DESERT VALLEY POWER SYSTEMS	\$6,520.00		
10358	09/03/2026	Open			Accounts Payable	DESERT WATER STORE INC	\$161.61		
10359	09/03/2026	Open			Accounts Payable	FRESH TERRA SERVICES LLC	\$2,425.00		
10360	09/03/2026	Open			Accounts Payable	HILL BROTHERS CHEMICAL CO.	\$7,730.41		
10361	09/03/2026	Open			Accounts Payable	I AM WELLNESS STUDIO, LLC	\$200.00		
10362	09/03/2026	Open			Accounts Payable	KIMLEY-HORN AND ASSOCIATES INC	\$8,456.00		
10363	09/03/2026	Open			Accounts Payable	LOOMIS	\$2,259.10		
10364	09/03/2026	Open			Accounts Payable	MERRILL WALKER BUILDERS, INC.	\$9,949.00		
10365	09/03/2026	Open			Accounts Payable	MES SERVICE COMPANY, LLC	\$1,847.23		
10366	09/03/2026	Open			Accounts Payable	NICKLAUS ENGINEERING	\$2,312.40		
10367	09/03/2026	Open			Accounts Payable	ODP BUSINESS SOLUTIONS LLC	\$1,516.46		
10368	09/03/2026	Open			Accounts Payable	ORDUNO-CROUSE, CANDICE	\$9,500.00		
10369	09/03/2026	Open			Accounts Payable	PLOTTER DOCTORS, LLC	\$294.53		
10370	09/03/2026	Open			Accounts Payable	POINT EMBLEMS, LLC	\$5,189.00		
10371	09/03/2026	Open			Accounts Payable	REPUBLIC SERVICES, INC.	\$60,065.61		
10372	09/03/2026	Open			Accounts Payable	ROACH PEST CONTROL	\$1,610.00		
10373	09/03/2026	Open			Accounts Payable	SEBIS DIRECT INC.	\$1,108.14		
10374	09/03/2026	Open			Accounts Payable	SOUTHERN TIRE MART LLC	\$610.53		
10375	09/03/2026	Open			Accounts Payable	SOUTHWEST MERCH LLC	\$824.32		
10376	09/03/2026	Open			Accounts Payable	STRONG, CAMERON, T	\$720.00		
10377	09/03/2026	Open			Accounts Payable	SUN RENTAL AND SALES INC.	\$497.61		
10378	09/03/2026	Open			Accounts Payable	ULINE, INC.	\$3,194.85		
10379	09/03/2026	Open			Accounts Payable	VERTOSOFT LLC	\$32,596.87		
10380	09/03/2026	Open			Accounts Payable	WILLDAN FINANCIAL SERVICES	\$10,730.00		
10381	09/03/2026	Open			Accounts Payable	YUMA COUNTY WATER USERS ASSOCIATION	\$60.00		
10382	09/03/2026	Open			Accounts Payable	YUMA REGIONAL MEDICAL CENTER	\$617.30		
10383	09/03/2026	Open			Accounts Payable	YUMA SUN INC	\$396.00		

Payment Register

From Payment Date: 8/31/2026 - To Payment Date: 9/3/2026

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
10385	09/03/2026	Open			Accounts Payable	MN8 ENERGY OPERATING COMPANY LLC	\$32,498.53		
10386	09/03/2026	Open			Accounts Payable	SAM'S CLUB	\$5,065.37		
Type EFT Totals:							\$255,031.67		
1BYPAYABLE - 1st BY Accounts Payable Totals									

Checks	Status	Count	Transaction Amount	Reconciled Amount
	Open	48	\$163,657.97	\$0.00
	Reconciled	0	\$0.00	\$0.00
	Voided	0	\$0.00	\$0.00
	Stopped	0	\$0.00	\$0.00
	Total	48	\$163,657.97	\$0.00

EFTs	Status	Count	Transaction Amount	Reconciled Amount
	Open	36	\$255,031.67	\$0.00
	Reconciled	0	\$0.00	\$0.00
	Voided	0	\$0.00	\$0.00
	Total	36	\$255,031.67	\$0.00

All	Status	Count	Transaction Amount	Reconciled Amount
	Open	84	\$418,689.64	\$0.00
	Reconciled	0	\$0.00	\$0.00
	Voided	0	\$0.00	\$0.00
	Stopped	0	\$0.00	\$0.00
	Total	84	\$418,689.64	\$0.00

Grand Totals:

Checks	Status	Count	Transaction Amount	Reconciled Amount
	Open	48	\$163,657.97	\$0.00
	Reconciled	0	\$0.00	\$0.00
	Voided	0	\$0.00	\$0.00
	Stopped	0	\$0.00	\$0.00
	Total	48	\$163,657.97	\$0.00

EFTs	Status	Count	Transaction Amount	Reconciled Amount
	Open	36	\$255,031.67	\$0.00
	Reconciled	0	\$0.00	\$0.00
	Voided	0	\$0.00	\$0.00
	Total	36	\$255,031.67	\$0.00

All	Status	Count	Transaction Amount	Reconciled Amount
	Open	84	\$418,689.64	\$0.00
	Reconciled	0	\$0.00	\$0.00
	Voided	0	\$0.00	\$0.00
	Stopped	0	\$0.00	\$0.00
	Total	84	\$418,689.64	\$0.00

Guadalupe Canez



Pay Day Register

Pay Date Range 09/01/26 - 09/30/26

Pay Batch 202609M

Pay Batch 202609M Total

Employees in Pay Batch 7

Female Employees in Pay Batch 3

Hours Description	Hours	Gross	Withholdings and Deductions	Gross Base	Benefits	Gross Base
102 - SALARY	.0000	7,550.00	Gross	7,811.10	ASRS Council	213.66 1,800.00
808 - TAXABLE TRAVEL	.0000	261.10	Imputed Income		ASRS LTD Council	1.98 1,800.00
Total	0.0000	\$7,811.10	FEDERAL TAX WITHHOLDING	78.61 4,730.26	ASRS/EORP - LEGACY RATE	1,052.28 1,800.00
			SOCIAL SECURITY TAX	484.29 7,811.10	Dental Council	249.44 .00
			MEDICARE	113.26 7,811.10	EODCRS - COUNCIL	291.00 4,850.00
			STATE WITHHOLDING	114.15 4,730.26	EODCRS - DISABILITY	6.79 4,850.00
			ASRS Council	213.66 1,800.00	EODCRS/EORP LEGACY RATE	2,599.60 4,850.00
			ASRS LTD Council	1.98 1,800.00	Health Council	10,214.11 .00
			Council Retirement EORP	117.00 900.00	Retirement Council EORP	633.96 900.00
			Dental Council	133.33 .00	Vision Council	76.98 .00
			EODCRS - COUNCIL	388.00 4,850.00	Total	\$15,339.80
			EODCRS - DISABILITY	6.79 4,850.00		
			Medical Council	2,180.24 .00	Employer Taxes	Gross Base
			Vision Council	41.82 .00	MEDICARE	113.26 7,811.10
			Net	\$3,937.97	SOCIAL SECURITY TAX	484.29 7,811.10
					SUTA/UNEMPLOYMENT	46.87 7,811.10
					Total	\$644.42
					Workers' Comp	Gross Base
					MUNICIPAL/ TOWN/	136.70 7,811.10
					Total	\$136.70
					Direct Deposits	Amount
					1st Bank Yuma	1,329.55
					CAPITAL ONE	640.35
					Chase Bank	1,093.49
					Navy Federal	269.24
					Wells Fargo	605.34
					Total	\$3,937.97
					Check	\$0.00

Handwritten signature and date 9/4/26



Pay Day Register

Pay Date Range 08/22/26 - 09/04/26

Pay Batch 202619

Pay Batch 202619 Total

Employees in Pay Batch 360

Female Employees in Pay Batch 100

Hours Description	Hours	Gross	Withholdings and Deductions	Gross Base	Benefits	Gross Base
100 - REGULAR	26,270.7500	728,644.14	Gross	872,109.52	ASRS ALTERNATE	706.49 7,476.00
1001 - LEAVE WITHOUT PAY	112.3700	.00	Imputed Income		AZ STATE RETIREMENT	59,297.03 499,553.61
1005 - BEREAVEMENT	24.0000	582.24	FEDERAL TAX WITHHOLDING	47,609.01 745,984.64	DENTAL = FAMILY	417.90 .00
1007 - ON CALL WORKED HOURS	12.0000	274.16	SOCIAL SECURITY TAX	54,070.71 872,109.52	LONG TERM DISABILITY	549.55 499,553.61
1009 - PART TIME	609.2500	9,830.35	MEDICARE	12,645.53 872,109.52	MEDICAL MEX ONLY - EE &	2,785.20 .00
1010 - PART TIME FIREFIGHTERS	106.0000	2,411.42	STATE WITHHOLDING	15,615.70 745,984.64	MEDICAL MEX ONLY - EE &	13,421.43 .00
105 - MILITARY LEAVE	20.0000	603.80	AM. FIDELITY - HEALTH FSA	190.84 .00	MEDICAL MEX ONLY - EE &	3,899.28 .00
201 - OVERTIME	635.5000	27,148.89	AM. FIDELITY- ACCIDENT-POST	25.01 .00	MEDICAL MEX ONLY - EE ONLY	5,119.04 .00
202 - OP STONE GARDEN- O.T.	561.5000	29,190.21	AM. FIDELITY- ACCIDENT-PRE	482.20 .00	MEX & US HEALTH = EE	64,454.52 .00
2023 - FMLA - SICK LEAVE	116.7133	3,014.89	AM. FIDELITY- CANCER-POST	38.70 .00	MEX ONLY DENTAL - EE &	128.16 .00
2024 - FMLA - VACATION LEAVE	51.3067	1,782.63	AM. FIDELITY- CANCER-PRE TAX	146.90 .00	MEX ONLY DENTAL - EE &	370.11 .00
2036 - MARSHALS OT	22.0000	1,029.28	AM. FIDELITY- GCI -POST TAX	65.20 .00	MEX ONLY DENTAL - EE &	170.88 .00
2038 - FMLA - LEAVE WITHOUT	31.9800	.00	AM. FIDELITY- GHI- PRE TAX	244.28 .00	MEX ONLY DENTAL - EE ONLY	236.06 .00
210 - SRO	237.0000	7,685.16	AM. FIDELITY- LIFE -POST TAX	354.70 .00	PSPRS - ALTERNATE	272.85 3,410.63
300 - VACATION EARNED	1,373.2500	.00	AM. FIDELITY- TX LIFE -POST	184.69 .00	PSPRS FIRE DB NORM - TIER 1	9,041.50 71,815.25
301 - VACATION USED	999.7250	30,187.00	AZ COPS - SLPD	595.00 .00	PSPRS FIRE DB NORM - TIER 2	758.42 6,023.98
400 - SICK EARNED	1,342.5100	.00	AZ STATE RETIREMENT	59,297.03 499,553.61	PSPRS FIRE DB NORM - TIER 3	8,259.91 95,379.95
405 - SCHEDULED SICK LEAVE	292.6500	8,462.53	CHILD SUPPORT 2	383.63 .00	PSPRS FIRE DB UNFUND - TIER	1,256.76 71,815.25
406 - UNSCHEDULED SICK LEAVE	506.0050	13,194.73	DEFERRED COMP - ROTH	1,450.00 .00	PSPRS FIRE DB UNFUND - TIER	105.42 6,023.98
503 - STAND-BY PAY	893.0000	1,786.00	DEFERRED COMP - ROTH	257.10 8,631.15	PSPRS FIRE DB UNFUND - TIER	1,917.14 95,379.95
900 - COMPENSATION EARNED	29.0000	.00	DEFERRED COMPENSATION	2,690.00 .00	PSPRS POLICE DB NORM - TIER	5,426.30 59,564.24
901 - COMPENSATION USED	10.5000	250.12	DEFERRED COMPENSATION	1,683.21 19,332.97	PSPRS POLICE DB NORM - TIER	963.95 10,581.20
921 - STEP OVERTIME	18.0000	823.47	FOP/ALC	510.00 .00	PSPRS POLICE DB NORM - TIER	6,772.34 78,202.65
940 - PD - EDU ASST	.0000	400.00	GARNISHMENT - CA	347.53 .00	PSPRS POLICE DB UNFUND -	2,847.18 59,564.24
941 - PD - EDU BCHL	.0000	750.00	GARNISHMENT - CHILD	2,044.00 .00	PSPRS POLICE DB UNFUND -	505.78 10,581.20
951 - PD - K-9 HANDLER	.0000	100.00	JAFF- FIRE DEPT	1,630.00 .00	PSPRS POLICE DB UNFUND -	3,957.02 78,202.65
952 - PD - PHLEBOTOMIS	.0000	150.00	LEGAL SHIELD	49.83 .00	STANDARD STD	5,090.07 .00
953 - PD - COLLISION	.0000	200.00	LONG TERM DISABILITY	549.55 499,553.61	U.S. MEX DENTAL - EE &	334.74 .00
954 - PD - NEGOTIATOR	.0000	200.00	MANHATTANLIFE ASSURANCE	96.51 .00	U.S. MEX DENTAL - EE &	111.58 .00
956 - PD - MIDNIGHT SHFT	.0000	700.00	MEX ONLY DENTAL - EE &	164.88 .00	US & MEX DENTAL - EE	3,046.08 .00
961 - FD - EDU ASST	.0000	650.00	MEX ONLY DENTAL - EE &	476.19 .00	US & MEX HEALTH = C	27,519.48 .00
962 - FD - EDU BACHL	.0000	225.00	MEX ONLY DENTAL - EE &	219.84 .00	US & MEX HEALTH = FAMILY	31,572.72 .00
965 - PD - STAND-BY PAY	.0000	1,310.00	MEX ONLY HEALTH - EE & CH	685.90 .00	US & MEX HEALTH = SP	8,408.73 .00
967 - FD - SPECIAL ASSIGNMENT	161.7500	323.50	MEX ONLY HEALTH = S	568.82 .00	VISION - SINGLE	1,234.73 .00
968 - SRO 50	.0000	200.00	MEXICO ONLY HEALTH - EE &	3,304.95 .00	VSP- VISION	561.75 .00
Total	34,436.7600	\$872,109.52	MEXICO ONLY HEALTH - EE &	960.26 .00	Total	\$271,520.10
			MISCELLANEOUS	795.22 .00		
			PAC FUND- FIRE DEPT.	151.00 .00	Employer Taxes	Gross Base
			PS DEFERRED COMP - ROTH	1,192.50 .00	MEDICARE	12,645.53 872,109.52



Pay Day Register

Pay Date Range 08/22/26 - 09/04/26

Pay Batch 202619

PS DEFERRED COMP - ROTH	753.55	16,562.94	SOCIAL SECURITY TAX	54,070.71	872,109.52
PS DEFERRED COMP TIAA -	945.46	13,576.72	SUTA/UNEMPLOYMENT	5,043.56	840,612.95
PS DEFERRED COMPENSATION	1,972.00	.00	Total	<u>\$71,759.80</u>	
PSPRS FIRE DB RATE - TIER 1a	4,389.46	57,378.62			
PSPRS FIRE DB RATE - TIER 1b	1,104.41	14,436.63	Workers' Comp		Gross Base
PSPRS FIRE DB RATE - TIER 2	460.83	6,023.98	Ambulance EMT Search &	3,896.43	82,030.22
PSPRS FIRE DB RATE - TIER 3	8,259.91	95,379.95	ANIMAL CONTROL OFFICERS	87.26	3,878.35
PSPRS POLICE DB RATE - TIER	2,691.96	35,189.08	ATTORNEY- ALL & CLERICAL-	53.07	24,125.23
PSPRS POLICE DB RATE - TIER	1,864.70	24,375.16	AUTO SERVICE/ REPAIR	348.51	12,491.30
PSPRS POLICE DB RATE - TIER 2	809.46	10,581.20	BUILDING- NOC OPER BY	1,032.90	28,533.06
PSPRS POLICE DB RATE - TIER 3	6,772.34	78,202.65	BUS COMPANY AND DRIVERS	90.70	1,643.20
STANDARD LIFE ADDTNL	800.71	.00	CLERICAL OFFICE/ LIBRARY/	508.02	211,651.82
TRANSWESTERN MEXICAN	142.50	.00	Electrician	79.68	2,537.60
U.S. MEX DENTAL - EE &	431.13	.00	FIREFIGHTERS & DRIVERS	4,812.38	101,313.46
U.S. MEX DENTAL - EE &	143.71	.00	GARBAGE/ ASH/ REFUSE	609.19	9,746.92
UNITED WAY	14.00	.00	Homemaker Service	47.52	2,075.16
US & MEX DENTAL= FAMILY	538.02	.00	Motion Picture Production	17.51	2,694.17
US & MEX HEALTH = C	6,776.64	.00	MUNICIPAL/ TOWN/	1,041.99	59,542.68
US & MEX HEALTH = FAMILY	7,774.65	.00	PARKS- NOC ALL EMPLOYEES	879.45	28,369.64
US & MEX HEALTH = S	7,161.96	.00	POLICE OFFICERS	8,430.65	177,487.87
US & MEX HEALTH = SP	2,070.64	.00	RECREATION- ALL EMPLOYEES/	272.04	19,856.25
VSP - VISION CHILDREN	216.07	.00	SEWAGE DISPOSAL/ PLANT	1,513.35	43,992.34
VSP - VISION FAMILY	362.44	.00	Street or Road Construction	2,933.33	33,220.22
VSP - VISION SPOUSE	167.28	.00	WATERWORKS OPERATIONS	934.12	26,920.03
Net	<u>\$603,709.27</u>		Total	<u>\$27,588.10</u>	

Direct Deposits	Amount
1st Bank Yuma	40,174.64
ACADEMY BANK	2,415.22
Ally Bank	1,652.54
AVENIR FINANCIAL	51,732.07
Bank of America	3,022.28
Bankcorp	2,108.34
BANKCORP BANK	2,053.87
CAPITAL ONE	2,288.11
Charles Sch	350.00
Chase Bank	281,424.18
CHASE BANK CA	2,970.11
CHASE BANK MORGAN	1,833.26
CHASE BANK TX	1,500.00
chase centro	2,280.65
Cross River Bank	328.24
discover	750.00



Pay Day Register

Pay Date Range 08/22/26 - 09/04/26

Pay Batch 202619

EVOLVE BANK AND TRUST	86.71
FF CREDIT UNION	2,470.22
FIDELITY	424.53
FIREFIGHTER FIRST CREDIT UNION	15,566.09
HUGHES FCU	3,585.06
MECHANICS BANK	275.87
National Bank	1,327.70
National Police FCU	400.00
Navy Federal	35,917.59
NBKC Bank - Acorns	984.72
NetSpend Corporation DD	120.00
One Pay	600.00
OneAZ Credit Union	3,560.07
PATHWARD	1,975.85
SOFI BANK	2,458.92
Sunbank	1,713.46
THE FOOTHILLS BANK	2,290.20
US Bank	1,891.37
USAA FEDERAL SAVING	4,324.62
VANTAGE WEST	2,385.32
WASHINGTON FEDERAL	1,612.73
Wells Fargo	112,355.26
WELLS FARGO ARKANSAS	2,002.99
WELLS FARGO CA	6,584.47
WELLS FARGO CALE	795.49
Total	<u>\$602,592.75</u>
Check	\$1,116.52

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Payment Register

From Payment Date: 9/7/2026 - To Payment Date: 9/10/2026

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
1BYPAYABLE - 1st BY Accounts Payable									
Check									
116345	09/09/2026	Open			Accounts Payable	ARIZONA CONFERENCE OF POLICE & SHERIFFS	\$595.00		
116346	09/09/2026	Open			Accounts Payable	CALIFORNIA STATE DISBURSEMENT UNIT	\$347.53		
116347	09/09/2026	Open			Accounts Payable	FOP/ALC	\$510.00		
116348	09/09/2026	Open			Accounts Payable	SUPPORT PAYMENT CLEARINGHOUSE	\$2,427.63		
116349	09/09/2026	Open			Accounts Payable	UNITED WAY OF YUMA COUNTY INC.	\$14.00		
116350	09/09/2026	Open			Accounts Payable	UNITED YUMA FIRE FIGHTERS ASSOC	\$151.00		
116351	09/09/2026	Open			Accounts Payable	UNITED YUMA FIRE FIGHTERS- IAFF	\$1,630.00		
116352	09/09/2026	Open			Accounts Payable	ALLO HOLDINGS, LLC	\$1,454.92		
116353	09/09/2026	Open			Accounts Payable	AMERICAN FIDELITY ASSURANCE CO	\$2,769.27		
116354	09/09/2026	Open			Accounts Payable	AMERICAN FIDELITY ASSURANCE CO	\$381.66		
116355	09/09/2026	Open			Accounts Payable	APS	\$50.00		
116356	09/09/2026	Open			Accounts Payable	ARIZONA COMMERCE AUTHORITY	\$1,500.00		
116357	09/09/2026	Open			Accounts Payable	ARIZONA SECRETARY OF STATE	\$43.00		
116358	09/09/2026	Open			Accounts Payable	ATP & ASSOCIATES, LLC.	\$50.00		
116359	09/09/2026	Open			Accounts Payable	BOUND TREE MEDICAL, LLC.	\$1,743.69		
116360	09/09/2026	Open			Accounts Payable	COMMERCIAL ENERGY SPECIALISTS, LLC	\$3,304.29		
116361	09/09/2026	Open			Accounts Payable	ERFERT, RICK	\$1,574.00		
116362	09/09/2026	Open			Accounts Payable	FIGUEROA, MANUEL	\$1,005.32		
116363	09/09/2026	Open			Accounts Payable	GASTELUM RASCON, SANTIAGO, YAHÉL	\$315.00		
116364	09/09/2026	Open			Accounts Payable	GILA ELECTRONIC	\$2,379.44		
116365	09/09/2026	Open			Accounts Payable	GUARDIAN ALLIANCE TECHNOLOGIES, INC.	\$350.00		
116366	09/09/2026	Open			Accounts Payable	HAJOCA CORPORATION	\$351.61		
116367	09/09/2026	Open			Accounts Payable	HONEYWELL INTERNATIONAL INC.	\$27,928.73		
116368	09/09/2026	Open			Accounts Payable	HOWMEDICA OSTEONICS CORP	\$1,225.07		
116369	09/09/2026	Open			Accounts Payable	HUGHES FIRE EQUIPMENT, INC.	\$737.77		
116370	09/09/2026	Open			Accounts Payable	IRON MOUNTAIN INC	\$408.94		
116371	09/09/2026	Open			Accounts Payable	JC WELDING, LLC	\$415.00		
116372	09/09/2026	Open			Accounts Payable	LULU SYSTEMS, INC.	\$2,030.50		
116373	09/09/2026	Open			Accounts Payable	MANHATTANLIFE ASSURANCE CO	\$193.01		
116374	09/09/2026	Open			Accounts Payable	MAYATTE, CHRIS	\$2,434.35		
116375	09/09/2026	Open			Accounts Payable	MUVZ INC	\$2,090.80		
116376	09/09/2026	Open			Accounts Payable	PENA DE SUAREZ, MARIA	\$300.00		
116377	09/09/2026	Open			Accounts Payable	PITTSBURG TANK & TOWER MAINTENANCE COMPANY, INC	\$86,172.55		
116378	09/09/2026	Open			Accounts Payable	PUEBLO PIES LLC	\$2,000.00		
116379	09/09/2026	Open			Accounts Payable	ROSALES, ESTEBAN	\$118.00		
116380	09/09/2026	Voided		09/09/2026	Accounts Payable	SECRETARY OF STATE	\$86.00		
116381	09/09/2026	Open			Accounts Payable	SEPULVEDA, MANUEL	\$70.00		

SCHEDULE D

Payment Register

From Payment Date: 9/7/2026 - To Payment Date: 9/10/2026

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
116382	09/09/2026	Open			Accounts Payable	STANDARD INSURANCE CO.	\$1,583.60		
116383	09/09/2026	Open			Accounts Payable	TEXAS LIFE INSURANCE COMPANY	\$369.28		
116384	09/09/2026	Open			Accounts Payable	TRANSWESTERN INSURANCE ADMIN	\$190.00		
116385	09/09/2026	Open			Accounts Payable	WAL-MART	\$85.00		
116386	09/09/2026	Open			Accounts Payable	YUMA SOUTHWEST CONTRACTORS ASSOC	\$200.00		
116387	09/09/2026	Open			Accounts Payable	YUMA VALLEY CONTRACTORS	\$158,060.71		
116388	09/09/2026	Open			Accounts Payable	YUMA WINLECTRIC CO.	\$902.53		
116389	09/09/2026	Open			Accounts Payable	ZARAGOZA, LETICIA	\$130.00		
116390	09/09/2026	Open			Accounts Payable	UNITED LABORATORIES INC.	\$1,185.86		
116391	09/09/2026	Open			Accounts Payable	SECRETARY OF STATE	\$43.00		
116392	09/09/2026	Open			Accounts Payable	SECRETARY OF STATE	\$43.00		
Type Check Totals:					48 Transactions		\$311,951.06		
<u>EFT</u>									
10387	09/09/2026	Open			Accounts Payable	24/7 GET FIT LLC	\$1,620.00		
10388	09/09/2026	Open			Accounts Payable	ALSCO, INC	\$7,346.73		
10389	09/09/2026	Open			Accounts Payable	AMAZON.COM SALES, INC.	\$1,871.00		
10390	09/09/2026	Open			Accounts Payable	AMERICAN HEART ASSOCIATION, INC.	\$105.49		
10391	09/09/2026	Open			Accounts Payable	ARIZONA POLICE PSYCHOLOGY, PLLC	\$1,200.00		
10392	09/09/2026	Open			Accounts Payable	AUTOZONE STORES, INC	\$3,437.57		
10393	09/09/2026	Open			Accounts Payable	BILL ALEXANDER FORD	\$5,944.23		
10394	09/09/2026	Open			Accounts Payable	BLT ASPHALT LLC	\$913.67		
10395	09/09/2026	Open			Accounts Payable	BLT READY MIX CONCRETÉ LLC	\$746.21		
10396	09/09/2026	Open			Accounts Payable	BORDER GYM, LLC	\$225.00		
10397	09/09/2026	Open			Accounts Payable	CDWG	\$8,634.80		
10398	09/09/2026	Open			Accounts Payable	CHAPMAN DCJR YUMA LLC	\$30.34		
10399	09/09/2026	Open			Accounts Payable	CITY OF YUMA	\$35,971.63		
10400	09/09/2026	Open			Accounts Payable	DEARBORN CRANE AND ENGINEERING COMPANY	\$3,500.00		
10401	09/09/2026	Open			Accounts Payable	DESERT DOCUMENT SHREDDERS, LLC	\$75.50		
10402	09/09/2026	Open			Accounts Payable	DESERT WATER STORE INC	\$150.55		
10403	09/09/2026	Open			Accounts Payable	ESCALANTE LEAL, ESTELA	\$315.00		
10404	09/09/2026	Open			Accounts Payable	FNP-C & ASSOCIATES PLLC	\$90.00		
10405	09/09/2026	Open			Accounts Payable	FRESH TERRA SERVICES LLC	\$2,397.00		
10406	09/09/2026	Open			Accounts Payable	FRUTH GROUP INC	\$1,950.63		
10407	09/09/2026	Open			Accounts Payable	GARCIA, JESUS	\$450.00		
10408	09/09/2026	Open			Accounts Payable	HILL BROTHERS CHEMICAL CO.	\$4,375.76		
10409	09/09/2026	Open			Accounts Payable	IMAGE TREND, INC	\$15,424.70		
10410	09/09/2026	Open			Accounts Payable	KEYENCE CORP. OF AMERICA	\$12,506.64		
10411	09/09/2026	Open			Accounts Payable	KINGHOSE INDUSTRY LLC	\$4,182.72		
10412	09/09/2026	Open			Accounts Payable	LEAGUE OF AZ CITIES & TOWNS	\$395.00		
10413	09/09/2026	Open			Accounts Payable	LOOMIS	\$2,533.81		
10414	09/09/2026	Open			Accounts Payable	LOPEZ ARMENTA, JOSE, MARTIN	\$450.00		
10415	09/09/2026	Open			Accounts Payable	MES SERVICE COMPANY, LLC	\$2,404.58		
10416	09/09/2026	Open			Accounts Payable	O'REILLY AUTO PARTS	\$416.70		
10417	09/09/2026	Open			Accounts Payable	ODP BUSINESS SOLUTIONS LLC	\$453.11		

Payment Register

From Payment Date: 9/7/2026 - To Payment Date: 9/10/2026

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
10418	09/09/2026	Open			Accounts Payable	ON TRACK OVERHEAD DOORS LLC	\$1,750.00		
10419	09/09/2026	Open			Accounts Payable	REAL PURIFIED WATER LLC	\$8.00		
10420	09/09/2026	Open			Accounts Payable	SAN LUIS AIR CONDITIONING LLC	\$750.00		
10421	09/09/2026	Open			Accounts Payable	SEBIS DIRECT INC.	\$3,372.33		
10422	09/09/2026	Open			Accounts Payable	SOUTHERN TIRE MART LLC	\$913.66		
10423	09/09/2026	Open			Accounts Payable	SPECTRUM BUSINESS	\$228.76		
10424	09/09/2026	Open			Accounts Payable	UNIVERSAL BACKGROUND SCREENING INC	\$325.76		
10425	09/09/2026	Open			Accounts Payable	YUMA COUNTY RECORDER'S OFFICE	\$84.00		
10426	09/09/2026	Open			Accounts Payable	YUMA WINNELSON CO.	\$132.48		
Type EFT Totals:					40 Transactions		\$127,683.36		

1BYPAYABLE - 1st BY Accounts Payable Totals

Checks	Status	Count	Transaction Amount	Reconciled Amount
	Open	47	\$311,865.06	\$0.00
	Reconciled	0	\$0.00	\$0.00
	Voided	1	\$86.00	\$0.00
	Stopped	0	\$0.00	\$0.00
	Total	48	\$311,951.06	\$0.00
EFTs	Status	Count	Transaction Amount	Reconciled Amount
	Open	40	\$127,683.36	\$0.00
	Reconciled	0	\$0.00	\$0.00
	Voided	0	\$0.00	\$0.00
	Total	40	\$127,683.36	\$0.00
All	Status	Count	Transaction Amount	Reconciled Amount
	Open	87	\$439,548.42	\$0.00
	Reconciled	0	\$0.00	\$0.00
	Voided	1	\$86.00	\$0.00

Payment Register

From Payment Date: 9/7/2026 - To Payment Date: 9/10/2026

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
					Stopped	0	\$0.00	\$0.00	
					Total	88	\$439,634.42	\$0.00	
Grand Totals:									
					Checks	Status	Count	Transaction Amount	Reconciled Amount
						Open	47	\$311,865.06	\$0.00
						Reconciled	0	\$0.00	\$0.00
						Voided	1	\$86.00	\$0.00
						Stopped	0	\$0.00	\$0.00
						Total	48	\$311,951.06	\$0.00
					EFTs	Status	Count	Transaction Amount	Reconciled Amount
						Open	40	\$127,683.36	\$0.00
						Reconciled	0	\$0.00	\$0.00
						Voided	0	\$0.00	\$0.00
						Total	40	\$127,683.36	\$0.00
					All	Status	Count	Transaction Amount	Reconciled Amount
						Open	87	\$439,548.42	\$0.00
						Reconciled	0	\$0.00	\$0.00
						Voided	1	\$86.00	\$0.00
						Stopped	0	\$0.00	\$0.00
						Total	88	\$439,634.42	\$0.00

Guadalupe Canez



AGENDA ITEM REVIEW FORM

Regular City Council Meeting

7. A.

Meeting Date: 09/23/2026

Department Head: Roula Encinas, Director of Finance, Finance Department

Submitted By: Roula Encinas, Director of Finance, Finance Department

Action Requested: Motion
Resolution

ITEM:

Discussion and possible action on any and all matters regarding Resolution No. 2415. A resolution of the Mayor and City Council of the City of San Luis, Arizona, approving the form and authorizing the execution and delivery of a Loan Agreement with the Water Infrastructure Finance Authority of Arizona from its Clean Water Revolving Fund Program; (2) delegating the determination of certain matters relating thereto to the manager and the finance director of the city; (3) providing for the transfer of certain moneys and making certain covenants and agreements with respect thereto; (4) authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by such loan agreement and this resolution; and (5) declaring an emergency. **(Roula Encinas, Director of Finance and Mark Reader, Managing Director of Stifel, Nicolaus & Company)**

(6 votes in favor are required to pass immediately as an emergency per A.R.S. § 19-142.)

SUMMARY:

In October 2024, the City Council approved Resolution No. 2335 authorizing staff to apply for financial assistance through the Water Infrastructure Finance Authority of Arizona (WIFA) under the Clean Water State Revolving Fund Program for the expansion of the West Wastewater Treatment Plant.

On November 12, 2025, the City Council approved Resolution No. 2383 authorizing the City to enter into a WIFA loan agreement in an amount not to exceed \$26,240,000 to finance the project. The loan included approximately \$1.5 million in forgivable principal (grant funds) and provided below-market financing through the Clean Water State Revolving Fund Program.

Following the competitive bidding process, the lowest responsive and responsible construction bid totaled approximately \$41 million, exceeding the original construction budget by approximately \$15 million due to increased construction costs and market conditions.

To address the funding gap, the City Council subsequently approved Resolution No. 2398 authorizing staff to apply for additional financial assistance through WIFA. WIFA has approved the City's application for a supplemental Clean Water State Revolving Fund loan in an amount not to exceed \$12.5 million, with the remaining project costs to be funded from the Wastewater Utility Reserve. The loan will be secured by the City's Excise Taxes; however, the debt will be repaid solely from wastewater utility rates and charges, consistent with the City's financial plan.

The City Council is asked to consider the attached Resolution, which authorizes the City to enter into the supplemental WIFA Loan Agreement and approves the loan terms and conditions contained in the attached Loan Agreement.

This supplemental financing will allow the City to complete the West Wastewater Treatment Plant Expansion, increasing the plant's treatment capacity from 1.5 million gallons per day (MGD) to 3.0 MGD while upgrading the treatment process from a Sequential Batch Reactor (SBR) system to a Membrane Bioreactor (MBR) system. These improvements will enhance reclaimed water quality, increase opportunities for water reuse, ensure continued regulatory compliance, improve long-term operational reliability, and provide the infrastructure necessary to support the City's continued growth.

Approval of this Resolution will authorize the execution of the supplemental WIFA Loan Agreement, providing the remaining financing necessary to complete this critical wastewater infrastructure project.

RECOMMENDATION / SUGGESTED MOTION:

I MOVE TO APPROVE AND ADOPT RESOLUTION NO. 2415, AUTHORIZING THE CITY OF SAN LUIS TO ENTER INTO A LOAN AGREEMENT WITH THE WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA (WIFA), AS PRESENTED.

Fiscal Impact

IS THERE FISCAL IMPACT ASSOCIATED WITH THIS ITEM:	Please see the fiscal impact statement below.
CITY/STATE/FEDERAL FUNDS:	Please see the fiscal impact statement below.
TOTAL:	Please see the fiscal impact statement below.
BUDGETED AMOUNT:	Please see the fiscal impact statement below.
AVAILABLE AMOUNT TO TRANSFER:	Please see the fiscal impact statement below.
ACCT NAME & GL#/REMAINING BALANCE BEFORE PURCHASE:	Please see the fiscal impact statement below.

FISCAL IMPACT STATEMENT (IF THIS IS A BUDGET TRANSFER, YOU MUST ATTACH THE BUDGET ADJUSTMENT FORM):

By securing this loan, the City will benefit from low-cost financing and forgivable principal, reducing the overall burden on ratepayers. The debt service obligations have been factored into the city's wastewater utility rate structure to ensure financial sustainability.

Attachments

Resolution No. 2415
WIFA Loan Documents
PP Presentation



Resolution

No. 2415

OFFICE OF THE
MAYOR
CITY OF SAN LUIS

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN LUIS, ARIZONA, (1) APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT WITH THE WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA FROM ITS CLEAN WATER REVOLVING FUND PROGRAM; (2) DELEGATING THE DETERMINATION OF CERTAIN MATTERS RELATING THERETO TO THE MANAGER AND THE FINANCE DIRECTOR OF THE CITY; (3) PROVIDING FOR THE TRANSFER OF CERTAIN MONEYS AND MAKING CERTAIN COVENANTS AND AGREEMENTS WITH RESPECT THERETO; (4) AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY SUCH LOAN AGREEMENT AND THIS RESOLUTION; AND (5) DECLARING AN EMERGENCY

WHEREAS, the City Council of the City of San Luis, Arizona (the "City"), has heretofore applied to the Water Infrastructure Finance Authority of Arizona (the "Authority") for a loan (the "Loan") from the Authority's Clean Water Revolving Fund Program (the "Program") to provide funds for a wastewater treatment plant expansion project as well as for payment of the City's proportionate share of expenses of administering the Program and any bonds issued by the Authority with respect thereto (the "Project"); and

WHEREAS, the terms and conditions under which the Loan will be made and the obligations of the City with respect to the Loan will be set forth in a loan agreement to be executed and delivered by the City and the Authority (the "Loan Agreement"); and

WHEREAS, the Loan and the loan repayments payable by the City pursuant to the Loan Agreement (the "Loan Repayments") will be secured by a pledge of the Source of Repayment (as defined in the Loan Agreement); and

WHEREAS, the City Council has determined that it will be beneficial to the citizens of the City to enter into and to perform the Loan Agreement, whereby the City will borrow not to exceed \$12,500,000 from the Authority; and

WHEREAS, the Loan shall be repaid before or on July 1, 2051, and the Loan shall bear interest at a rate not to exceed five and one-half percent (5.50%) per annum; and

WHEREAS, there has been placed on file with the Clerk of the City and presented at the meeting at which this Resolution was adopted the proposed form of the Loan Agreement;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN LUIS, ARIZONA, THAT:

Section 1. The form, terms and provisions of the Loan Agreement, in the form of such document (including the exhibits thereto) presented at the meeting at which this Resolution was adopted are hereby approved, with such insertions, omissions and changes, not inconsistent with the application of the City to the Authority or the requirements of the federal government or the Authority, as shall be approved by the Manager and/or the Finance Director of the City, the execution of such document being conclusive evidence of such approval, and the Mayor or any other member of the Council of the City, the Manager of the City, the Finance Director of the City and the Clerk of the City are hereby authorized and directed, as applicable, for and on behalf of the City, to execute and attest and deliver, respectively, the Loan Agreement.

Section 2. For the payment of the principal of and interest on the Loan, the City shall pay the Loan Repayments provided for in the Loan Agreement. The City shall also pay all other amounts required to be paid by the City pursuant to the provisions of the Loan Agreement.

Section 3. The obligation of the City to pay the Loan Repayments provided for in the Loan Agreement as well as to make the other payments provided for in the Loan Agreement is limited to payment from the Source of Repayment which is pledged therefor pursuant to the Loan Agreement, and the obligations of the City pursuant to the Loan Agreement shall not constitute or give rise to a general obligation of the City or any claim against its *ad valorem* property taxing powers, or constitute an indebtedness within the meaning of any statutory or constitutional debt limitation applicable to the City.

Section 4. The appropriate officials and officers of the City are hereby authorized and directed to take all action necessary or reasonably required to carry out, give effect to and to consummate the transactions contemplated by the Loan Agreement, and by this Resolution, including, without limitation, the execution and delivery of any closing and other documents reasonably required to be delivered in connection therewith.

Section 5. If any section, paragraph, subdivision, sentence, clause or phrase of this Resolution is for any reason held to be illegal or unenforceable, such decision will not affect the validity of the remaining portions of this Resolution. The City Council hereby declares that it would have adopted this Resolution and each and every other section, paragraph, subdivision, sentence, clause or phrase hereof and authorized the execution and delivery of the Loan Agreement pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Resolution may be held illegal, invalid or unenforceable. All ordinances, resolutions or parts thereof, inconsistent herewith, are hereby waived to the extent only of such inconsistency. This waiver shall not be construed as reviving any ordinance or resolution or any part thereof.

Section 6. All actions of the officers and agents of the City including the City Council which conform to the purposes and intent of this Resolution and which further the execution and delivery of the Loan Agreement as contemplated by this Resolution, whether heretofore or hereafter taken, are hereby ratified, confirmed and approved. The proper officers and agents of the City are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the City as may be necessary to carry out the terms and intent of this Resolution.

Section 7. All acts and conditions necessary to be performed by the City or to have been met precedent to and in the execution and delivery of the Loan Agreement in order to make it a legal, valid and binding obligation of the City will at the time of delivery of the Loan Agreement have been performed and have been met, in regular and due form as required by law, and no statutory, charter or constitutional limitation of indebtedness or taxation will have been exceeded in the execution and delivery of the Loan Agreement.

Section 8. All formal actions of the City Council concerning and relating to the passage of this Resolution were taken in an open meeting of the City Council, and all deliberations of the City Council and of any committees that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements.

Section 9. The immediate operation of the provisions of this Resolution is necessary for the preservation of the public health and welfare because the execution and delivery at the earliest possible date of the Loan Agreement is urgently needed to provide for financing of, and timely completion of, the Project, and timely execution and delivery of the Loan Agreement is expected to secure the best, available economic terms therefor; therefore, an emergency is hereby declared to exist and this Resolution is enacted as an emergency measure and shall be in full force and effect from and after the passage and adoption by the City Council, as required by law, and this Resolution is hereby exempt from the referendum provisions of the Constitution and laws of the State of Arizona.

Section 10. After the execution and delivery of the Loan Agreement and upon receipt of the Loan from the Authority, this Resolution shall be and remain irrevocable until the Loan and the Loan Agreement and the interest thereon shall have been fully paid, cancelled and discharged.

[Remainder of page left blank intentionally.]

PASSED, ADOPTED, and APPROVED by the Mayor and City Council of the City of San Luis, Arizona, this 23rd day of September 2026.

City of San Luis, Arizona

Nieves Riedel, Mayor

ATTEST:

APPROVED AS TO FORM:

Sonia Cornelio, City Clerk

Joseph D. Estes, City Attorney



WATER INFRASTRUCTURE
FINANCE AUTHORITY OF ARIZONA

Loan Agreement

Water Infrastructure Finance Authority of Arizona

(the “**Authority**”)

and

City of San Luis

(the “**Local Borrower**”)

Evidencing a Loan from the
Authority to the Local Borrower

Dated as of

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Loan Agreement

This Loan Agreement (this “**Loan Agreement**”) is made and entered into as of _____ by and between the Water Infrastructure Finance Authority of Arizona (the “**Authority**”), and City of San Luis (the “**Local Borrower**”), a political subdivision of the State of Arizona.

This Loan Agreement includes the attached Exhibits and any capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Exhibits.

The Authority and the Local Borrower agree as follows:

Article 1. Description of the Loan.

Section 1.1 Name and Address of Local Borrower.

City of San Luis
Attention: Raula Jouanne de Encinas, Director of Finance
1090 E Union Street
San Luis, Arizona 85349
Telephone: (928) 341-8534
Email: rencinas@sanluisaz.gov

Section 1.2 Authorized Officer(s) of Local Borrower.

City of San Luis
Attention: Jenny Torres, City Manager
PO Box 1170
San Luis, Arizona 85349
Telephone: (928) 341-8520
Email: Jtorres@sanluisaz.gov

Section 1.3 Notices.

All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid, to the Local Borrower at the address specified in Section 1.1 [*Name and Address of Local Borrower*] and to the Authority at the following address:

Director
Water Infrastructure Finance Authority of Arizona
3300 N. Central Ave., Suite 1050
Phoenix, Arizona 85012
Telephone: (602) 364-1310

Any of the parties may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent, by notice in writing given to the others.

Section 1.4 Loan Information.

The terms of the Loan include the terms set forth in the Exhibits, which are part of this Loan Agreement.

Section 1.5 Requirements Prior to Closing.

Prior to Loan Closing, the Local Borrower must deliver to the Authority the Tax Compliance Certificate of Local Borrower in the form of Exhibit G and the Opinion of Counsel to Local Borrower in the form of Exhibit H, signed and dated the date of Loan Closing.

Article 2. Description Of The Project.

Section 2.1 Description of Project

The Project is described in Project Summary attached to the Loan Resolution of the Authority, and in Exhibit B [*Technical Assistance Terms and Conditions*] of this Loan Agreement.

Section 2.2 Description of System.

The term “**System**” means and includes all of the properties and facilities of the complete Water and Wastewater plant and system of the Local Borrower, whether lying within or without the boundaries of the Local Borrower, as now existing and as they may hereafter be improved or extended, all improvements, additions and extensions thereto or replacements thereof hereafter constructed or acquired by purchase, contract or otherwise and all contracts, rights, agreements, leases and franchises of every nature owned by the Local Borrower and used or useful or held for use in the operation of said plant and system or any part or portion thereof.

Article 3. Loan to Local Borrower; Amounts Payable.

Section 3.1 The Loan.

The Authority shall loan and disburse to the Local Borrower in accordance with this Article 3 [*Loan to Local Borrower; Amounts Payable*] an amount listed in Exhibit A [*Financial Assistance Terms and Conditions*] (the “**Loan**”), and the Local Borrower shall borrow and accept from the Authority, the Loan in the principal amount determined pursuant to this Article 3 [*Loan to Local Borrower; Amounts Payable*]; provided, however, that (A) the Authority shall be under no obligation to disburse any amount of the Loan if an Event of Default has occurred and is continuing under this Loan Agreement, and (B) the amount to be disbursed shall be lawfully available for disbursement. The Local Borrower shall use the proceeds of the Loan strictly in accordance with the requirements of this Loan Agreement.

Section 3.2 Disbursements of Loan Proceeds.

The Authority may disburse funds by check, by electronic means or by means of magnetic tape or other transfer medium. Except as hereinafter provided, disbursements shall be made only when (A) the request for disbursements is in substantially the form provided by the Authority and is accompanied by the necessary certifications and documentation and (B) an Authorized Officer of

the Authority has determined that such disbursement is proper. An Authorized Officer of the Authority shall approve disbursements directly to the persons or entities entitled to payment or to the Local Borrower in the case of reimbursement for costs of services already paid, and shall provide the Local Borrower with a copy of the approval and the date approved. Disbursements may be made only for Eligible Project Costs.

Section 3.3 Amounts Payable.

The Local Borrower shall pay to the Authority the amounts shown in Exhibit A [*Financial Assistance Terms and Conditions*] on or before the dates shown in Exhibit A [*Financial Assistance Terms and Conditions*], as the same may be adjusted as provided in Article 4 [*Standard Terms and Conditions*], to reflect any revisions to the principal repayment schedule of the Loan. Such payments shall be made by electronic funds transfer or by direct debit to the Authority.

Section 3.4 Tax Covenants.

(A) General.

The Local Borrower acknowledges that, in connection with its state revolving fund programs, the Authority issues its bonds (“**Authority Bonds**”) from time to time to finance loans and the Authority also pledges certain loans to secure and to serve as the source of payment for the Authority Bonds. As a result, and under the provisions of federal tax law applicable to the Authority Bonds, it is in the Authority’s interest for the Loan to qualify and be an obligation that bears interest that is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code. Therefore, the Local Borrower represents and covenants as follows with respect to the Loan and the Authority Bonds. The Local Borrower covenants that it will not take any action, or fail to take any action, if any such action or failure to take such action would adversely affect the exclusion from gross income of the interest on the Loan or the Authority Bonds under Section 103(a) of the Internal Revenue Code or cause the interest on the Loan or the Authority Bonds to become an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code, and in the event of such action or omission, it will, promptly upon having such brought to its attention, take such reasonable actions based upon a bond counsel opinion as may rescind or otherwise negate such action or omission. The Local Borrower will not directly or indirectly use or permit the use of any proceeds of the Loan or any other funds of the Local Borrower or take or omit to take any action that would cause the Loan or the Authority Bonds to be or become “arbitrage bonds” within the meaning of Section 148(a) of the Internal Revenue Code or to fail to meet any other applicable requirement of Sections 103, 141, 148, 149 and 150 of the Internal Revenue Code or cause the interest on the Loan or the Authority Bonds to become an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code. To that end, the Local Borrower will comply with all applicable requirements of Sections 103, 141, 148, 149 and 150 of the Code to the extent applicable to the Loan.

(B) Modification Based on Bond Counsel Opinion.

Notwithstanding any provision of this Section 3.4 [*Tax Covenants*], if the Local Borrower provides to the Authority a bond counsel opinion to the effect that any action required under this Section 3.4 [*Tax Covenants*] is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of interest on the Loan or the Authority Bonds pursuant to Section 103(a) of the Internal Revenue Code, the provisions of and covenants in this Section 3.4 [*Tax Covenants*] shall be deemed to be modified to that extent.

(C) Bond Counsel Opinion.

For purposes of this Section 3.4 [*Tax Covenants*], “**bond counsel opinion**” means an opinion letter of a firm of attorneys of national reputation experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds, and who is acceptable to the Authority.

Article 4. Standard Terms and Conditions.

Section 4.1 Definitions.

The following terms as used in this Loan Agreement shall, unless the context clearly requires otherwise, have the following meaning:

“**AMT Obligation**” means a Tax-Exempt Obligation the interest on which is an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code.

“**Annual Loan Review Form**” means the loan compliance questionnaire circulated by the Authority to all borrowers as part of the Authority’s annual loan portfolio review.

“**Authority**” or “**WIFA**” means the Water Infrastructure Finance Authority of Arizona, a body corporate and politic of the State of Arizona duly created and validly existing under and by virtue of the Authority Act.

“**Authority Act**” means Title 49, Chapter 8 (Section 49-1201 et seq.) of the Arizona Revised Statutes (“**A.R.S.**”).

“**Authority Bonds**” means any bonds of the Authority issued to finance the State’s revolving fund established pursuant to the Water Pollution Control Act, as amended, and the Safe Drinking Water Act, as amended.

“**Authorized Officer**” means, (a) with respect to the Local Borrower, the person whose name is set forth in this Loan Agreement or such other person or persons authorized by the Local Borrower to act as an authorized officer of the Local Borrower to perform any act or execute any document relating to the Loan or this Loan Agreement whose name is furnished in writing to the Authority and the Trustee; and (b) with respect to the Authority, the Chairman, Vice Chairman, Executive Director, or any other person or persons designated by the Board to act on behalf of the Authority with respect to this Loan Agreement; the designation of such person or persons shall be evidenced by a written

certificate containing a specimen signature of such person or persons and signed on behalf of the Authority by its Chairman or Vice Chairman.

“Bond Closing” means the date of initial delivery of and payment for the Authority Bonds.

“Bond Documents” means and includes the Master Trust Indenture, any supplemental indenture and any comparable or related document pursuant to which the Authority Bonds are issued, and all further amendments and supplements thereto adopted in accordance with the provisions thereof.

“Bond Reserves” means reserves established by the Bond Documents for the Authority Bonds to secure timely payment of amounts due on the Authority Bonds even if one or more local borrowers do not make timely payments on their loans.

“Business Day” means any day other than a Saturday, Sunday or legal holiday or a day on which banking institutions, in the city in which the designated office of the Authority (being Phoenix, Arizona) is located, are closed.

“Capital Grant Facility” means the contractual arrangement established with the Authority by the United States of America Environmental Protection Agency to make capitalization grant payments pursuant to Title VI of the Federal Water Pollution Control Act, as amended (33 U.S.C. § 125 et seq.) and the Federal Safe Drinking Water Act, as amended (particularly 42 U.S.C. § 300j-12 et seq.).

“Clean Water Act” means the Federal Water Pollution Control Act amendments of 1972 (P.L. 92-500; 86 Stat. 816), as amended by the Water Quality Act of 1987 (P.L. 100-4; 101 Stat. 7) and the Water Resources Reform and Development Act of 2014 (P.L. 113-21, 128 Stat. 1193).

“Clean Water Revolving Fund” or **“CWRP”** means the fund established by A.R.S. § 49-1221.

“Code” means the Internal Revenue Code of 1986, the Regulations (whether temporary or final) under that Code or the statutory predecessor of that Code, and any amendments of, or successor provisions to, the foregoing and any official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing, all as and to the extent applicable. Unless otherwise indicated, reference to a Section includes any applicable successor section or provision and such applicable Regulations, rulings, announcements, notices, procedures and determinations pertinent to that Section.

“Combined Interest and Fee Rate” means periodic interest and fee payments made by the Borrower, see Exhibit A [*Financial Assistance Terms and Conditions*] to this Loan Agreement.

“Construction Period” means the period from the date of the Loan Closing until the date of the final disbursement of proceeds of the Loan pursuant to this Loan Agreement, but in no event later than the third anniversary of the Loan Closing.

“Cost” means those costs that are eligible to be funded from draws under the Capital Grant Facility and are reasonable, necessary and allocable to the Project and are permitted by generally accepted government auditing standards to be costs of the Project.

“Credit Enhancer” means the entity so designated in the Bond Documents, if any, or any successor thereto, that from time to time has issued and outstanding a municipal bond insurance policy or similar payment guarantee relating to the Authority Bonds.

“CWRP Financial Assistance Account” means the account so designated in the Master Trust Indenture to which loans funded by the Clean Water Revolving Fund shall be credited.

“Debt Management Fee” means the fee component of the combined interest and fee payments made by the Borrower, see Exhibit A [*Financial Assistance Terms and Conditions*] to this Loan Agreement.

“Department” means the Department of Environmental Quality of the State of Arizona.

“Drinking Water Facility” has the meaning given that term in the Authority Act, currently: a community water system or a non-profit noncommunity water system as defined in the Federal Safe Drinking Water Act (P.L. 93-523; 88 Stat. 1660l; P.L. 95-190; 91 Stat. 1393; P.L. 104-182; 110 Stat. 1613) that is located in the State. The term does not include water systems owned by federal agencies.

“Drinking Water Revolving Fund” or **“DWRP”** means the fund established by A.R.S. § 49-1241.

“DWRP Financial Assistance Account” means the account so designated in the Master Trust Indenture to which loans funded by the Drinking Water Revolving Fund shall be credited.

“Eligible Project Costs” means, whether incurred before or after the date of this Loan Agreement, such portion of the Costs as is disbursed by the Authority for the benefit of the Local Borrower. The Local Borrower and the Authority acknowledge that the actual Eligible Project Costs for the Project have not been determined as of the effective date of this Loan Agreement. The final Eligible Project Costs shall be established after all disbursements have been made.

“Event of Default” means any occurrence or event specified in Section 4.7 [*Defaults and Remedies*] hereof.

“Indian Tribe” has the meaning given that term by the Authority Act, currently: any Indian tribe, band, group or community that is recognized by the United States Secretary of the Interior and that exercises governmental authority within the limits of any Indian reservation under the Jurisdiction of the United States government notwithstanding the issuance of any patent and including rights-of-way running through the reservation.

“Loan” means (A) during the Construction Period, the commitment to lend to the Local

Borrower the Estimated Eligible Project Costs set forth in this Loan Agreement (as it may be amended or revised from time to time), and (B) thereafter, the amount of money equal to the Eligible Project Costs which is actually loaned to the Local Borrower pursuant to this Loan Agreement.

“Loan Agreement” or **“Agreement”** means this Loan Agreement, including the Exhibits, as it may be supplemented, modified or amended from time to time in accordance with the terms hereof.

“Loan Closing” means the date of execution and delivery of this Loan Agreement.

“Loan Repayment Date” means the payment dates commencing and ending on the dates set forth in this Loan Agreement.

“Loan Repayments” means the payments payable by the Local Borrower pursuant to this Loan Agreement.

“Local Borrower” means the Political Subdivision or Indian Tribe that is a party to and is described in the first paragraph of this Loan Agreement.

“Master Trust Indenture” means and includes the Master Trust Indenture dated as of August 1, 1999, as supplemented, and any comparable or related document, pursuant to which the Authority issues Authority Bonds.

“Political Subdivision” has the meaning given that term by the Authority Act, currently: a county, city, town or special taxing district authorized by law to construct wastewater treatment facilities.

“Project” is the project described in Section 2.1 [*Description of Project*] of the Loan Agreement, all or a portion of the Cost of which is financed from the proceeds of the Loan.

“Repayment Period” means the period over which the principal amount of the Loan will be repaid which period begins and ends on the dates set forth in this Loan Agreement.

“Repayment Principal Amount” means the amount the Authority agrees to loan to the Local Borrower pursuant to this Loan Agreement or such lesser amount of actual Eligible Project Costs as represents the aggregate amount of the Loan actually made pursuant to this Loan Agreement.

“Reserve Fund Surety” means a surety bond, insurance policy, letter of credit or similar arrangement representing the irrevocable obligation of the issuer thereof to pay to or at the direction of the Local Borrower an amount up to the Reserve Requirement as set forth in Exhibit A [*Financial Assistance Terms and Conditions*].

“Safe Drinking Water Act” means the Federal Safe Drinking Water Act (P.L. 93-523; 88 Stat. 1660; P.L. 96-190; 91 Stat. 1393; P.L. 104-182; 110 Stat. 1613), as amended in 1996.

“Source of Repayment” means the “source of repayment” set forth in this Loan Agreement as defined in Exhibit D [*Source of Repayment*].

“State” means the State of Arizona.

“System” means the “System” as defined in Section 2.2 [*Description of System*] of the Loan Agreement.

“Tax-Exempt Obligation” means any obligation or issue of obligations (including bonds, notes and lease obligations treated for federal income tax purposes as evidences of indebtedness) the interest on which is excluded from gross income for federal income tax purposes within the meaning of Section 150 of the Code, and includes any obligation or any investment treated as a “tax-exempt bond” for the applicable purpose of Section 148 of the Code

“Trustee” means the Trustee appointed by the Authority pursuant to the Bond Documents and its successor or successors and any other corporation which may at any time be substituted in its place as Trustee pursuant to the Bond Documents.

Terms not otherwise defined herein shall have the meanings ascribed to them in Exhibit D [*Source of Repayment*] to the Loan Agreement.

Section 4.2 Rules of Interpretation.

- (A) For all purposes of this Loan Agreement, except as otherwise expressly provided or unless the context otherwise requires:
- (B) Words of one gender include the corresponding words of other genders; words of neuter include both genders; and words in the singular include words in the plural and vice versa.
- (C) Words indicating persons, parties, or entities (and the like) include firms, associations, partnerships (including limited partnerships), limited liability companies (and the like), corporations, trusts and other legal entities, including public and governmental bodies, as well as natural persons.
- (D) References to a statute refer to the statute, as amended, and any successor statute, and to all regulations promulgated under or implementing the statute or successor statute, as in effect at the relevant time.
- (E) References to a governmental or quasigovernmental entity or representatives thereof also refer to an entity that succeeds to the functions of the governmental or quasi-governmental entity and representatives thereof.
- (F) Headings preceding sections of text and any table of contents are solely for convenience of reference and are not part of this Loan Agreement and are not to affect its meaning, interpretation or effect.

(G) Actions permitted under this Loan Agreement may be taken at any time and from time to time in the actor's sole discretion.

(H) The word **"including"** means "including, but not limited to" and the word "include" means "include, among others."

(I) The terms **"hereby," "hereof," "herein,"** and **"hereunder,"** (and the like) refer to this Loan Agreement.

(J) Indications of time of day mean local time in Phoenix, Arizona.

(K) This Loan Agreement shall be governed by and construed in accordance with the laws and judicial decisions of the State of Arizona, except as such laws may be preempted by any federal rules or regulations.

Section 4.3 Covenants of the Local Borrower Relating to the System and the Project.

(A) Operation and Maintenance of System.

The Local Borrower covenants and agrees that it shall, in accordance with prudent utility practice:

- (i) At all times operate the properties of the System and any business in connection therewith in an efficient manner;
- (ii) Maintain the System in good repair, working order and operating condition; and
- (iii) From time to time make all necessary and proper repairs, renewals, replacements, additions, betterments and improvements with respect to the System so that at all times the operations carried on in connection therewith shall be properly and advantageously conducted from revenues of the System or, if the Local Borrower so elects, from any other source of funds lawfully available.

(B) Additions and Modifications.

The Local Borrower may make any additions, renewals, replacements, modifications or improvements to the System which it deems desirable and which do not materially reduce the operational integrity of any part of the System. All such renewals, replacements, additions, modifications and improvements shall become a part of the System.

(C) Disposition of Project and System.

- (i) The Local Borrower shall not sell, lease, abandon or otherwise dispose of all or substantially all or any substantial portion of the Project or the System except upon compliance with the provisions of this Section 4.3 [*Covenants of the Local Borrower Relating to the System and the Project*], subsection

(C) [*Disposition of Project and System*]; provided, however that the requirements of this Section 4.3 [*Covenants of the Local Borrower Relating to the System and the Project*], subsection (C) [*Disposition of Project and System*] shall not apply to transactions which are capital leases within the meaning of generally accepted accounting principles to finance expansion or improvement of the System and under which the Local Borrower maintains a purchaser's interest or other beneficial ownership, use, possession and control of the System so long as no default exists.

- (ii) The Local Borrower may sell, lease, abandon or otherwise dispose of all or substantially all or any substantial portion of the Project or the System if the Local Borrower shall give at least ninety (90) days' prior written notice to the Authority of the proposed transaction, and the Authority gives its written consent which shall not be unreasonably withheld. The Local Borrower understands that the Authority, in determining whether or not to give its consent, must determine that the proposed transaction will not adversely affect the Authority's ability to meet its duties, covenants, obligations and agreements or conditions of any grant received by the Authority or the State from the United States of America, which is related to the Capital Grant Facility or any capitalization grants received by the Authority or the State under the Federal Water Pollution Control Act, as amended, and the Federal Safe Drinking Water Act, as amended.
- (iii) Notwithstanding the provisions of Section 4.3 [*Covenants of the Local Borrower Relating to the System and the Project*], subsection (C)(ii) above, the Local Borrower may sell, lease or otherwise dispose of, any of the property comprising part of the System without prior notice to or the consent of the Authority, other than the Project, in either of the following circumstances:
 - (a) If the Local Borrower determines that such property is not necessary, useful or profitable to the operation of the System; or
 - (b) If the value of such property sold, leased or otherwise disposed of in any one year is equal to not more than 5% of the value of the fixed assets of the System.

(D) Cost of Project.

The Local Borrower certifies that the estimated Eligible Project Costs as listed in Article 1 [*Budget*] of Exhibit B [*Technical Terms and Conditions*] is a reasonable and accurate estimation of the Eligible Project Costs and, upon the direction of the Authority the Local Borrower will supply the Authority with a certificate from its engineer stating that such estimated Eligible Project Costs is a reasonable and accurate estimation.

Section 4.4 Additional Covenants of the Local Borrower.

(A) Unconditional Obligations.

The obligation of the Local Borrower to make the Loan Repayments and the obligation to perform and observe the other duties, covenants, obligations and agreements on its part described herein are payable solely from the Source of Repayment described in this Loan Agreement and shall be absolute and unconditional and shall not be abated, rebated, setoff, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner or to any extent whatsoever, while any payments hereunder remain unpaid, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project or the System, commercial frustration of the purpose, any change in the laws of the United States of America or of the State or any political subdivision of either or in the rules or regulations of any governmental authority, any failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Project or this Loan Agreement, or any rights of set-off, recoupment, abatement or counterclaim that the Local Borrower might otherwise have against the Authority or any other party or parties; provided, however, that payments under this Loan Agreement shall not constitute a waiver of any such rights. The Local Borrower shall not be obligated to make any payments required to be made by any other local borrowers under separate loan agreements or local borrower bonds. Notwithstanding any other provision of this Section 4.4 [*Additional Covenants of the Local Borrower*], subsection (A) [*Unconditional Obligations*] or this Loan Agreement, neither the Authority, nor any assignee of the Authority shall have the right or ability to compel the repayment of this Loan Agreement from any source other than the Source of Repayment.

(B) Performance Under Loan Agreement.

The Local Borrower covenants and agrees to:

- (i) Maintain the System in good repair and operating condition;
- (ii) Cooperate with the Authority to the extent it may lawfully do so, in the observance and performance of the respective duties, covenants, obligations and agreements of such Local Borrower and the Authority under this Loan Agreement; and
- (iii) Comply with the covenants set forth in this Loan Agreement.

(C) Disclaimer of Warranties.

The Local Borrower acknowledges and agrees that:

- (i) The Authority makes no warranty or representation, either express or implied as to the value, design, condition, merchantability or fitness for particular

purpose or fitness for any use of the System or the Project or any portions thereof or any other warranty or representation with respect thereto;

- (ii) In no event shall the Authority or its respective agents be liable or responsible for any direct, incidental, indirect, special or consequential damages in connection with or arising out of this Loan Agreement or the Project or the existence, furnishing, functioning or use of the System or the Project; and
- (iii) Are not intended to and shall not be construed as a waiver of any defense or limitation on damages provided for under and pursuant to the laws of the United States or of the State.

(D) Loan Repayments; Prepayments; Providing for Payment of the Loan.

(i) Loan Repayments.

- (a) The Local Borrower shall pay to the Authority the amounts set forth in the Loan Repayment Schedule contained in Exhibit A [*Financial Assistance Terms and Conditions*] on or before the due dates shown in Exhibit A [*Financial Assistance Terms and Conditions*].
- (b) Each payment made as a Loan Repayment as described in this Section 4.4 [*Additional Covenants of the Local Borrower*], subsection (D)(i)(a), shall be applied first to the combined interest and fee payment then due and payable on the Loan and then to the principal amount of the Loan.
- (c) In addition to the other payments required by Section 4.4 [*Additional Covenants of the Local Borrower*], subsection (D)(i)(a), the Local Borrower shall pay a late charge for any payment that is received by the Authority later than the tenth day following its due date, in an amount equal to six percent per annum of the amount of the late payment from its due date to the date it is actually paid; provided, however, that the combined interest and fee rate payable on the Loan including such late charge shall not be in excess of the maximum rate permitted by law or any proceedings or resolution authorizing the execution of this Loan Agreement.
- (d) Upon the final disbursement, if the Loan amount is less than the estimated Eligible Project Costs, the amount of each Principal Installment due as set forth in the Loan Repayment Schedule contained in Exhibit A [*Financial Assistance Terms and Conditions*] shall be adjusted to achieve substantially level debt service, and the Authority shall compute the adjusted combined interest and fee amounts to reflect the adjusted principal amounts and shall enter the results in a revised Loan Repayment Schedule delivered to the Local Borrower.

(ii) Prepayments.

The Loan is not subject to prepayment prior to the tenth anniversary of the final loan draw. The Local Borrower may prepay the Principal Repayment Amount of the Loan in whole or in part in advance of the due dates on or after the tenth anniversary of the final loan draw without penalty upon written notice delivered to the Authority at least sixty (60) days prior to the prepayment date. If the Local Borrower prepays the Repayment Principal Amount in part, the amount of each Principal Installment due as set forth in the Loan Repayment Schedule contained in Exhibit A [*Financial Assistance Terms and Conditions*] shall be adjusted to achieve substantially level debt service. Upon such adjustment, the Authority shall compute the adjusted combined interest and fees amounts to reflect the adjusted principal amounts and shall enter the results in the Loan Repayment Schedule with notice to the Local Borrower.

(iii) Providing for Payment of the Loan.

The Local Borrower may at any time provide for the payment and discharge of the Loan, as provided in this Section 4.4 [*Additional Covenants of the Local Borrower*], subsection (D)(iii) [*Providing for Payment of the Loan*]. The Loan shall be deemed to have been paid and discharged if:

- (a) The Local Borrower has delivered to the Authority proof satisfactory to the Authority that the Local Borrower has deposited with a financial institution acceptable to the Authority, in trust for and irrevocably committed to payments on the Loan, cash or non-callable direct obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of Treasury of the United States of America) and obligations of any agency or instrumentality of the United States of America the timely payment of the principal of and interest on which are unconditionally guaranteed by the United States of America, which are of such maturities and interest payment dates, and bear such interest, as will be sufficient together with any moneys also deposited, without further investment or reinvestment of either the principal amount or the interest earnings (which earnings are to be held likewise in trust and so committed), to pay all the amounts due under the Loan, as set forth in the Loan Repayment Schedule contained in Exhibit A [*Financial Assistance Terms and Conditions*] of this Loan Agreement, as evidenced in a report of an independent firm of nationally recognized certified public accountants addressed to and delivered to the Authority; and
- (b) The Authority has received a bond counsel opinion (as described in Section 4.8 [*Provisions Applicable to Loans Financed by or Pledged to Secure Authority Bonds*], subsection (B)(ii) [*Modification Based on Bond Counsel Opinion*] and subsection (B)(iii) [*Bound Counsel Opinion*]) to the effect that the deposit of funds

and the investment of such deposit, as described in Section 4.4 [*Additional Covenants of the Local Borrower*], subsection (D)(iii) (a), will not, by itself, adversely affect the exclusion from gross income of interest on the Loan or any Authority Bonds for federal income tax purposes.

(E) Source of Repayment of Local Borrower's Obligations and Pledge.

The Local Borrower irrevocably pledges the Source of Repayment described in this Loan Agreement for the punctual payment of all amounts due under the Loan Agreement. The Authority and the Local Borrower agree that the amounts payable by the Local Borrower under this Loan Agreement are payable solely from the Source of Repayment described in this Loan Agreement and are not payable from any other source whatsoever, unless the Local Borrower chooses to pay, and pays, any amount due hereunder from any other source lawfully available to it.

(F) Insurance.

The Local Borrower shall maintain or cause to be maintained in force, insurance policies with responsible insurers or self-insurance programs or through membership in a risk retention pool, including, but not limited to, the Arizona Municipal Risk Retention Pool (in accordance with the Local Borrower's customary practices) providing against risk of direct physical loss, damage or destruction of the Project and the System, at least to the extent that similar insurance is usually carried by utilities constructing, operating and maintaining system facilities of the nature of the System, including liability coverage, all to the extent available at reasonable cost.

(i) No Liens.

The funds so pledged as described in this Loan Agreement after the payment of all costs of operating and maintaining the System, are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto which are prior to, or of equal rank with, the obligation of the Local Borrower to pay this Loan Agreement, and all corporate or other action on the part of the Local Borrower to that end has been and will be duly and validly taken, except for:

- (ii) The debt service on any future bonds, notes or other evidence of indebtedness of the Local Borrower issued or contractual obligations incurred in accordance with this Loan Agreement payable from the funds pledged to the payment of this Loan Agreement which are on parity with the lien and charge on the funds so pledged to pay this Loan Agreement; and
- (iii) As provided in Exhibit D [*Source of Repayment*] of this Loan Agreement, the debt service on currently outstanding bonds, notes or evidences of indebtedness or contractual obligations of the Local Borrower, if any, payable from the Source of Repayment described in Exhibit D [*Source of Repayment*] of this Loan Agreement which the Local Borrower has disclosed to the Authority in writing.

(G) Disadvantaged Business Enterprises.

Local Borrowers and their prime contractors must follow, document, and maintain documentation of their good faith efforts as listed below to ensure that Disadvantage Business Enterprises (“DBEs”) have the opportunity to participate in the project by increasing DBE awareness of procurement efforts and outreach. As applicable, the Local Borrower shall comply with 40 C.F.R Part 33¹including but not limited to:

- (i) Ensure DBEs are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities; including placing DBEs on solicitation lists and soliciting them whenever they are potential sources.
- (ii) Make information on forthcoming opportunities available to DBEs and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by DBEs in the competitive process. This includes, whenever possible, posting solicitation for bids or proposals for a minimum of thirty (30) calendar days before the bid or proposal closing date.
- (iii) Consider in the contracting process whether firms competing for large contracts could be subcontracted with DBEs. This will include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by DBEs in the competitive process.
- (iv) Encourage contracting with a consortium of DBEs when a contract is too large for one of these firms to handle individually.
- (v) Use the services and assistance of the Small Business Administration and the Minority Business Development Agency of the U. S. Department of Commerce.
- (vi) If the prime contractor awards subcontracts, require the prime contractor to take the steps in subsections (G)(i) through (v) of this Section 4.4 [*Additional Covenants of the Local Borrower*].
- (vii) These conditions must be included in all procurement contracts entered into by the Local Borrower for all DWRP and CWRP projects:
 - (a) The prime contractor must pay its subcontractor for satisfactory performance no more than thirty (30) days from the prime contractor’s receipt of payment from the owner.
 - (b) The prime contractor must notify the owner in writing prior to the

¹ See Article 5 [*Additional Federal Provisions*] for a full list of applicable federal laws and authorities relating to Participation by Disadvantaged Business Enterprises in Procurement Under Environmental Protection Agency (“EPA”) Financial Assistance Agreements.

termination of any Disadvantage Business Enterprise subcontractor for convenience by the prime contractor.

- (c) If a Disadvantage Business Enterprise contractor fails to complete work under the subcontract for any reason, the prime contractor must employ the six good faith efforts if soliciting a replacement contractor.
- (d) The prime contractor must continue to employ the six good faith efforts even if the prime contractor has achieved its fair share objectives.
- (e) The prime contractor must provide EPA Form 6100-2 DBE Program Subcontractor Participation Form to all of its Disadvantaged Business Enterprise subcontractors. Disadvantaged Business Enterprise subcontractors may send completed Form 6100-2 directly to the Region 9 DBE Coordinator listed below:

Joe Ochab, EPA Region 9, 75 Hawthorne St. (P-22), San Francisco, CA 94105

- (f) The prime contractor must have its Disadvantaged Business Enterprise subcontractors complete EPA Form 6100-3 – DBE Program Subcontractor Performance Form. The prime contractor must include all completed forms as part of the prime contractor's bid or proposal package to the Local Borrower.
- (g) The prime contractor must complete and submit EPA 6100-4 DBE Program Subcontractor Utilization Form as part of the prime contractor's bid or proposal package to the Local Borrower.
- (h) A Local Borrower must ensure that each procurement contract it awards contains the following terms and conditions:

The contractor shall not discriminate on the basis of race, color, national origin or sex in the performance of this contract. The contractor shall carry out applicable requirements of 40 CFR Part 33 in the award and administration of contracts awarded under EPA financial assistance agreements. Failure by the contractor to carry out these requirements is a material breach of this contract which may result in the termination of this contract or other legally available remedies.

Section 4.5 Representations of Local Borrower.

The Local Borrower represents for the benefit of the Authority that the representations contained

in this Loan Agreement are true at the time of execution and delivery of this Loan Agreement and, other than with respect to events outside of Local Borrower's control, will be true in all material respects at all times during the term of this Loan Agreement.

(A) Organization and Authority.

- (i) The Local Borrower is a Political Subdivision or Indian Tribe as defined in the Authority Act.
- (ii) The Local Borrower has full legal right and authority and has, or will obtain as and when required, all necessary licenses and permits required to acquire, own, operate and maintain the Project and the System, to carry on its activities relating thereto, to execute and deliver this Loan Agreement, to undertake and complete the Project, to pledge the Source of Repayment, and to carry out and consummate all transactions contemplated by this Loan Agreement. The Project is a project which the Local Borrower may undertake pursuant to State law and for which the Local Borrower is authorized by law to borrow money.
- (iii) The proceedings of the Local Borrower's governing body approving this Loan Agreement and authorizing its execution, issuance and delivery on behalf of the Local Borrower, and authorizing the Local Borrower to undertake and complete the Project have been duly and lawfully adopted in accordance with the laws of the State.
- (iv) This Loan Agreement has been duly authorized, executed and delivered by an Authorized Officer of the Local Borrower; and, assuming that the Authority has all the requisite power and authority to authorize, execute and deliver, and has duly authorized, executed and delivered this Loan Agreement, this Loan Agreement constitutes a legal and valid obligation of the Local Borrower enforceable in accordance with its terms, and the information contained under Article 1 [*Description of the Loan*] of this Loan Agreement is true and accurate in all material respects.

(B) Full Disclosure.

- (i) To the best of the Local Borrower's knowledge, there is no fact that the Local Borrower has not disclosed to the Authority in writing that materially adversely affects the properties, activities, prospects or condition (financial or otherwise) of the Local Borrower or the System, or the ability of the Local Borrower to make all Loan Repayments due hereunder and otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement.
- (ii) The information relating to the Local Borrower (including without limitation the financial and statistical data contained therein) submitted to the Authority by the Local Borrower in connection with the Authority's approval of the Loan was at the time of the Authority's approval of the Loan and at all times

subsequent thereto up to and including the Loan Closing, will be (if necessary by amendment provided by the Local Borrower) true and correct and will not contain an untrue statement of material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading in any adverse respect. To the extent permitted by law, and notwithstanding any other provision of this Loan Agreement, the Local Borrower will indemnify, save and hold harmless the Authority, and each of the Authority's agents, for, from and against any and all claims, damages, liability and court awards including costs, expenses and reasonable attorneys' fees incurred as a result of any omission or misstatement of material fact in the information submitted to the Authority by the Local Borrower in connection with the Authority's approval of the Loan, as it may have been supplemented and amended by the Local Borrower.

(C) Pending Litigation.

There are no proceedings pending, or to the knowledge of the Local Borrower, threatened, against or affecting the Local Borrower or the Project, in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would materially adversely affect the properties, activities, prospects or condition (financial or otherwise) of the Local Borrower, the Project, or the System, or the ability of the Local Borrower to make all Loan Repayments and otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement that have not been disclosed in writing to the Authority in the Local Borrower's application for the Loan or otherwise.

(D) Compliance with Existing Laws and Agreements.

The authorization, execution and delivery of this Loan Agreement by the Local Borrower, the observance and performance by the Local Borrower of its duties, covenants, obligations and agreements hereunder and the consummation of the transactions provided for in this Loan Agreement, the compliance by the Local Borrower with the provisions of this Loan Agreement and the undertaking and completion of the Project will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Local Borrower pursuant to any existing ordinance or resolution, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument (other than the lien and charge of this Loan Agreement and any ordinance or resolution or indenture which authorized outstanding obligations of the Local Borrower which are on a parity with this Loan Agreement as to a lien on, or a source and security for, payment thereon from the source of payment that is pledged to the Loan Repayments) to which the Local Borrower is a party or by which the Local Borrower, the System or any of its property or assets may be bound, nor will such action result in any violation of the provisions of the charter or other document pursuant to which the Local Borrower was established or any laws, ordinances, resolutions, governmental rules, regulations or court orders to which the Local Borrower, the System or its properties or operations are subject.

(E) No Defaults.

No event has occurred and no condition exists that, upon authorization, execution and delivery of this Loan Agreement or receipt of the amount of the Loan, would constitute an Event of Default hereunder. The Local Borrower is not in violation of, and has not received notice of any claimed violation of, any term of any agreement or other instrument to which it is a party or by which it may be bound, which violation would materially adversely affect the properties, activities, prospects or condition (financial or otherwise) of the Local Borrower or the ability of the Local Borrower to make all Loan Repayments or otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement.

(F) Governmental Consent.

The Local Borrower has or will have obtained prior to the date of the Loan Closing all permits and approvals required to date by any governmental body or officer (and reasonably expects to receive all permits required in the future by any governmental agency) for the making, observance and performance by the Local Borrower of its duties, obligations and agreements under this Loan Agreement or for the undertaking or completion of the Project and the financing thereof, and the Local Borrower has complied with all applicable provisions of law requiring any notification, declaration, filing or registration with any governmental body or officer in connection with the making, observance and performance by the Local Borrower of its duties, covenants, obligations and agreements under this Loan Agreement or with the undertaking or completion of the Project and the financing thereof. No consent, approval or authorization of, or filing, registration or qualification with, any governmental body or officer, other than those already obtained or reasonably expected to be obtained, is required on the part of the Local Borrower as a condition to the authorization, execution and delivery of this Loan Agreement, the undertaking or completion of the Project or the consummation of any transaction herein contemplated.

(G) Compliance with Law.

The Local Borrower:

- (i) is in compliance with all laws, ordinances, governmental rules and regulations to which it is subject and the failure to comply with which would materially adversely affect the ability of the Local Borrower to conduct its activities or undertake or complete the Project or the condition (financial or otherwise) of the Local Borrower or the System; and
- (ii) has obtained, or will obtain as and when required, all licenses, permits, franchises or other governmental authorizations necessary for the ownership of its property or for the conduct of its activities which, if not obtained, would materially adversely affect the ability of the Local Borrower to undertake or complete the Project or the condition (financial or otherwise) of the Local Borrower or the System.

Section 4.6 Assignment.

(A) Assignment and Transfer by Authority.

The Local Borrower hereby approves and consents to any assignment or transfer of this Loan Agreement that the Authority deems to be necessary in connection with the Clean Water Revolving Fund and Drinking Water Revolving Fund programs of the Authority.

(B) Assignment by Local Borrower.

No assignment shall relieve the Local Borrower from primary liability for any of its obligations under this Loan Agreement and in the event of such assignment, the Local Borrower shall continue to remain primarily liable for the performance and observance of its obligations to be performed and observed under this Loan Agreement. This Loan Agreement may not be assigned by the Local Borrower for any reason, unless the following conditions shall be satisfied:

- (i) The assignee shall be a governmental unit within the meaning of Section 141(c) of the Code or another entity acceptable to the Authority and the assignee shall have expressly assumed in writing the full and faithful observance and performance of the Local Borrower's duties, covenants, agreements and obligations hereunder;
- (ii) Immediately after such assignment, the assignee shall not be in default in the performance or observance of any duties, covenants, obligations or agreements of the Local Borrower hereunder; and
- (iii) The Authority shall receive an opinion of counsel to the effect that such assignment will not violate the provisions of any agreement entered into by the Authority with, or condition of any grant received by the Authority from the United States of America relating to the Capital Grant Facility or any capitalization grants received by the Authority or the State under the Federal Water Pollution Control Act and the Federal Safe Drinking Water Act.

Section 4.7 Defaults and Remedies.

(A) Events of Default.

If any of the following events occurs, it is hereby defined as and declared to be and to constitute an **"Event of Default"**:

- (i) Failure by the Local Borrower to pay, or cause to be paid, when due any Loan Repayment;
- (ii) Failure by the Local Borrower to make, or cause to be made, any required payments of principal, redemption premium, if any, and interest on any bonds, notes or other obligations of the Local Borrower for borrowed money (other than the Loan), after giving effect to the applicable grace period, the payments of which are secured by the Source of Repayment described in this Loan Agreement;

- (iii) Failure by the Local Borrower to perform any duty, covenant, obligation or agreement on its part to be observed or performed under this Loan Agreement, other than as referred to in subsections (A)(i) and (ii) of this Section 4.7 [*Defaults and Remedies*], which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Local Borrower by the Authority, unless the Authority agrees in writing to an extension of such time prior to its expiration, provided, however, that if the failure stated in such notice is correctable but cannot be corrected within the applicable period the Authority may not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Local Borrower and diligently pursued until the Event of Default is corrected;
- (iv) The institution of any proceeding, with the acquiescence of the Local Borrower, for the purpose of effecting a composition between the Local Borrower and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are payable from the Source of Repayment described in this Loan Agreement;
- (v) A determination by the Authority that any material representation made by or on behalf of the Local Borrower contained in this Loan Agreement, or in any instrument furnished in compliance with or with reference to this Loan Agreement, is false or misleading in any material respect; and
- (vi) The filing of a petition by or against the Local Borrower under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Loan Agreement or thereafter enacted, unless in the case of any such petition filed against the Local Borrower such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal; or the Local Borrower becoming insolvent or bankrupt or making an assignment for the benefit of its creditors; or the appointment of a custodian (including, without limitation, a receiver, liquidator or trustee of the Local Borrower or any of its property including the System) by court order, or possession of the Local Borrower or its property or assets is taken if such order remains in effect or such possession continues for more than thirty (30) days.

(B) Notice of Default.

The Local Borrower shall give the Authority prompt telephone notice of the occurrence of any Event of Default referred to in Section 4.7 [*Defaults and Remedies*], subsection (A)(iii) hereof, and of the occurrence of any other event or condition that constitutes an Event of Default, at such time as any senior administrative or financial officer of the Local Borrower becomes aware of the existence thereof. Any telephone notice pursuant to this Section 4.7 [*Defaults and Remedies*], subsection (B) [*Notice of Default*] shall be confirmed in writing by the end of the next Business Day.

(C) Remedies on Default.

- (i) Whenever an Event of Default referred to in Section 4.7 [*Defaults and Remedies*] subsection (A) [*Event of Default*] hereof shall have occurred and be continuing, the Authority shall have the right to take any action permitted or required pursuant to this Loan Agreement and to take whatever other action at law or in equity as may appear necessary or desirable to collect the amounts then due and thereafter to become due on their scheduled payment dates or to enforce the performance and observance of any duty, covenant, obligation or agreement of the Local Borrower hereunder, including, without limitation, appointment of a receiver of the System.
- (ii) Nothing in this Loan Agreement shall be construed to affect the Attorney General taking action to enforce this Loan Agreement in accordance with the Authority Act.

(D) Attorney's Fees and Other Expenses.

In the event of a default hereunder by the Local Borrower, the Local Borrower shall on demand and to the extent not prohibited by applicable law pay to the Authority the reasonable fees and expenses of attorneys and other reasonable expenses (including without limitation the reasonably allocated costs of inhouse counsel and legal staff) incurred by the Authority in the collection of Loan Repayments or any other sum due hereunder or in the enforcement of performance or observance of any other duties, covenants, obligations or agreements of the Local Borrower to the extent permitted by law.

(E) Application of Moneys.

- (i) The parties acknowledge that:
 - (a) All amounts coming due hereunder as Loan Repayments shall be treated as principal and combined interest and fees with respect to the Loan which amounts are secured by a pledge of the Source of Repayment in accordance with Exhibit D [*Source of Repayment*] of this Loan Agreement; and
 - (b) Amounts coming due under Section 4.7 [*Defaults and Remedies*], subsection (D) [*Attorney's Fees and Other Expenses*] hereof shall be secured by the Source of Repayment on a basis subordinate to the Loan Repayments, but on a parity with comparable expenses relating to such Outstanding Parity Obligations and Additional Parity Obligations.
- (ii) However, any moneys collected by the Authority pursuant to Section 4.7 [*Defaults and Remedies*] subsection (C) [*Remedies on Default*] in the exercise of remedies with respect to amounts due or to become due hereunder shall be applied:

- (a) First, to pay any attorney's fees or other fees and expenses owed by the Local Borrower pursuant to Section 4.7 [*Defaults and Remedies*] subsection (D) [*Attorney's Fees and Other Expenses*] hereof;
- (b) Second, to pay delinquent combined interest fees and late charges on the Loan;
- (c) Third, to pay combined interest and fees then due and payable on the Loan;
- (d) Fourth, to pay delinquent principal on the Loan in order of scheduled maturity;
- (e) Fifth, to pay principal then due and payable on the Loan; and
- (f) Sixth, to pay any other amounts due and payable pursuant to this Loan Agreement.

(F) No Remedy Exclusive; Waiver; Notice.

No remedy conferred upon or reserved to the Authority hereunder is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right, remedy or power accruing upon any Event of Default shall impair any such right, remedy or power or shall be construed to be a waiver thereof, but any such right, remedy or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it as described in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

(G) Retention of Authority's Rights.

Notwithstanding any assignment or transfer of this Agreement pursuant to the provisions hereof, or anything else to the contrary contained herein, the Authority shall have the right upon the occurrence of an Event of Default to take any action, including (without limitation) bringing an action against the Local Borrower at law or in equity, as the Authority may, in its discretion, deem necessary to enforce the obligations of the Local Borrower to the Authority.

(H) Default by the Authority.

In the event of any default by the Authority in any duty, covenant, agreement or obligation described in this Agreement, the Local Borrower's remedy for such default shall be limited to injunction, special action, action for specific performance or any other available equitable remedy designed to enforce the performance or observance of any duty, covenant, obligation or agreement of the Authority described herein as may be necessary or appropriate. The Authority shall on demand pay to the Local Borrower the reasonable fees and expenses of attorneys and other reasonable expenses in the enforcement of such performance or

observance.

Section 4.8 Provisions Applicable to Loans Financed by or Pledged to Secure Authority Bonds.

(A) General.

The Local Borrower acknowledges that the Authority is entering into this Loan Agreement and agreeing to make the Loan at this time for the benefit of the Local Borrower, and that the Authority may finance the Loan, along with other loans to other local borrowers, through the issuance of Authority Bonds and may pledge the Loan to secure Authority Bonds. If and for so long as the Authority's source of funds to make disbursements on, or to carry, the Loan represented by this Loan Agreement is, or becomes, the proceeds of Authority Bonds, or this Loan Agreement is assigned by the Authority as security for payment of amounts due or to become due on Authority Bonds, the Local Borrower agrees to cooperate with the Authority with respect to the issuance of Authority Bonds by furnishing and certifying information concerning the Local Borrower, the Project, the System and the Source of Repayment, and by agreeing to reasonable modifications and additions to this Loan Agreement necessary or convenient for the Authority Bond transaction. Without limiting the generality of the foregoing, the Local Borrower agrees that if the Authority at any time determines, in its discretion, that it is necessary in connection with the issuance of Authority Bonds or the maintenance of the Authority's bond program, then the provisions set forth in this Article shall be in effect.

(B) Tax Covenants.

(i) General.

The Local Borrower acknowledges that, in connection with its state revolving fund programs, the Authority issues its Authority Bonds from time to time to finance loans and the Authority also pledges certain loans to secure and to serve as the source of payment for the Authority Bonds. As a result, and under the provisions of federal tax law applicable to the Authority Bonds, it is in the Authority's interest for the Loan to qualify and be a Tax-Exempt Obligation that is not an AMT Obligation. Therefore, the Local Borrower represents and covenants as follows with respect to the Loan and the Authority Bonds. The Local Borrower covenants that it will not take any action, or fail to take any action, if any such action or failure to take such action would adversely affect the exclusion from gross income of the interest on the Loan or the Authority Bonds under Section 103(a) of the Internal Revenue Code or cause the interest on the Loan or the Authority Bonds to become an AMT Obligation, and in the event of such action or omission, it will, promptly upon having such brought to its attention, take such reasonable actions based upon a bond counsel opinion as may rescind or otherwise negate such action or omission. The Local Borrower will not directly or indirectly use or permit the use of any proceeds of the Loan or any other funds of the Local Borrower or take or omit to take any action that

would cause the Loan or the Authority Bonds to be or become “arbitrage bonds” within the meaning of Section 148(a) of the Internal Revenue Code or to fail to meet any other applicable requirement of Sections 103, 141, 148, 149 and 150 of the Internal Revenue Code or cause the interest on the Loan or the Authority Bonds to become an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code. To that end, the Local Borrower will comply with all applicable requirements of Sections 103, 141, 148, 149 and 150 of the Code to the extent applicable to the Loan.

(ii) Modification Based on Bond Counsel Opinion.

Notwithstanding any provision of this Section 4.8 [*Provisions Applicable to Loans Financed by or Pledged to Secure Authority Bonds*], subsection (B) [*Tax Covenants*], if the Local Borrower provides to the Authority a bond counsel opinion to the effect that any action required under this Section 4.8 [*Provisions Applicable to Loans Financed by or Pledged to Secure Authority Bonds*], subsection (B) [*Tax Covenants*], is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of interest on the Loan or the Authority Bonds pursuant to Section 103(a) of the Internal Revenue Code, the provisions of and covenants in this Section 4.8 [*Provisions Applicable to Loans Financed by or Pledged to Secure Authority Bonds*], subsection (B) [*Tax Covenants*], shall be deemed to be modified to that extent.

(iii) Bond Counsel Opinion.

For purposes of this Section 4.8 [*Provisions Applicable to Loans Financed by or Pledged to Secure Authority Bonds*], “**bond counsel opinion**” means an opinion letter of a firm of attorneys of national reputation experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds, and who is acceptable to the Authority.

(C) Third Party Beneficiaries.

The Trustee, the owners from time to time of the Authority Bonds, any Credit Enhancer from time to time of the Authority Bonds and any underwriter of the Authority Bonds are each expressly acknowledged to be third party beneficiaries of this Loan Agreement and each representation, agreement, duty, obligation and provision of this Loan Agreement.

(D) Additional Documents Relating to Authority Bonds.

The Local Borrower will furnish to the Authority and certify to such information and execute and deliver and cause to be executed and delivered such documents as the Authority, the underwriter or other parties to any Authority Bond transaction may reasonably require, including, without limitation:

- (i) A certificate of an Authorized Officer of the Local Borrower to the effect that the information contained in the Final Official Statement (defined in Section 4.8 [*Provisions Applicable to Loans Financed by or Pledged to*

Secure Authority Bonds], subsection (E) [*Disclosure Regarding Authority Bonds*]) for the Authority Bonds concerning the Local Borrower is correct in all material respects and is an accurate summary of the information which it purports to summarize, and that nothing has come to the Authorized Officer's attention that would lead the Authorized Officer to believe that the information in the Final Official Statement relating to the Local Borrower contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

- (ii) Subject to the continuing disclosure requirements of Securities and Exchange Commission Rule 15c212 (the “**Disclosure Rule**”), a continuing disclosure undertaking of the Local Borrower meeting the requirements of the Disclosure Rule, and a statement of the Local Borrower as to whether it has failed to provide any information and notices required by the provisions of previous continuing disclosure undertakings, if any, of the Local Borrower under the Disclosure Rule, and if it has not, describing the circumstances and status of such failure; and
- (iii) An appropriate certificate executed by Authorized Officer of the Local Borrower concerning the reasonable expectations of the Local Borrower as to the use of the proceeds of the Loan and such other matters as may be required on the part of the Local Borrower in order to ensure that the Authority Bonds are and will remain Tax-Exempt Obligations that are not AMT Obligations, and the Local Borrower covenants to comply with the provisions of such certificate; and
- (iv) Such other certificates, documents and information, and supplemental opinions of Local Borrower's counsel, as the Authority, the underwriters of the Authority Bonds or other parties to the Authority Bonds transaction may reasonably require and as are necessary to confirm the continued truth and accuracy of information supplied by or on behalf of the Local Borrower.

(E) Disclosure Regarding Authority Bonds.

- (i) The information, if any, relating to the Local Borrower (including without limitation the financial and statistical data contained therein) which has been furnished by the Local Borrower to be included in, and which is included in, a Preliminary Official Statement of the Authority (the “**Preliminary Official Statement**”), or a final Official Statement (the “**Final Official Statement**”) of the Authority concerning any Authority Bonds, as of the respective dates of each such document and at all times subsequent thereto up to and including the Bond Closing, will be (if necessary by amendment provided by the Local Borrower) true and correct and will not contain an untrue statement of material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. To the extent permitted by law, and notwithstanding

any other provision of this Loan Agreement, the Local Borrower will indemnify, save and hold harmless the Authority and each other local borrower, if any, included in the Final Official Statement, and each of such parties' respective agents, for, from and against any and all claims, damages, liability and court awards including costs, expenses and attorneys fees incurred as a result of any omission or misstatement of a material fact in the Local Borrower's information in the Final Official Statement, as it may have been supplemented or amended by the Local Borrower.

- (ii) The Local Borrower agrees that from the date of the Final Official Statement and for a period until not later than twenty five (25) days after the date of the Bond Closing if and so long as the offering of the Authority Bonds continues (a) the Local Borrower will furnish such information with respect to itself as the Authority (for itself or at the request of the underwriters of the Authority Bonds) may from time to time reasonably request and (b) if any event shall occur as a result of which it is necessary, in the opinion of Bond Counsel to the Authority, or counsel for the underwriters of the Authority Bonds, to amend or supplement the information in the Final Official Statement relating to the Local Borrower in order to make such information not misleading in light of the circumstances then existing, the Local Borrower will forthwith prepare, and furnish to the Authority and the underwriters such information relating to the Local Borrower as may be necessary to permit the preparation of an amendment of or supplement to the Final Official Statement (in form and substance satisfactory to the Bond Counsel to the Authority and counsel for the underwriters) which will amend or supplement the Final Official Statement so that it will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances then existing, not misleading.
- (iii) The Local Borrower agrees that if prior to the twenty-fifth (25th) day following the end of the underwriting period of the Authority Bonds, as defined for purposes of the Disclosure Rule, any event shall occur which causes the representations contained in Section 4.8 [*Provisions Applicable to Loans Financed by or Pledged to Secure Authority Bonds*], subsection (D) (i) to be false in any material respect, the Local Borrower shall promptly notify the Authority of such development, and if in the opinion of the Authority and the underwriters of the Authority Bonds such development requires the preparation of a supplement or an amendment to the Preliminary Official Statement or the Final Official Statement, the Local Borrower agrees to cooperate with the Authority and the underwriters for the Authority Bonds in preparing any such supplement or amendment in a form acceptable to such parties and to pay all reasonable expenses incurred by such parties in connection with the preparation thereof.

(F) Assignment and Transfer by Authority to Trustee.

- (i) The Local Borrower expressly acknowledges that, other than the right of the

Authority to be indemnified by the Local Borrower, all right, title and interest of the Authority in, to and under this Loan Agreement will be assigned to the Trustee as security for the Authority Bonds, as applicable, as provided in the Authority's Master Trust Indenture, and that if any Event of Default shall occur the Trustee, pursuant to the Authority's Master Trust Indenture, shall be entitled to act hereunder in the place and stead of the Authority. The Local Borrower hereby acknowledges the requirements of the Authority's Master Trust Indenture applicable to the Authority Bonds and consents to such assignment and appointment. The Authority shall retain the right to compel or otherwise enforce observance and performance by the Local Borrower of its duties, covenants, obligations and to be indemnified by the Local Borrower; provided, however, that in no event shall the Authority or the Trustee have the right to accelerate the payments under this Loan Agreement.

- (ii) The Local Borrower hereby approves and consents to any assignment or transfer of this Loan Agreement that the Authority deems to be necessary in connection with any refunding of the Authority Bonds or otherwise in connection with the Clean Water Revolving Fund and Drinking Water Revolving Fund programs of the Authority.

(G) Conditions to Assignment by Local Borrower.

No assignment shall relieve the Local Borrower from primary liability for any of its obligations under this Loan Agreement and in the event of such assignment, the Local Borrower shall continue to remain primarily liable for the performance and observance of its obligations to be performed and observed under this Loan Agreement. Notwithstanding Section 4.6 [*Assignment*], subsection (B) [*Assignment by Local Borrower*] this Loan Agreement may not be assigned by the Local Borrower for any reason, unless the following conditions shall be satisfied:

- (i) The Authority, the Trustee and the Credit Enhancer, if any, of the Authority Bonds shall have approved said assignment in writing;
- (ii) The assignee shall be a governmental unit within the meaning of Section 141(c) of the Internal Revenue Code or another entity acceptable to the Authority and the assignee shall have expressly assumed in writing the full and faithful observance and performance of the Local Borrower's duties, covenants, agreements and obligations hereunder;
- (iii) Immediately after such assignment, the assignee shall not be in default in the performance or observance of any duties, covenants, obligations or agreements of the Local Borrower hereunder;
- (iv) The Authority and the Trustee shall have received an opinion of bond counsel to the effect that such assignment will not adversely affect the exclusion of interest on the Authority Bonds from gross income for purposes of Federal income taxation under Section 103(a) of the Code or make the

Authority Bonds or the Loan AMT Obligations; and

- (v) The Authority and the Trustee shall receive an opinion of counsel to the effect that such assignment will not violate the provisions of the Master Trust Indenture or any agreement entered into by the Authority with, or condition of any grant received by the Authority from, the United States of America relating to the Capital Grant Facility or any capitalization grants received by the Authority or the State under the Federal Water Pollution Control Act and the Federal Safe Drinking Water Act.

(H) Sale or Other Disposition of Project or System.

The Local Borrower agrees that it will not sell, lease, abandon or otherwise dispose of all or substantially all or any substantial portion of the Project or the System unless:

- (i) The transferee assumes the Local Borrower's obligations under this Loan Agreement in accordance with Section 4.8 [*Provisions Applicable to Loans Financed by or Pledged to Secure Authority Bonds*] subsection (F) [*Assignment and Transfer by Authority to Trustee*];
- (ii) The Authority shall by appropriate action determine, in its sole discretion, that such sale, lease, abandonment or other disposition will not adversely affect the Authority's ability to meet its duties, covenants, obligations and agreements under the Bond Documents, and will not adversely affect the eligibility of interest on Authority Bonds then outstanding or which could be issued in the future for exclusion from gross income for purposes of federal income taxation or cause such Authority Bonds to be AMT Obligations; and
- (iii) The Credit Enhancer, if any, of the Authority Bonds shall have given its prior written consent to such disposition.

(I) Deficiencies Under Bond Documents Caused by Failure to Make Loan Repayment.

The Local Borrower acknowledges that payment of the Authority Bonds by the Authority, including payment from moneys drawn by the Trustee from the Bond Reserves or the CWRF Financial Assistance Account and DWRP Financial Assistance Accounts established under the Bond Documents, does not constitute payment of the amounts due under this Loan Agreement. If at any time the amounts on deposit in the Bond Reserves or the CWRF Financial Assistance Account and DWRP Financial Assistance Accounts shall be less than the amounts required by the Bond Documents as the result of any transfer of moneys from the Bond Reserves or the CWRF Financial Assistance Account and DWRP Financial Assistance Accounts which in turn is the result of a failure by the Local Borrower to make any Loan Repayments required hereunder, the Local Borrower agrees to:

- (i) Replenish such moneys so transferred; and

- (ii) Replenish any deficiency arising from losses incurred in making such transfer as the result of the liquidation by the Authority of investment securities acquired as an investment of moneys in the Bond Reserves or the CWRP Financial Assistance Account and DWRP Financial Assistance Accounts, by making payments to the Authority in equal monthly installments for the lesser of six (6) months or the remaining term of the Loan at a combined interest and fee rate to be determined by the Authority necessary to make up any loss caused by such deficiency, provided that the combined interest and fee rate payable on the Loan including such make-up combined interest and fees shall not exceed the maximum rate permitted by the Authorizing Proceedings which authorized this Loan Agreement.

(J) Indemnification.

To the extent permitted by law, the Local Borrower shall indemnify, save and hold harmless the Authority against any and all claims, damages, liability and court awards including costs, expenses and attorney fees to the extent incurred as a result of any gross negligence or willful misconduct by the Local Borrower, or its employees, agents or subcontractors pursuant to the terms of this Loan Agreement.

(K) Compliance with Master Trust Indenture.

The Local Borrower covenants and agrees to take such action as it may lawfully take and as the Authority shall reasonably request so as to enable the Authority to observe and comply with, all duties, covenants, obligations and agreements contained in the Master Trust Indenture insofar as such duties, covenants, obligations and agreements relate to the obligations of the Local Borrower under this Loan Agreement.

(L) Provisions Relating to Default.

- (i) Any notice or information which the Local Borrower is to give to the Authority pursuant to the provisions of Section 4.7 [*Defaults and Remedies*] shall also be given by the Local Borrower to the Trustee and to any Credit Enhancer at the same time.
- (ii) Notwithstanding the provisions of Section 4.7 [*Defaults and Remedies*] subsection (C)(i) and subsection (G) [*Retention of Authority's Rights*], so long as a Credit Enhancer is not in default of its obligations with respect to its payment guarantee of the Authority Bonds and such guarantee is in effect, the Credit Enhancer shall have the right to direct the exercise of remedies provided for herein and the Trustee and the Authority shall not pursue any remedy except with the prior written consent of the Credit Enhancer.
- (iii) In the event of a default hereunder by the Local Borrower, the Local Borrower shall also pay the expenses of the Trustee and of any Credit Enhancer in the same manner as provided in Section 4.7 [*Defaults and Remedies*], subsection (D) [*Attorney's Fees and Other Expenses*] with

respect to the expenses of the Authority.

(M) Tax Compliance Certificate.

If the Authority Bonds are issued and sold on the basis that they are Tax-Exempt Obligations, an Authorized Officer of the Local Borrower shall deliver an appropriate certificate concerning the reasonable expectations of the Local Borrower as to the use of the proceeds of the Loan and such other matters as may be required on the part of the Local Borrower in order to ensure that the Authority Bonds are and will remain Tax-Exempt Obligations that are not AMT Obligations, and the Local Borrower covenants to comply with the provisions of such certificate.

Section 4.9 Miscellaneous.

(A) Binding Effect.

This Loan Agreement shall inure to the benefit of and shall be binding upon the Authority and the Local Borrower and their respective successors and assigns.

(B) Severability.

In the event any provision of this Loan Agreement shall be held illegal, invalid or unenforceable by any Court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

(C) Amendments, Supplements and Modifications.

This Loan Agreement may not be amended, supplemented or modified without the prior written consent of the Authority and the Local Borrower.

(D) Counterpart Execution; Electronic Records and Signatures.

- (i) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document. Signature pages may be detached from the counterparts and attached to a single copy of this document to physically form one document.
- (ii) Electronic Records and Signatures. Local Borrower acknowledges and agrees that the Authority may require or permit certain transactions with Local Borrower be conducted electronically using electronic records and/or electronic signatures. Local Borrower consents to the use of electronic records and electronic signatures whenever expressly required or permitted by the Authority and acknowledges that Local Borrower shall be bound by its electronic signature and by the terms, conditions, requirements, information, and instructions contained in any such electronic records. For purposes of this paragraph, an “**electronic signature**” has the same meaning as prescribed in A.R.S. § 18-106(F)(3).

(E) Further Assurances.

The Local Borrower shall, at the request of the Authority, authorize, execute,

Loan Agreement

acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights and agreements granted or intended to be granted by this Loan Agreement.

(F) State of Arizona Contract Provisions.

(i) Books and Records.

As required by the provisions of Arizona Revised Statutes Section 35-214, the Local Borrower agrees that all books, accounts, reports, files and other records relating to this Loan Agreement shall be retained and shall be subject at all reasonable times to inspection and audits by the Authority for five years after completion of this Loan Agreement, and that upon request by the Authority such records shall be produced at any of the Authority offices designated herein as the place at which notices to the Authority are to be given.

(ii) Prohibition Against Discrimination.

In the event that it applies, the parties agree to comply with the Arizona Governor's Executive Order 2009-9, entitled "Prohibition of Discrimination in State Contracts Non-Discrimination in Employment by Government Contractors and Subcontractors," which mandates that all persons, regardless of race, color, religion, sex, age, or national origin shall have equal access to employment opportunities, and all other applicable state and Federal employment laws, rules, and regulations, including the Americans with Disabilities Act. The Local Borrower shall take affirmative action to ensure that applicants for employment and employees are not discriminated against due to race, creed, color, religion, sex, national origin or disability.

(iii) Forum.

The parties hereto expressly acknowledge and agree and all Local Borrowers by their acceptance thereof shall be deemed to have acknowledged and agreed that any judicial action to interpret or enforce the terms of this Loan Agreement against the Authority shall be brought and maintained in the Superior Court of the State of Arizona in and for Maricopa County or in the United States District Court in and for the District of Arizona.

(iv) Arbitration.

In the event of a dispute, the parties agree to use arbitration, after exhausting applicable administrative review, to the extent required by Arizona Revised Statutes Section 12-1518, and the prevailing party shall be entitled to attorney's fees and costs with respect thereto.

(v) Notice of Arizona Revised Statutes Section 38-511 – Cancellation.

Notice is hereby given of the provisions of Arizona Revised Statutes Section 38-511, as amended. By this reference, the provisions of said statute are incorporated herein to the extent of their applicability to this Loan

Agreement under the law of the State of Arizona.

(vi) Additional Warranties and Certifications from the Local Borrower.

In compliance with Section 23-214(B) of the Arizona Revised Statutes, the Local Borrower warrants to the Authority that either (a) it is not an “employer” (within the meaning of Arizona Revised Statutes Section 23-214(B)) or (b) it is registered with and is participating in the employment verification pilot program as jointly administered by the United States department of homeland security and the social security administration or any of its successor programs (the “E-Verify Program”) and that the proof submitted to the Authority of that registration and participation is true and correct. The Local Borrower agrees that, until the Loan is fully paid, at all times during which it is an “employer” (within the meaning of Arizona Revised Statutes Section 23-214(B)) it will be registered with and will participate in the E-Verify Program. The breach by the Local Borrower of the foregoing shall be deemed a material breach by the Local Borrower of this Loan Agreement and may result in penalties up to and including the termination of this Loan Agreement. If the Authority determines that the Local Borrower is not so registered and participating when required, the Authority will notify the Local Borrower by certified mail of the determination of noncompliance and the Local Borrower’s right to appeal the determination. On a final determination of noncompliance, the Local Borrower shall repay all monies received as an economic development incentive (within the meaning of Arizona Revised Statutes Section 23-214(B)) to the Authority within thirty days of the final determination.

Article 5. Additional Federal Provisions.

Section 5.1 EPA-Required Cross-Cutters.

(A) Cross-Cutters.

Cross-cutting federal authorities are the requirements of other federal laws and Executive Orders that apply in federal financial assistance programs. Often, these authorities are expressly applied by the statute authorizing the assistance itself. More frequently, the requirements are not cited in the authorizing statute, but apply broadly by their own terms to a wide range of federal financial assistance programs. Cross-cutters apply to the Authority as the grant recipient and to projects and activities receiving federal financial assistance.

(B) Applicability.

The parties acknowledge and agree that funds disbursed by the Authority to the Local Borrower will include funds made available to the Authority by the federal government and the cross-cutting federal authorities set forth in this Section 5.1 [*EPA Required Cross-Cutters*] may apply to the Local Borrower. The basic rules for complying with cross-cutting federal authorities in the two state revolving

fund programs are set-out in the Clean Water State Revolving Fund regulations at 40 C.F.R. § 35.3145 and in the Drinking Water State Revolving Fund regulations at 40 C.F.R. § 35.3575.

(C) Authorities.

The Local Borrower agrees to comply with all applicable authorities and requirements and agrees that failure to do so is a breach of the provisions of the Loan Agreement which may result in a default under the Loan Agreement, termination of the Authority's obligation to make disbursements on the Loan and the Local Borrower being required to repay all amounts that have been disbursed by the Authority on the Loan, together with interest and fees as provided in the Loan Agreement.

Historic Resources Authorities.

- National Historic Preservation Act (Pub. L. No. 89-665, as amended, 80 Stat. 917 (1966), 16 U.S.C. §470 et. seq.).
- Archeological and Historic Preservation Act (Pub. L. No. 93-291 (1974), 16 U.S.C. §469a-1).
- Environmentally Sensitive Lands.
- Protection of Wetlands, Executive Order No. 11990 (1977), as amended by Executive Order No. 12608 (1997).
- Flood Plain Management, Executive Order No. 11988 (1977), as amended by Executive Order No. 12148 (1979).
- Farmland Protection Policy Act (Pub. L. No. 97-98 (1981), 7 U.S.C. §4201 et. seq.).
- Coastal Area Protection.
- Coastal Zone Management Act (Pub. L. No. 92-583 (1972), as amended 16 U.S.C. § 1451 et. seq.).
- Coastal Barriers Resources Act (Pub. L. No. 97-348, 96 Stat. 1653 (1982) 16 U.S.C. §3501 et. seq.).
- Wild and Scenic Rivers Act (Pub. L. No. 90-542, 82 Stat. 913 (1968), 16 U.S.C. §1271 et. seq.).
- Endangered Species Act (Pub. L. No. 93-205 (1973), as amended 16 U.S.C. §1531 et. seq.).
- Endangered Species Act (Pub. L. No. 93-205 (1973), as amended 16 U.S.C. §1531 et. seq.).
- Essential Fish Habitat Consultation Process under the Magnuson-Stevens Fishery Conservation and Management Act (Pub. L. 94-265 (1976), as amended 16 U.S.C. §1801 et. seq.).
- Clean Air Act Conformity (Pub. L. No. 95-95 (1977), as amended 42 U.S.C. §7401 et. seq.).
- Safe Drinking Water Act (Pub. L. No. 93-523 (1974), as amended 42 U.S.C. 300f et. seq.).

Social Policy Authorities

- Civil Rights Laws. These following laws prohibit discrimination in the provision of services or benefits, on the basis of race, color, national origin, sex, handicap or age, in programs or activities receiving federal financial assistance:

- Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352, 42 U.S.C. Sec. 2000d).
- Section 13 of the FWPCA Amendments of 1972 (33 U.S.C. § 1251).
- Section 504 of the Rehabilitation Act of 1973 (Pub. L. 93-1123, 87 Stat. 355, 29 U.S.C. Sec. 794).
- The Age Discrimination Act of 1975 (Pub. L. 94-135 Sec. 303, 89 Stat. 713, 728, 42 U.S.C. Sec. 6102).
- Equal Employment Opportunity, Executive Order No. 11246 as amended by Executive Orders 11375 and 12086 and subsequent regulations). Prohibits employment discrimination on the basis of race, color, religion, sex or national origin. Inclusion of the seven clauses in Section 202 of Executive Order 11246 as amended by Executive Orders 11375 and 12086 are required in all project related contracts and subcontracts over \$10,000 as provided in this Section 5.1 [*EPA Required Cross-Cutters*].
- Disadvantaged Business Enterprise Provisions. Encourages recipients to award construction, supply and professional service contracts to minority and women's business enterprises (MBE/WBE) and small businesses and requires recipients to utilize affirmative steps in procurement.
- Promoting the Use of Small, Minority, and Women-owned Businesses, Executive Orders 11625, 12138 and 12432.
- Small Businesses Reauthorization & Amendment Act of 1988 (Section 129 of Pub. L. 100-590).
- Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1993 (Pub. L. 102-389, 42 U.S.C. Sec. 437d).
- Title X of the Clean Air Acts Amendments of 1990 (Pub. L. 101-549, 42 U.S.C. Sec. 7601 note).
- Participation by Disadvantaged Business Enterprises in Procurement under Environmental Protection Agency (EPA) Financial Assistance Agreements (40 C.F.R. Part 33).

Economic and Miscellaneous Authorities.

- Prohibitions Relating to Violators of the Clean Air Act and the Clean Water Act.
- Executive Order No. 11738 (1973).
- Section 306 of the Clean Air Act, 42 U.S.C. § 7606.
- Section 508 of the Clean Water Act, 33 U.S.C § 1368.
- Debarment and Suspension, Executive Order No. 12549 (1986). Prohibits entering into contracts or sub-contracts with individuals or businesses who are debarred or suspended. Borrowers are required to check the status of all contractors (construction and professional services) and must require contractors to check the status of subcontractors for contracts expected to be equal to or over \$25,000 via this Internet address: <https://www.sam.gov/SAM/>.
- Uniform Relocation Assistance and Real Property Acquisition Policies Act (Pub. L. No. 91-646 (1971), as amended 42 U.S.C. §§ 4601-4655). Local Borrower shall comply with the implementing regulations at 49 CFR 24.101 through 24.105. The cost of complying is an eligible cost that can be included in the Loan.
- Preservation of Open Competition and Government Neutrality, Executive Order No. 13202 (2001), as amended by Executive Order No. 13208 (2001). Local Borrower must ensure that bid specifications, project agreements, and other controlling documents for construction contracts awarded after February 17, 2001 do not require or prohibit agreements with labor organizations.

- Executive Order 11246. Part III of Executive Order No. 11246 (September 24, 1965) as amended prohibits discrimination in Federally assisted construction activities. As provided in section 301 of the Executive Order, Pass-through entities must ensure that subrecipients include the seven clauses specified in section 202 of the Order in all construction contracts. Section 302 defines **“Construction contract”** as “any contract for the construction, rehabilitation, alteration, conversion, extension, or repair of buildings, highways, or other improvements to real property.” Contracts less than \$10,000 are exempt from the requirements of the Order.
- Executive Order 13798. Executive Order 13798 established a policy of promoting free speech and religious liberty. It reinforces the requirement that religious organizations be allowed to participate in Federal financial assistance programs on an equal footing with other organizations without being required to alter their religious character. States or other public grantees may not condition subawards in a manner that would disadvantage grant applicants based on their religious character.

Section 5.2 Prohibition on Certain Telecommunication and Video Surveillance Equipment.

Local Borrower shall comply with regulations at 2 CFR 200.216, Prohibition on certain telecommunication and video surveillance services or equipment, implementing section 889 of Public Law 115-232. The regulation prohibits the use of Federal funds to procure (enter into, extend, or renew contracts) or obtain equipment, systems, or services that use “covered telecommunications equipment or services” identified in the regulation as a substantial or essential component of any system, or as critical technology as part of any system. Prohibitions extend to the use of Federal funds by recipients and subrecipients to enter into a contract with an entity that “uses any equipment, system, or service that uses covered telecommunications equipment or services” as a substantial or essential component of any system, or as critical technology as part of any system. Certain equipment, systems, or services, including equipment, systems, or services produced or provided by entities subject to the prohibition are recorded in the System for Award Management exclusion list (<https://sam.gov/SAM/>). As described in section 889 of Public Law 115-232, covered telecommunications equipment or services includes:

- (A) Telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).
- (B) For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities).
- (C) Telecommunications or video surveillance services provided by such entities or using such equipment.
- (D) Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of

Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country.

- (E) There is no exhaustive list of components and services that fall under the prohibition. Borrowers and contractors should be particularly mindful of project components with internet or cellular connections. For example, automatic meter reading (AMR) technology and advanced metering infrastructure (AMI), instrumentation control systems (e.g. process control systems, distributed control systems and programmable logic controls), and security cameras and other electronic security measures. Items included in the prohibition are not eligible costs, and the Authority cannot reimburse borrowers for these costs.

Section 5.3 American Iron and Steel Requirements for Compliance With Federal Law

This Section 5.3 [*American Iron and Steel Requirements for Compliance With Federal Law*] sets forth additional requirements made applicable to state revolving fund Loans made by the Authority by federal law. The parties acknowledge and agree that funds disbursed by the Authority to the Local Borrower will include funds made available to the Authority by the federal government under federal law, and that the requirements of federal law include those set forth in this Section 5.3 [*American Iron and Steel Requirements for Compliance With Federal Law*]. The Local Borrower agrees to comply with all of those requirements and agrees that failure to do so is a breach of the provisions of the Loan Agreement which may result in a default under the Loan Agreement, termination of the Authority's obligation to make disbursements on the Loan and the Local Borrower being required to repay all amounts that have been disbursed by the Authority on the Loan, together with interest and fees as provided in the Loan Agreement.

Federal law requires that the Authority include in all assistance agreements, including the Loan Agreement, for the construction, alteration, maintenance, or repair of treatment works under the Clean Water State Revolving Fund and for the construction, alteration, maintenance, or repair of a public water system under the Drinking Water State Revolving Fund, a provision requiring the application of American Iron and Steel requirements for the entirety of the construction activities financed by the assistance agreement through completion of construction, no matter when construction commences. Whether or not the project has multiple sources of funding, the American Iron and Steel requirements apply to the entire project and not just to the activities funded by the money made available to the Authority by the federal government.

(A) American Iron and Steel Requirements.

In accordance with federal law:

(i) Production in the United States.

None of the funds made available to the Authority as authorized by title VI of the Federal Water Pollution Control Act (33 U.S.C. 1381 et seq.) or as authorized by section 1452 of the Safe Drinking Water Act (42 U.S.C. 300j-12) shall be used for a project for the construction, alteration, maintenance, or repair of a public water system or treatment works unless all of the iron and steel products used in the project are produced in the United

States. In this Section 5.3 [*American Iron and Steel Requirements for Compliance With Federal Law*], the term “**iron and steel products**” means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.

(ii) Exceptions.

Section 5.3 [*American Iron and Steel Requirements for Compliance With Federal Law*] subsection (A)(i) [*Production in the United States*] shall not apply in any case or category of cases in which the Administrator of the Environmental Protection Agency (in this section referred to as the “**Administrator**”) finds that:

- (a) Applying Section 5.3 [*American Iron and Steel Requirements for Compliance With Federal Law*] subsection (A)(i) [*Production in the United States*] would be inconsistent with the public interest;
- (b) Iron and steel products are not produced in the United States in sufficient and reasonably available quantities and of a satisfactory quality; or
- (c) Inclusion of iron and steel products produced in the United States will increase the cost of the overall project by more than twenty five percent (25%).

(B) Waiver Requests.

If the Administrator receives a request for a waiver under this section, the Administrator shall make available to the public on an informal basis a copy of the request and information available to the Administrator concerning the request, and shall allow for informal public input on the request for at least 15 days prior to making a finding based on the request. The Administrator shall make the request and accompanying information available by electronic means, including on the official public Internet Web site of the Environmental Protection Agency.

(C) Binding Effect

This Section 5.3 [*American Iron and Steel Requirements for Compliance With Federal Law*] shall inure to the benefit of and shall be binding upon the Authority and the Local Borrower and their respective successors and assigns.

(D) Further Assurances.

The Local Borrower shall, at the request of the Authority, authorize, execute, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights and agreements granted or intended to be granted by this Section 5.3 [*American Iron and Steel Requirements for Compliance With Federal Law*].

Section 5.4 Wage Rate and Forgivable Principal Requirements for Compliance with P.L. 111-88

This Section 5.4 [*Wage Rate and Forgivable Principal Requirements for Compliance with P.L. 111-88*] sets forth additional requirements applicable to state revolving fund Loans made by the Arizona that are subject to the requirements of Public Law 111-88, “Making appropriations for the Department of the Interior, environment, and related agencies for the fiscal year ending September 30, 2010, and for other purposes,” enacted October 30, 2009 (“**P.L. 111-88**”).

The parties acknowledge and agree that funds disbursed by the Authority to the Local Borrower will include funds made available to the Authority by the federal government under P.L. 111-88, and that the requirements of P.L. 111-88 include those set forth in this Section 5.4 [*Wage Rate and Forgivable Principal Requirements for Compliance with P.L. 111-88*]. Local Borrower agrees to comply with all of those requirements and agrees that failure to do so is a breach of the provisions of the Loan Agreement which may result in a default under the Loan Agreement, termination of the Authority’s obligation to make disbursements on the Loan and the Local Borrower being required to repay all amounts that have been disbursed by the Authority on the Loan, together with interest and fees as provided in the Loan Agreement (including interest and fees at rates adjusted from those originally in effect as described herein).

(A) P.L. 111-88 Compliance - Forgivable Principal Portion.

(i) Total Financial Assistance Amount.

Section 1 [*Financial Assistance Terms and Conditions*] of Exhibit A [*Financial Assistance Terms and Conditions*] to the Loan Agreement specifies the Total Financial Assistance Amount, the amount, if any, designated as the Forgivable Principal Portion, the Intended Repayment Amount, and the required amount of reserves to be established based upon the Intended Repayment Amount.

(ii) Schedule of Interest and Principal Payments.

Section 2 [*Loan Repayment Schedule*] of Exhibit A [*Financial Assistance Terms and Conditions*] to the Loan Agreement specifies a schedule of interest and principal payments based on the Intended Repayment Amount.

(iii) Noncompliance; Repayment.

If the Local Borrower fails to comply with the requirements of P.L. 111-88, including those set forth in this Wage Rate and Forgivable Principal Addendum.

The Authority will provide a revised Exhibit A [*Financial Assistance Terms and Conditions*] for the Loan Agreement to amortize the entire Total Financial Assistance Amount with the Forgivable Principal Portion set to

Loan Agreement

\$4,000,000.00, adjusted, as necessary, to incorporate, previous principal payments.

The Local Borrower will repay the Total Financial Assistance Amount.

(B) P.L. 111-88 Compliance - Wage Rate Requirements.

The language required by this Subsection (B) [*P.L. 111-88 Compliance - Wage Rate Requirements*] must be included in all Davis Bacon covered construction contracts and subcontracts. (29 CFR Part 5.5). The Local Borrower shall insert in full in any contract in excess of \$2,000 which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of a treatment work under the CWRP or a construction project under the DWRP, or building or work financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution (except where a different meaning is expressly indicated), and which is subject to the labor standards provisions of any of the acts listed in Sec. 5.1, or the FFY 2010 appropriation, the following clauses:

(i) Minimum wages.

- (a) All laborers and mechanics employed or working upon the site of the work will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics.
- (b) Contributions made or costs reasonably anticipated for bona fide fringe benefits under section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of this Section 5.4 [*Wage Rate and Forgivable Principal Requirements for Compliance with P.L. 111-88*], subsection (B)(i)(f); also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period. Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in Sec. 5.5(a)(4).

(c) Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: Provided, that the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under Section 5.4 [*Wage Rate and Forgivable Principal Requirements for Compliance with P.L. 111-88*], subsection (B)(i) (d)), and the Davis-Bacon poster (WH-1321) shall be posted at all times by the contractor and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen by the workers. Local Borrowers may obtain wage determinations from the U. S. Department of Labor's web site, www.dol.gov.

(d)

(1) The Local Borrower, on behalf of EPA, shall require that any class of laborers or mechanics, including helpers, which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. The Authority award official shall approve an additional classification and wage rate and fringe benefits therefore only when the following criteria have been met:

- The work to be performed by the classification requested is not performed by a classification in the wage determination; and
- The classification is utilized in the area by the construction industry; and
- The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(2) If the contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and the Local Borrower agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), a report of the action taken shall be sent by the Local Borrower to the Authority award official. The Authority award official will transmit the report, to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, DC 20210 and to the EPA Davis Bacon Regional Coordinator concurrently. The Administrator, or an authorized representative, will approve, modify, or disapprove every additional classification action within thirty (30) days of receipt and so advise the Authority award official or will notify the

Authority award official within the thirty day (30-day) period that additional time is necessary.

- (3) In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives, and the Local Borrower do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), the award official shall refer the questions, including the views of all interested parties and the recommendation of the Authority award official, to the Administrator for determination. The Administrator, or an authorized representative, will issue a determination within thirty (30) days of receipt and so advise the contracting officer or will notify the contracting officer within the thirty day (30-day) period that additional time is necessary.
- (4) The wage rate (including fringe benefits where appropriate) determined pursuant to Section 5.4 [*Wage Rate and Forgivable Principal Requirements for Compliance with P.L. 111-88*], subsections (B)(i)(d)(2) or (3) shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.
- (e) Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.
- (f) If the contractor does not make payments to a trustee or other third person, the contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program, Provided, That the Secretary of Labor has found, upon the written request of the contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the contractor to set aside in a separate account assets for the meeting of obligations under the plan or program.
- (ii) Withholding.
The Local Borrower shall upon its own action or upon written request of the Authority, EPA award official or an authorized representative of the Department of Labor withhold cause to be withheld from the contractor under this contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime contractor, so much of the accrued payments or advances as may be considered

necessary to pay laborers and mechanics, including apprentices, trainees, and helpers, employed by the contractor or any subcontractor the full amount of wages required by the contract. In the event of failure to pay any laborer or mechanic, including any apprentice, trainee, or helper, employed or working on the site of the work, all or part of the wages required by the contract, the (Agency) may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased.

(iii) Payrolls and Basic Records.

(a) Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work and preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5(a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in section 1(b)(2)(B) of the Davis-Bacon Act, the contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

(1) The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the Local Borrower. Such documentation shall be available on request of the Authority or EPA. As to each payroll copy received, the subrecipient shall provide written confirmation in a form satisfactory to the State indicating whether or not the project is in compliance with the requirements of 29 CFR 5.5 (a)(1) based on the most recent payroll copies for the specified week. The payrolls shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)

(i), except that full social security numbers and home addresses shall not be included on weekly transmittals. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g., the last four digits of the employee's social security number). The required weekly payroll information may be submitted in any form desired. Optional Form WH-347 is available for this purpose from the Wage and Hour Division Web site at <http://www.dol.gov/whd/forms/wh347.pdf> or its successor site. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. Contractors and subcontractors shall maintain the full social security number and current address of each covered worker, and shall provide them upon request to the Local Borrower for transmission to the Authority or EPA, if requested by EPA, the Authority, the contractor, or the Wage and Hour Division of the Department of Labor for purposes of an investigation or audit of compliance with prevailing wage requirements. It is not a violation of this section for a prime contractor to require a subcontractor to provide addresses and social security numbers to the prime contractor for its own records, without weekly submission to the Local Borrower.

- (2) Each payroll submitted shall be accompanied by a "Statement of Compliance," signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:
- That the payroll for the payroll period contains the information required to be provided under Sec. 5.5 (a)(3)(ii) of Regulations, 29 CFR part 5, the appropriate information is being maintained under Sec. 5.5 (a)(3)(i) of Regulations, 29 CFR part 5, and that such information is correct and complete;
 - That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in Regulations, 29 CFR part 3;
 - That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.

- (3) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the “Statement of Compliance” required by Section 5.4 [*Wage Rate and Forgivable Principal Requirements for Compliance with P.L. 111-88*], subsection (B)(iii)(a)(2).
 - (4) The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under section 1001 of title 18 and section 231 of title 31 of the United States Code.
- (b) The contractor or subcontractor shall make the records required under Sec. 5.5 (a)(3)(i) of Regulations, 29 CFR part 5, available for inspection, copying, or transcription by authorized representatives of the Authority. EPA or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, the Federal agency or the Authority may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12.

(iv) Apprentices and Trainees.

(a) Apprentices.

Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship Training, Employer and Labor Services, or with a State Apprenticeship Agency recognized by the Office, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Office of Apprenticeship Training, Employer and Labor Services or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice. The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated above, shall be paid not less than

the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman's hourly rate) specified in the contractor's or subcontractor's registered program shall be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress, expressed as a percentage of the journeymen hourly rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination. In the event the Office of Apprenticeship Training, Employer and Labor Services, or a State Apprenticeship Agency recognized by the Office, withdraws approval of an apprenticeship program, the contractor will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(b) Trainees.

Except as provided in 29 CFR 5.16, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration. The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate on the wage determination

which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate who is not registered and participating in a training plan approved by the Employment and Training Administration shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any trainee performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In the event the Employment and Training Administration withdraws approval of a training program, the contractor will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(c) Equal Employment Opportunity.

The utilization of apprentices, trainees and journeymen under this part shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended, and 29 CFR part 30.

(v) Compliance with Copeland Act requirements.

The contractor shall comply with the requirements of 29 CFR part 3, which are incorporated by reference in this contract.

(vi) Subcontracts.

The contractor or subcontractor shall insert in any subcontracts the clauses contained in 29 CFR 5.5(a)(1) through (10) and such other clauses as the EPA determines may be appropriate, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in 29 CFR 5.5.

(vii) Contract Termination; Debarment.

A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract, and for debarment as a contractor and a subcontractor as provided in 29 CFR 5.12.

(viii) Compliance with Davis-Bacon and Related Act Requirements.

All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR parts 1, 3, and 5 are herein incorporated by reference in this contract.

(ix) Disputes Concerning Labor Standards.

Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes

shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and the Local Borrower, the Authority, EPA, the U.S. Department of Labor, or the employees or their representatives.

(x) Certification of Eligibility.

- (a) By entering into this contract, the contractor certifies that neither it (nor he or she) nor any person or firm who has an interest in the contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).
- (b) No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).
- (c) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001.

(C) Contract Work Hours and Safety Standards Act.

The Local Borrower shall insert the following clauses set forth in subsections (C) (i) [*Overtime Requirements*], (C)(ii) [*Violation; liability for unpaid wages; liquidated damages*], (C)(iii) [*Withholding for unpaid wages and liquidated damages*], and (C)(iv) [*Subcontracts*] of this Section 5.4 [*Wage Rate and Forgivable Principal Requirements for Compliance with P.L. 111-88*] in full in any contract in an amount in excess of \$100,000 and subject to the overtime provisions of the Contract Work Hours and Safety Standards Act. These clauses shall be inserted in addition to the clauses required by Sec. 5.5(a) or 4.6 of part 4 of this title. As used in this subsection (C) [*Contract Work Hours and Safety Standards Act*], the terms laborers and mechanics include watchmen and guards.

(i) Overtime Requirements.

No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty (40) hours in such workweek.

(ii) Violation; Liability for Unpaid Wages; Liquidated Damages.

In the event of any violation of the clause set forth Section 5.4 [*Wage Rate and Forgivable Principal Requirements for Compliance with P.L. 111-88*], in subsection (C)(i) [*Overtime Requirements*], the contractor and any subcontractor responsible therefore shall be liable for the unpaid wages. In

addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in Section 5.4 [*Wage Rate and Forgivable Principal Requirements for Compliance with P.L. 111-88*], subsection (C)(i) [*Overtime Requirements*], in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in Section 5.4 [*Wage Rate and Forgivable Principal Requirements for Compliance with P.L. 111-88*], subsection (C)(i) [*Overtime Requirements*].

(iii) Withholding for Unpaid Wages and Liquidated Damages.

The Local Borrower, upon its own action or upon written request of the EPA Award Official or an authorized representative of the Department of Labor shall withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in Section 5.4 [*Wage Rate and Forgivable Principal Requirements for Compliance with P.L. 111-88*], subsection (C) (ii) [*Violation; liability for unpaid wages; liquidated damages*].

(iv) Subcontracts.

The contractor or subcontractor shall insert in any subcontracts the clauses set forth in Section 5.4 [*Wage Rate and Forgivable Principal Requirements for Compliance with P.L. 111-88*], subsections (C)(i) through (C)(iv) and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in Section 5.4 [*Wage Rate and Forgivable Principal Requirements for Compliance with P.L. 111-88*], subsections (C)(i) through (C)(iv).

(v) Payroll; Records.

In addition to the clauses contained in Section 5.4 [*Wage Rate and Forgivable Principal Requirements for Compliance with P.L. 111-88*], subsection (C) [*Contract Work Hours and Safety Standards Act*], in any contract subject only to the Contract Work Hours and Safety Standards Act and not to any of the other statutes cited in 29 CFR Sec. 5.1, the Local Borrower shall insert a clause requiring that the contractor or subcontractor shall maintain payrolls and basic payroll records during the course of the work and shall preserve them for a period of three years from the completion

of the contract for all laborers and mechanics, including guards and watchmen, working on the contract. Such records shall contain the name and address of each such employee, social security number, correct classifications, hourly rates of wages paid, daily and weekly number of hours worked, deductions made, and actual wages paid. Further, the Local Borrower shall insert in any such contract a clause providing that the records to be maintained under this subsection shall be made available by the contractor or subcontractor for inspection, copying, or transcription by authorized representatives of the Authority, EPA and the Department of Labor, and the contractor or subcontractor will permit such representatives to interview employees during working hours on the job.

(D) Binding Effect.

This Section 5.4 [*Wage Rate and Forgivable Principal Requirements for Compliance with P.L. 111-88*] shall inure to the benefit of and shall be binding upon the Authority and the Local Borrower and their respective successors and assigns.

(E) Further Assurances.

The Local Borrower shall, at the request of the Authority, authorize, execute, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights and agreements granted or intended to be granted by this Section 5.4 [*Wage Rate and Forgivable Principal Requirements for Compliance with P.L. 111-88*].

Article 6. Signatures.

IN WITNESS WHEREOF, the Authority and the Local Borrower have caused this Loan Agreement to be executed and delivered as of the date of execution hereof.

City of San Luis

By:

Print Name:

Title:

Date:

Water Infrastructure Finance Authority of Arizona

By: _____

Print Name: _____

Title: _____

Date: _____

Exhibit A

Financial Assistance Terms and Conditions

Exhibit A of Loan Agreement

Section 1: Financial Assistance Terms and Conditions City of San Luis TBD

Loan Number..... 910229-27

Closing Date..... TBD

First Payment Period..... 07/01/27

Financial Assistance Terms and Conditions

Original Loan Amount as of the Closing Date.....	\$	12,150,000.00
Forgivable Principal Amount.....	\$	4,000,000.00
Intended Repayment Amount.....	\$	8,150,000.00
Loan Term.....		25
Combined Interest & Fee Rate.....		TBD

* Combined Interest and Fee Rate (CIFR) allocation: Fee = 1.3% (130 basis points); Interest = CIFR minus Fee.

Principal Repayments

Period Principal Repayments Begin.....	2
First Principal Repayment Date.....	07/01/27
Final Principal Repayment Date.....	07/01/51

Combined Interest and Fee Payment Dates

First Combined Interest and Fee Payment Date*.....	07/01/27
Final Combined Interest and Fee Payment Date.....	07/01/51

* Actual Initial Combined Interest and Fee payment calculated only on dollar amount drawn against loan as of initial payment date

Debt Service Reserve Fund Requirements

Total Reserve Amount.....	None
Annual Amount.....	None
Reserve Funded by (Date).....	Not Applicable

Repair and Replacement Fund Requirement

Begin Funding on (Date).....	Not Applicable
Annual Amount.....	None
Semi-Annual Deposit.....	None

Annual Payment

Years 1 through 5.....	\$	499,875.05
Years 6 through 10.....	\$	499,875.05
Years 11 through 15.....	\$	499,875.05
Years 16 through 20.....	\$	499,875.05
Years 21 through 25.....	\$	499,875.05

Section 2: Loan Repayment Schedule City of San Luis TBD						
Year Period		Semi-Annual Payment Dates	Combined Interest and Fee Rate	Semi-Annual Combined Interest and Fee Payment	Annual Principal Repayment	Total Annual Payment
1	1	01/01/27	3.600%	0.00		
1	2	07/01/27	3.600%	220,865.00	206,475.05	427,340.05
2	3	01/01/28	3.600%	142,983.45		
2	4	07/01/28	3.600%	142,983.45	213,908.15	499,875.05
3	5	01/01/29	3.600%	139,133.11		
3	6	07/01/29	3.600%	139,133.11	221,608.83	499,875.05
4	7	01/01/30	3.600%	135,144.14		
4	8	07/01/30	3.600%	135,144.14	229,586.77	499,875.05
5	9	01/01/31	3.600%	131,011.58		
5	10	07/01/31	3.600%	131,011.58	237,851.89	499,875.05
6	11	01/01/32	3.600%	126,730.25		
6	12	07/01/32	3.600%	126,730.25	246,414.55	499,875.05
7	13	01/01/33	3.600%	122,294.78		
7	14	07/01/33	3.600%	122,294.78	255,285.49	499,875.05
8	15	01/01/34	3.600%	117,699.65		
8	16	07/01/34	3.600%	117,699.65	264,475.75	499,875.05
9	17	01/01/35	3.600%	112,939.08		
9	18	07/01/35	3.600%	112,939.08	273,996.89	499,875.05
10	19	01/01/36	3.600%	108,007.13		
10	20	07/01/36	3.600%	108,007.13	283,860.79	499,875.05
11	21	01/01/37	3.600%	102,897.65		
11	22	07/01/37	3.600%	102,897.65	294,079.75	499,875.05
12	23	01/01/38	3.600%	97,604.21		
12	24	07/01/38	3.600%	97,604.21	304,666.63	499,875.05
13	25	01/01/39	3.600%	92,120.21		
13	26	07/01/39	3.600%	92,120.21	315,634.63	499,875.05
14	27	01/01/40	3.600%	86,438.79		
14	28	07/01/40	3.600%	86,438.79	326,997.47	499,875.05
15	29	01/01/41	3.600%	80,552.83		
15	30	07/01/41	3.600%	80,552.83	338,769.39	499,875.05
16	31	01/01/42	3.600%	74,454.98		
16	32	07/01/42	3.600%	74,454.98	350,965.09	499,875.05
17	33	01/01/43	3.600%	68,137.61		
17	34	07/01/43	3.600%	68,137.61	363,599.83	499,875.05
18	35	01/01/44	3.600%	61,592.81		
18	36	07/01/44	3.600%	61,592.81	376,689.43	499,875.05
19	37	01/01/45	3.600%	54,812.40		
19	38	07/01/45	3.600%	54,812.40	390,250.25	499,875.05
20	39	01/01/46	3.600%	47,787.91		
20	40	07/01/46	3.600%	47,787.91	404,299.23	499,875.05
21	41	01/01/47	3.600%	40,510.51		
21	42	07/01/47	3.600%	40,510.51	418,854.03	499,875.05
22	43	01/01/48	3.600%	32,971.15		
22	44	07/01/48	3.600%	32,971.15	433,932.75	499,875.05
23	45	01/01/49	3.600%	25,160.35		
23	46	07/01/49	3.600%	25,160.35	449,554.35	499,875.05
24	47	01/01/50	3.600%	17,068.37		
24	48	07/01/50	3.600%	17,068.37	465,738.31	499,875.05
25	49	01/01/51	3.600%	8,685.09		
25	50	07/01/51	3.600%	8,685.09	482,504.70	499,874.88
				4,274,341.08	8,150,000.00	12,424,341.08

Exhibit B
Technical Terms and Conditions

Article 1. Budget.

Uses by Budget Item	Amount Budgeted
Planning.....	\$0.00
Design & Engineering.....	\$0.00
Legal/Debt Authorization.....	\$25,000.00
Financial Advisor.....	\$125,000.00
Land/System Acquisition.....	\$0.00
Equipment/Materials.....	\$0.00
Construction/Installation/Improvement.....	\$12,000,000.00
Inspection & Construction Management.....	\$0.00
Project Officer.....	\$0.00
Administration.....	\$0.00
Staff Training.....	\$0.00
Capitalized Interest.....	\$0.00
Refinance Loan.....	\$0.00
Other.....	\$0.00
Total Budget.....	\$12,150,000.00

Article 2. Project Description.

This project makes major upgrades that include new headworks with fine screening and grit removal, new secondary process configuration, ne MBR system, new influent and return activated sludge channel, new sludge dewatering system, new odor control units, new facility operations buildings, and existing effluent pump station and disinfection system improvements. Electrical improvements include motor control center modifications, and standby generator and automatic transfer switch upgrades.

This is a second WIFA loan to fund the above project with a revised total cost of \$41,390,000.00.

Article 3. Estimated Observation and Disbursement Schedule.

Section 3.1 Initial Observation.

Upon borrower notification of construction commencement

Additional Observation: at least one site observation within each twelve (12) month period.

Section 3.2 Additional Observations.

An Authority representative may perform additional observations based on information provided in the projects status reports included in each Local Borrower disbursement requisition form.

Section 3.3 Final Observations.

80% Construction Budget disbursement

Section 3.4 Withholding Percentage.

50% (released after Fiscal Sustainability Plan certification received)

10% (released after deliverables received)

Article 4. Requirements Prior to Construction.

Section 4.1 Submittal of Construction Bids.

Submittal of Construction Bids: Yes

The Local Borrower shall submit to the Authority for review and approval prior to execution:

(A) Engineering contracts related to the Project;

(B) Bid documents related to the Project;

(C) Construction contracts related to the Project; and

(D) Certification of positive effort for disadvantaged business enterprise participation.

Section 4.2 User Charges.

The Local Borrower has established (or, if the System is not yet in operation, the Local Borrower will, at or before the time the System commences operation, establish) a system of user charges which, with other funds lawfully available, will at all times be sufficient to pay the costs of operation and maintenance of the System, including renewals and replacements of the System. The Local Borrower also agrees that such system of user charges will be established and maintained in compliance with any applicable requirements of state and federal law as long as the Local Borrower owes amounts under this Loan Agreement. The Local Borrower at its sole option may pay the costs of operation, maintenance, repair, replacement, extensions and additions to the System from any funds lawfully available to it for such purpose.

Section 4.3 Interest in Project Site.

As a condition of the Loan, the Local Borrower will demonstrate to the satisfaction of the Authority that the Local Borrower has or will have a fee simple or such other estate or interest in the site of the Project, including necessary easements and rights-of-way, as the Authority finds sufficient to assure undisturbed use and possession for the purpose of construction and operation of the Project for the estimated life of the Project.

Section 4.4 Federal Clean Water Act.

The Local Borrower covenants that, to the extent legally applicable, the Project will meet the requirements of the Federal Clean Water Act in effect on the date of Loan Closing and any amendments thereto that may retroactively apply to the Loan, and the Local Borrower agrees that the Project will comply with applicable provisions of those federal laws and authorities listed in Section 5.1 [*EPA Required Cross-Cutters*] of the Loan Agreement.

Section 4.5 Federal Safe Drinking Water Act.

The Local Borrower covenants that, to the extent legally applicable, the Project will meet the requirements of the Federal Safe Drinking Water Act in effect on the date of Loan Closing and any amendments thereto that may retroactively apply to the Loan, and the Local Borrower agrees that the Project will comply with applicable provisions of those federal laws and authorities listed in Section 5.1 [*EPA Required Cross-Cutters*] of the Loan Agreement.

Section 4.6 Project Publicity and Signage.

The Local Borrower shall erect a construction sign displaying information on the Project and the funding sources. The Authority shall provide specifications for such construction signs.

Article 5. Requirements During Construction.

Section 5.1 Changes in Project Scope.

The Local Borrower shall submit to the Authority, for review and approval prior to execution, any change to the plans and specifications, construction contracts, Eligible Project Costs, or any other change which will effect the performance standards or purpose of the Project.

Section 5.2 Completion of Project and Provision of Moneys Therefor.

The Local Borrower covenants and agrees (A) to exercise its best efforts in accordance with prudent utility construction practice to complete the Project and (B) to the extent permitted by law, to provide from its own fiscal resources all moneys, in excess of the total amount of loan proceeds it receives hereunder and under any subsequent loan from the Authority, required to complete the Project.

Section 5.3 Inspections; Information.

The Local Borrower shall permit the Authority and any party designated by the Authority to examine, visit and inspect, at any and all reasonable times, the property, if any, constituting the Project, and to inspect and make copies of any accounts, books and records, including (without

limitation) its records regarding receipts, disbursements, contracts, investments and any other matters relating thereto and to its financial standing, and shall supply such reports and information as the Authority may reasonably require in connection therewith.

Section 5.4 Adjustments for Ineligible Costs.

The Local Borrower shall promptly reimburse the Authority for any portion of the Loan which is determined to have been used for costs that are not eligible for funding under the Authority Act, the Federal Clean Water Act, as amended, or the Federal Safe Drinking Water Act, as amended, unless such matter is curable in some other manner by the Local Borrower to the satisfaction of the Authority. Such reimbursement shall be promptly repaid to the Authority upon written request of the Authority. Any such reimbursed principal amount will be applied to reduce the outstanding principal amount of the Loan.

Section 5.5 Archaeological Artifacts.

In the event that archaeological artifacts or historical resources are discovered during construction excavation of the Project, the Local Borrower shall stop or cause to be stopped construction activities and will notify the State Historic Preservation Office and the Authority of such discovery.

Article 6. Requirements Prior To Final Disbursements.

Section 6.1 Plan of Operation.

After construction is fifty percent (50%) complete and prior to the release of the withholding, the Local Borrower will submit to the Authority a plan of operation which provides a concise, sequential description of an implementation schedule for those activities necessary to assure efficient and reliable start-up and continual operation of the Project.

Section 6.2 Final Approval.

Prior to the release of the withholding, the Local Borrower will submit to the Authority (A) as-built drawings by a professional engineer that document all changes from the original plans and specifications (B) copies of all testing results performed by or under the supervision of a professional engineer as required by the specifications, and (C) Arizona Department of Environmental Quality (“ADEQ”) approval of construction or an engineer's Certificate of Completion certifying that all construction was completed in accordance with the plans and specifications or that any changes made are in conformance with the Arizona Revised Statutes, ADEQ and Environmental Protection Agency rules, permits and guidelines and are documented in the as-built drawings. Based on a review of the information submitted, the Authority reserves the right, prior to the release of the withholding, to request modifications to the Project, the system, or the materials submitted pursuant to this section.

Exhibit C

Reporting Requirements

Article 1. Annual Loan Review.

The Authority's Annual Loan Review Form and annual financial statements in a format approved by the Authority, including the report of any annual audit(s) and all audit reports required by governmental auditing standards and any applicable Arizona rules, shall be provided by the Local Borrower to the Authority within one-hundred and eighty (180) days after the end of each fiscal year of the Local Borrower. The Local Borrower shall complete all audits and submit all reports required by the federal Single Audit Act within the time limits under that federal law, currently within the earlier of 30 days after receipt of the auditor's reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the federal agency that provided the funding or a different period is specified in a program-specific audit guide.

Article 2. Records and Accounts.

The Local Borrower shall keep accurate records and accounts for the System, including records and accounts for the Project (the "**System Records**"), separate and distinct from its other records and accounts (the "**General Records**"). The Local Borrower must maintain the System Records in accordance with generally accepted accounting principles (GAAP), including standards relating to the reporting of infrastructure assets, as issued by the Governmental Accounting Standards Board (GASB) or by the Financial Accounting Standards Board (FASB), as applicable to the Local Borrower. If required by law, the Local Borrower must have the System Records audited annually by an independent accountant, which audit may be part of the annual audit of the General Records of the Local Borrower. The Local Borrower must make all System Records and General Records available for inspection by the Authority at any reasonable time.

Article 3. Notice of Change In Key Personnel.

Promptly after becoming aware thereof, the Local Borrower shall provide notice in writing to the Authority of any change to the information in Section 1 of the Loan Agreement and any other change in key personnel connected to the Project and Loan.

Article 4. Notice of Material Adverse Change.

The Local Borrower shall promptly notify the Authority of any material adverse change in the activities, prospects or condition (financial or otherwise), of the Local Borrower relating to the System, or in the ability of the Local Borrower to make all Loan Repayments from the Source of Repayment described in this Loan Agreement and otherwise to observe and perform its duties, covenants, obligations and agreements hereunder.

Article 5. Disadvantaged Business Enterprise (DBE) Program.

The Local Borrower must report DBE participation to the Authority based on guidance from the Authority.

Article 6. Notice of Default.

Promptly after becoming aware thereof, Local Borrower shall give notice to the Authority of (A) the occurrence of any Event of Default under the Loan Agreement or (B) the occurrence of any breach, default, Event of Default, or event which with the giving of notice or lapse of time, or both, could become a material breach, default, or Event of Default (a “**Future Breach**”) under any agreement, indenture, mortgage, or other instrument (other than the Loan Agreement) to which the Local Borrower is a party or by which it or any of its property is bound or affected. Local Borrower shall provide written notice to the Authority if the effect of such breach, default, Event of Default or Future Breach is to accelerate, or to permit the acceleration of, the maturity of any indebtedness under such agreement, indenture, mortgage, or other instrument; provided, however, that the failure of the Local Borrower to give such notice shall not affect the right and power of the Authority to exercise any and all of the remedies specified herein.

Article 7. Notice of Construction Commencement.

The Local Borrower shall promptly notify the Authority immediately upon commencement of construction activities.

Article 8. Notice of Non-Environmental Litigation.

Promptly after the commencement or overt threat thereof, Local Borrower shall provide the Authority with written notice of the commencement of all actions, suits, or proceedings before any court, arbitrator, or governmental department, commission, board, bureau, agency, or instrumentality affecting Local Borrower which, if adversely determined, could have a material adverse effect on the condition (financial or otherwise), operations, properties, or business of Local Borrower, or on the ability of Local Borrower to perform its obligations under the Loan Agreement.

Article 9. Notice of Environmental Litigation.

Without limiting the provisions of Article 8 [*Notice of Non-Environmental Litigation*] above, promptly after receipt thereof, Local Borrower shall provide the Authority with written notice of the receipt of all pleadings, orders, complaints, indictments, or other communication alleging a condition that may require Local Borrower to undertake or to contribute to a cleanup or other response under laws relating to environmental protection, or which seek penalties, damages, injunctive relief, or criminal sanctions related to alleged violations of such laws, or which claim personal injury to any person or property damage as a result of environmental factors or conditions or which, if adversely determined, could have a material adverse effect on the condition (financial or otherwise), operations, properties, or business of Local Borrower, or on the ability of Local Borrower to perform its obligations under the Loan Agreement.

Article 10. Regulatory and Other Notices.

Promptly after receipt or submission thereof, Local Borrower shall provide the Authority with copies of any notices or other communications received from or directed to any governmental authority with respect to any matter or proceeding which could have a material adverse effect on the condition (financial or otherwise), operations, properties, or business of Local Borrower, or the

ability of Local Borrower to perform its obligations under the Loan Agreement, or which reveals a substantial non compliance with any applicable law, regulation or rule.

Article 11. Other Information.

The Local Borrower shall submit to the Authority other information regarding the condition (financial or otherwise), or operation of the Local Borrower as the Authority may, from time to time, reasonably request.

Article 12. Additional Reporting Requirements.

None

Exhibit D
Source of Repayment

Excise Taxes

Article 1. Certain Definitions.

As used in this Loan Agreement, the following terms shall have the meanings set forth below unless the context clearly requires otherwise:

“Additional Parity Obligations” shall mean any additional parity lien obligations which may hereafter be issued by the Local Borrower (or any financing conduit acting on behalf of the Local Borrower) having a lien upon and payable from Revenues on a parity with this Loan Agreement in compliance with the terms in Article 3 [*Additional Parity Obligations*] of this Exhibit D [*Source of Repayment: Excise Taxes*].

“Excise Tax Revenues” shall mean all excise, franchise, privilege, and use taxes, fees for licenses and permits, and fines and forfeitures imposed by the Local Borrower.

Article 2. Source of Repayment and Rate Covenant Provisions.

Section 2.1 Source of Repayment.

It is understood and agreed that all payments with respect to the Loan shall be made only from the Source of Repayment, which is hereby pledged to the payment of all amounts due under the Loan. The **“Source of Repayment”** is the Excise Tax Revenues, as hereinafter provided. The Excise Tax Revenues are hereby pledged by the Local Borrower to the payment of all amounts due under the Loan and such amounts shall be secured by a prior and paramount lien on and pledge of the Excise Tax Revenues on parity with the pledge and lien granted by the Local Borrower for the payment and security of Additional Parity Obligations. The amounts due under this Loan Agreement (exclusive of the Local Borrower’s repayment obligations with respect to the reserve fund credit instruments in connection with this Loan and any similar obligations with respect to reserve fund credit instruments to be entered into by the Local Borrower with respect to Additional Parity Obligations which shall be secured on a subordinate basis), and any Additional Parity Obligations shall be equally and ratably secured by said pledge and lien without priority one over the other. The Local Borrower intends that this combined pledge shall be a prior and paramount lien on and a first pledge of such Excise Tax Revenues, as will be sufficient to make all payments on the Loan, and the Local Borrower covenants to make the payments under the Loan from such Excise Tax Revenues, except to the extent that it chooses to make such payments from other legally available funds at its sole option. In no event shall the Local Borrower be required to make the payments on the Loan from any revenues, receipts or sources not derived from the Excise Tax Revenues.

Section 2.2 Rate Covenants.

The Local Borrower hereby covenants and agrees that it shall maintain an aggregate amount of

Excise Tax Revenues in each fiscal year in an amount equal to or greater than the sum of:

- (A) Two hundred percent (200%) of the highest year's debt service or comparable payments on all Additional Obligations then outstanding (including the Loan Agreement) and on the Additional Obligations to be issued; plus
- (B) One hundred percent (100%) of the aggregate amounts payable in such fiscal year and secured by a lien on the Excise Tax Revenues that is subordinate to the Additional Parity Obligations; plus
- (C) One hundred percent (100%) of any additional amounts required to maintain or fund necessary fund balances under the resolutions or agreements of the Local Borrower relating to the obligations of the Local Borrower described in (A) above.

Article 3. Additional Parity Obligations.

Section 3.1 Prohibition; Priority.

The Local Borrower covenants and agrees that no other obligations of any kind will be issued that are payable from or enjoy a pledge of the Excise Tax Revenues having priority over the Loan.

Section 3.2 Exception; Parity.

The Local Borrower covenants and agrees that Additional Parity Obligations having a lien upon and payable from the Excise Tax Revenues may be issued on parity with the Loan, but only as provided herein and only to provide funds to make improvements and expansions to the existing System, to purchase capacity rights in sewage treatment plant facilities owned by other political subdivisions of the State, to purchase capacity rights in water treatment plant facilities owned by other political subdivisions of the State, to acquire land, rights in land or water rights for the System, to provide reasonable reserves for the Additional Parity Obligations, to refund Additional Parity Obligations or the Loan or to refund other bonds of the Local Borrower, if any, whether revenue bonds, general obligation bonds or other bonds or obligations, issued to provide funds to construct or acquire additions, extensions, improvements, expansions or replacements to the System, subject to the following conditions:

- (A) The Local Borrower will not, at the time of the issuance of such Additional Parity Obligations, be in default under any Additional Parity Obligations, the Loan or under any resolution related thereto or providing for the issuance of Additional Parity Obligations or any related credit or reserve fund credit instrument;
- (B) The issuance of Additional Parity Obligations will be duly authorized at an election, if required by law, except as to any bonds or obligations to be issued exclusively for the purpose of refunding any Additional Parity Obligations;
- (C) The issuance of Additional Parity Obligations will be provided for by a resolution duly adopted by the Local Borrower's governing body and such Additional Parity

Obligations will mature and interest will be paid on the same days of the year as the Additional Parity Obligations; and

(D) The Reserve Requirement (as defined in Exhibit E [*Debt Service Reserve Requirements*]), as computed for the amount of Additional Parity Obligations to be issued, shall be available in the Reserve Fund in one of the following ways:

- (i) Additional Parity Obligation proceeds shall be immediately deposited to the Reserve Fund (as defined in Exhibit E [*Debt Service Reserve Requirements*]), or a separate account as may be required, in an amount equal to the increased Reserve Requirement, if any, for the Additional Parity Obligations, or a Reserve Fund surety acceptable to the Authority shall be purchased in such amount;
- (ii) Additional Parity Obligations, or any other revenues of the Local Borrower lawfully available to be used for such deposit, may be deposited to the Reserve Fund in equal monthly deposits such that the Reserve Requirement for such Additional Parity Obligations shall be satisfied not more than 4 years from the date of delivery of such Additional Parity Obligations; or
- (iii) Any combination of (i) and (ii).

The Reserve Fund may be divided into separate and discrete subaccounts each pledged to different Additional Parity Obligations provided that each Additional Parity Obligation Reserve Requirement is satisfied in one of the foregoing manners; and

(E) The aggregate amount of the Excise Tax Revenues for the last fiscal year immediately preceding the issuance of such Additional Parity Obligations, as shown in a certificate or report of an independent public accountant or firm of such accountants presented to the Authority, has been at least equal to the sum of the following:

- (i) Not less than two hundred percent (200%) of the highest year's debt service or comparable payments on all of the Additional Parity Obligations then outstanding, the Loan, any Additional Parity Obligations to be issued; and
- (ii) Not less than one hundred percent (100%) of the aggregate of amounts payable in such fiscal year and secured by a lien on the Excise Tax Revenues that is subordinate to the Additional Parity Obligations; and
- (iii) Not less than one hundred percent (100%) of any additional amounts required to maintain or fund necessary fund balances under the resolutions or agreements of the Local Borrower relating to obligations described in subsection (E)(i) above.

(F) For the purpose of Section 3.2 [*Exception; Parity*], subsection (E) of this Exhibit D [*Source of Repayment*], if subsequent to the beginning of a fiscal year, the Local

Borrower has increased the rate of excise taxes imposed by the Local Borrower and the increase will remain in effect for the life of the Additional Parity Obligations proposed to be incurred, there may be added to the Excise Tax Revenues for the fiscal year the additional amounts which would have been in effect throughout the fiscal year.

(G) For the purposes of calculations under Section 3.2 [*Exception; Parity*], subsection (E) of this Exhibit D [*Source of Repayment*], if Additional Parity Obligations are to be issued exclusively for the purpose of refunding or retiring a portion of the outstanding Additional Parity Obligations or the Loan, the percentage requirement on such obligations will be taken into consideration only in any future fiscal year in which any fractional part of such obligations will remain outstanding after the issuance of such Additional Obligations; provided that nothing contained herein shall be construed to limit or restrict the issuance of any Additional Parity Obligations if, before or as a result of the issuance and delivery of such Additional Parity Obligations, any other obligations theretofore issued will no longer be outstanding, or full payment for any such obligations will be provided for by funds from the bond or obligation proceeds.

Exhibit E
Debt Service Reserve Requirement

No Debt Service Reserve Required

The Local Borrower shall not be required to either (A) provide a Reserve Fund Surety or (B) fund a Reserve Fund in cash in connection with this Agreement.

Exhibit F
Replacement Reserve Requirements

No Replacement Reserve Required

The Local Borrower shall not be required to maintain a Replacement Reserve in connection with the Loan.

Exhibit G
Tax Compliance Certificate of Local Borrower

Water Infrastructure Finance Authority of Arizona

\$12,150,000.00 Loan to City of San Luis

The Water Infrastructure Finance Authority of Arizona (the “**Authority**”) and City of San Luis (the “**Local Borrower**”) are entering into a Loan Agreement (the “**Loan Agreement**”) in the maximum principal amount stated above pursuant to which the Authority will make a loan (the “**Loan**”) to the Local Borrower. In connection with its state revolving fund programs, the Authority issues its bonds (“**Authority Bonds**”) from time to time to finance loans and the Authority also pledges certain loans to secure and to serve as the source of payment for the Authority Bonds. As a result, and under the provisions of federal tax law applicable to the Authority Bonds, it is in the Authority’s interest for the Loan to qualify and be a Tax-Exempt Obligation that is not an AMT Obligation. Therefore, in order to establish certain facts necessary for the Loan to qualify and be treated as a Tax-Exempt Obligation that is not an AMT Obligation, and as required by the provisions of the Loan Agreement, the Local Borrower by its officer signing this Certificate, certifies, represents, and covenants as follows with respect to the Loan. All statements in this Certificate are of facts or, as to events to occur in the future, reasonable expectations.

Article 1. Definitions.

Section 1.1 Attachment A.

The definitions and cross-references set forth in Attachment A apply to this Certificate and its Attachments. All terms relating to a particular issue, such as Sale Proceeds, relate to the Loan, unless indicated otherwise. (For example, “Sale Proceeds” refers to Sale Proceeds of the Loan, unless indicated otherwise.)

Section 1.2 Special Definitions.

Terms used herein, to the extent not defined in Attachment A or below, have the same meaning as defined in the Loan Agreement. In addition, the following definitions apply to this Certificate and its Attachments:

“**Instructions**” means the Rebate Instructions attached hereto as Attachment A-1.

“**Issue**” means the Loan.

“**Issuer**” means the Local Borrower.

“**Project**” means the financing of a portion of the costs of acquisition, construction and

improvement of facilities to be financed by the Loan and includes Issuance Costs and interest on the Loan for up to three years from the Issuance Date or, if later, one year after the date the Project is placed in service, all of which are governmental purposes for purposes of the Code.

“**Reserve Fund**” is defined in Section 3.4 [*Reserve Funds*], subsection (A) [*Debt Service Reserve Fund*] of this Certificate.

Section 1.3 References.

Unless otherwise stated, reference to a Section means a section of the Code. Unless otherwise stated, reference to an Attachment means an attachment to this Certificate.

Article 2. Issue Data.

Section 2.1 Issuer.

The Issuer is a Governmental Unit.

Section 2.2 Purpose of Issue.

The Issue is being issued to provide funds to pay costs of the Project.

Section 2.3 Dates.

The Sale Date of the Issue is the date on which the Loan Agreement is executed and delivered by the Authority and the Local Borrower, and the Issuance Date of the Issue is the first date on which the aggregate draws under the Loan exceed the lesser of \$50,000 or 5% of the principal amount of the Loan.

Section 2.4 Issue Price.

The Issue Price of the Issue is the principal amount actually advanced by the Authority to the Issuer as the Loan.

Section 2.5 Sale Proceeds, Net Proceeds, and Net Sale Proceeds.

The amount of Sale Proceeds equals the Issue Price. The amount of Net Proceeds equals the Issue Price minus the amount of Proceeds (if any) deposited in the Reserve Fund (if any). The amount of Net Sale Proceeds equals the amount of Net Proceeds minus the Minor Portion.

Section 2.6 Disposition of Sale Proceeds.

There will be no Pre-Issuance Accrued Interest with respect to the Issue. The Sale Proceeds will be used to pay costs of the Project and, if applicable, to fund the Reserve Fund (if any).

Section 2.7 Higher Yielding Investments.

Gross Proceeds will not be invested in Higher Yielding Investments except for:

- (A) The Minor Portion to the extent provided in Section 3.8 [*Minor Portion*] of this Certificate;
- (B) Those Gross Proceeds identified in Sections 3.1 [*Use of Net Sale Proceeds and Pre-Issuance Accrued Interest; Temporary Periods*], 3.2 [*Investment Proceeds*], and 3.3 [*Payment Fund*] of this Certificate, but only during the applicable Temporary Periods there described for those Gross Proceeds; and
- (C) Gross Proceeds held in the Reserve Fund (if any) to the extent set forth in Section 3.4 [*Reserve Funds*] of this Certificate.

Section 2.8 Single Issue.

No other obligations have been or will be sold less than fifteen (15) days before or after the Sale Date pursuant to the same plan of financing with the Issue that are expected to be paid from substantially the same source of funds as the Issue, determined without regard to guarantees from a person who is not a Related Party to the Issuer. Accordingly, no obligations other than those of the Issue are a part of a single issue with the Issue.

Article 3. Arbitrage (Nonrebate) Matters

Section 3.1 Use of Net Sale Proceeds and Pre-Issuance Accrued Interest; Temporary Periods.

(A) Pre-Issuance Accrued Interest.

There will be no Pre-Issuance Accrued Interest with respect to the Issue.

(B) Payment of Costs of the Project.

All of the Net Sale Proceeds will be used to pay costs of the Project. Such Sale Proceeds may be used to acquire or hold Higher Yielding Investments for a period ending on the third anniversary of the Issuance Date (such period being the Temporary Period for such amount) because the following three tests are reasonably expected to be satisfied:

- (i) At least 85% of the Net Sale Proceeds will be allocated to expenditures on the Project by the end of the Temporary Period;
- (ii) Within six (6) months of the Issuance Date, the Issuer will incur substantial binding obligations to third parties to expend at least 5% of the Net Sale Proceeds on the Project; and
- (iii) Completion of the Project and allocation of the Net Sale Proceeds to expenditures will proceed with due diligence.

(C) Any Sale Proceeds that remain unspent on the third anniversary of the Issuance Date, which is the expiration date of the Temporary Period for such Proceeds, shall

not be invested in Higher Yielding Investments with respect to the Issue after that date except as part of the Minor Portion. In complying with the foregoing sentence, the Issuer may take into account “yield reduction payments” (within the meaning of Regulations §1.148-5(c)) paid to the United States.

- (D) Any Reimbursement Allocation will qualify as a Reimbursement of Prior Capital Expenditures and will be made by an entry in the financial records of the Issuer kept with respect to the Issue showing that Sale Proceeds of the Issue have been returned to the fund or account of the Issuer from which such amount was originally and temporarily advanced to finance Capital Expenditures paid before this date by not more than (i) eighteen (18) months after the later of the date such Capital Expenditures were paid or the date on which the property resulting from such Capital Expenditures and comprising part of the Project was placed in service or (ii) three years after the original expenditures were paid.

Section 3.2 Investment Proceeds.

Any Investment Proceeds will be used to pay costs of the Project and may be invested in Higher Yielding Investments during the Temporary Period identified in Section 3.1 [*Use of Net Sale Proceeds and Pre-Issuance Accrued Interest; Temporary Periods*], subsection (B)(1) of this Certificate or, if longer, one (1) year from the date of receipt, such period being the Temporary Period for such Proceeds.

Section 3.3 Payment Fund.

Amounts deposited from time to time in the fund of the Issuer from which payments will be made on the Issue, which is a Bona Fide Debt Service Fund, will be used to pay Debt Service on the Issue within thirteen (13) months after the amounts are so deposited, such period being the Temporary Period for such amounts.

Section 3.4 Reserve Funds.

(A) Debt Service Reserve Fund.

If (and only if) the Loan Agreement requires the funding of a debt service reserve fund (“**Reserve Fund**”) in cash: The amount of Proceeds of the Loan deposited in the Reserve Fund shall not exceed 10% of the stated principal amount of the Loan. Amounts in the portion of the Reserve Fund allocable to the Issue may be invested in Higher Yielding Investments with respect to the Issue to the extent that such amounts do not exceed the least of (i) 10% of the principal amount of the Issue; (ii) maximum annual Debt Service; and (iii) 125% of average annual Debt Service. Any amounts in the portion of the Reserve Fund allocable to the Issue in excess of the least of these amounts will not be invested in Higher Yielding Investments with respect to the Issue. In complying with the yield restriction set forth in this Section, the Issuer may take into account “yield reduction payments” (within the meaning of Regulations § 1.148-5(c)) timely paid or to be timely paid to the United States because amounts in the Reserve Fund (other than investment earnings) are not reasonably expected to be used to pay Debt Service other than in connection with

reductions in the amount required to be in the Reserve Account. The establishing and funding of the Reserve Fund was reasonably required by the Authority as a condition of making the Loan.

(B) Replacement Reserve Fund.

If (and only if) the Loan Agreement requires the funding of a replacement reserve fund (“**Replacement Reserve Fund**”) in cash: The Replacement Reserve Fund may be used for one or more of the following purposes: (i) the acquisition of new, or the replacement of obsolete or worn out, machinery, equipment, furniture, fixtures or other personal property for the Issuer’s utility system, provided that the property is depreciable; (ii) the performance of repairs with respect to the Issuer’s utility system that are of an extraordinary and non-recurring nature, provided that the property is depreciable; (iii) the acquisition or construction of additions to or improvements, extensions or enlargements to, or remodeling of, the Issuer’s utility system, provided that the property is depreciable; and/or (iv) to make Debt Service payments to the Authority on the Issue (collectively, the “**Permitted Uses**”). The Issuer reasonably expects to use amounts in the Replacement Reserve Fund for Permitted Uses other than to make Debt Service payments to the Authority on the Issue, and therefore there is no reasonable assurance of the availability of those amounts to make Debt Service payments to the Authority on the Issue if the Issuer encounters financial difficulties

Section 3.5 No Other Replacement Fund or Assured Available Funds.

Except as described in Section 3.3 [*Payment Fund*] of this Certificate and, if and to the extent applicable, Section 3.4 [*Reserve Fund*] subsection (A) [*Debt Service Reserve Fund*] of this Certificate, the Issuer has not established and does not expect to establish or use any sinking fund, debt service fund, redemption fund, reserve or replacement fund, or similar fund, or any other fund to pay Debt Service on the Issue. Except for money referred to in Section 3.3 [*Payment Fund*] of this Certificate and Proceeds of a Refunding Issue, if any, no other money or Investment Property is or will be pledged as collateral or used for the payment of Debt Service on the Issue (or for the reimbursement of any others who may provide money to pay that Debt Service), or is or will be restricted, dedicated, encumbered, or set aside in any way as to afford the holders of the Issue reasonable assurance of the availability of such money or Investment Property to pay Debt Service on the Issue.

Section 3.6 No Overissuance.

The Proceeds of the Issue are not reasonably expected to exceed the amount needed for the governmental purposes of the Issue as set forth in Section 2.2 [*Purpose of Issue*] of this Certificate.

Section 3.7 Other Uses of Proceeds Negated.

Except as stated otherwise in this Certificate, none of the Proceeds of the Issue will be used:

- (A) to pay principal of or interest on, refund, renew, roll over, retire, or replace any other obligations issued by or on behalf of the Issuer or any other Governmental Unit;
- (B) To replace any Proceeds of another issue that were not expended on the project for which such other issue was issued;
- (C) To replace any money that was or will be used directly or indirectly to acquire Higher Yielding Investments;
- (D) To make a loan to any person or other Governmental Unit;
- (E) To pay any Working Capital Expenditure other than expenditures identified in Regulations §1.148-6(d)(3)(ii)(A) and (B) (i.e., Issuance Costs of the Issue, Qualified Administrative Costs, reasonable charges for a Qualified Guarantee or for a Qualified Hedge, interest on the Issue for a period commencing on the Issuance Date of the Issue and ending on the date that is the later of three years from such Issuance Date or one year after the date on which the project financed or refinanced by the Issue was or will be placed in service, payments of the Rebate Amount, and costs, other than those already described, that do not exceed 5% of the Sale Proceeds and that are directly related to Capital Expenditures financed or deemed financed by the Issue, principal or interest on an issue paid from unexpected excess Sale Proceeds or Investment Proceeds, and principal or interest on an issue paid from investment earnings on a reserve or replacement fund that are deposited in a Bona Fide Debt Service Fund); or
- (F) To reimburse any expenditures made prior to the Issuance Date except those that qualify as a Reimbursement of Prior Capital Expenditures.

No portion of the Issue is being issued solely for the purpose of investing Proceeds in Higher Yielding Investments.

Section 3.8 Minor Portion.

The Minor Portion is equal to the lesser of 5% of the Sale Proceeds of the Issue and one hundred thousand dollars (\$100,000). Such Minor Portion may be invested in Higher Yielding Investments with respect to the Issue.

Section 3.9 No Other Replacement Proceeds.

That portion of the Issue that is to be used to finance Capital Expenditures has a weighted average maturity that does not exceed 120% of the weighted average reasonably expected economic life of the property resulting from such Capital Expenditures.

Article 4. Rebate Matters.

Section 4.1 Issuer Obligation Regarding Rebate.

Consistently with its covenants contained in the Loan Agreement, the Issuer will calculate and make, or cause to be calculated and made, payments of the Rebate Amount in the amounts and at the times and in the manner provided in Section 148(f) with respect to Gross Proceeds to the extent not exempted under Section 148(f)(4) and the Instructions.

Section 4.2 No Avoidance of Rebate Amount.

No amounts that are required to be paid to the United States will be used to make any payment to a party other than the United States through a transaction or a series of transactions that reduces the amount earned on any Investment Property or that results in a smaller profit or a larger loss on any Investment Property than would have resulted in an arm's length transaction in which the Yield on the Issue was not relevant to either party to the transaction.

Section 4.3 Exceptions.

(A) Small Issuer Exception.

The Issue is exempt under Section 148(f)(4)(D) from the rebate requirement if all of the following requirements are satisfied:

- (i) The Issuer is a Governmental Unit with general taxing powers within the meaning of Section 148(f)(4)(D); and
- (ii) No part of the Issue is a Private Activity Bond; and
- (iii) All of the Net Proceeds will be used for "local governmental activities" of the Issuer within the meaning of Section 148(f)(4)(D) and none of the Net Proceeds will be used for any Private Business Use; and
- (iv) The aggregate principal amount of all Tax-Exempt Obligations, including the Issue, issued or to be issued by the Issuer, its subordinate entities and entities that issue any such obligations on behalf of the Issuer, or on behalf of which the Issuer issues any such obligations, during the current calendar year does not, and is not reasonably expected to, exceed \$5,000,000. The Tax-Exempt Obligations taken into account for this purpose exclude any Private Activity Bonds and any Current Refunding Portion and Current Refunding Issue to the extent that the amount of such Current Refunding Portion or Current Refunding Issue does not exceed the outstanding amount of the obligations refunded by such Current Refunding Portion or Current Refunding Issue. No entity has been or will be formed or availed of to avoid the purposes of Section 148(f)(4)(D)(i)(IV).

Acknowledge receipt and review of the foregoing Article 4 [*Rebate Matters*]:

If, but only if, all of the above requirements of Section 4.3 [*Exceptions*] are
satisfied, check here: _____
and sign here: _____

(B) General Exception.

Notwithstanding the foregoing, the computations and payments of amounts to the United States referred to in IV need not be made to the extent that the Issuer will not thereby fail to comply with any requirements of Section 148(f) and the Instructions based on an opinion of bond counsel.

Article 5. Election.

The Issue is a Construction Issue. The Issuer hereby elects to apply the 2-year spending exception to the rebate requirements on the basis of actual facts instead of the Issuer's reasonable expectations.

Article 6. Other Tax Matters

Section 6.1 Not Private Activity Bonds or Pool Bonds.

No obligation of the Issue will be a Private Activity Bond or a pooled financing bond (within the meaning of Section 149(f)), based on the following:

- (A) Not more than 5% of the Proceeds, if any, directly or indirectly, will be used for a Private Business Use and not more than 5%, if any, of the Debt Service on the Issue, directly or indirectly, will be secured by any interest in property used or to be used for a Private Business Use or payments in respect of such property, or will be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a Private Business Use.
- (B) Less than 5% of the Proceeds, if any, will be used to make or finance loans to any Private Person or Governmental Unit other than the Issuer.
- (C) The lesser of the Proceeds that are being or will be used for any Private Business Use or the Proceeds with respect to which there are payments or (borrowed money) that are being or will be used for any Private Business Use does not exceed \$15,000,000 and none of the Proceeds will be used with respect to an "output facility" (other than a facility for the furnishing of water) within the meaning of Section 141(b)(4).
- (D) The Issuer does not expect to sell or otherwise dispose of the Project or any portion thereof during the term of the Issue except for dispositions of property in the normal course at the end of such property's useful life to the Issuer. With respect to tangible personal property, if any, that is part of the Project, the Issuer reasonably expects that:

- (i) Dispositions of such tangible personal property, if any, will be in the ordinary course of an established governmental program;
- (ii) The weighted average maturity of the obligations of the Issue financing such property (treating the obligations of the Issue properly allocable to such personal property as a separate issue for this purpose) will not be greater than 120% of the reasonably expected actual use of such property for governmental purposes;
- (iii) The fair market value of such property on the date of disposition will not be greater than 25% of its cost;
- (iv) The property will no longer be suitable for its governmental purposes on the date of disposition; and
- (v) The amounts received from any disposition of such property are required to be, and will be, commingled with substantial tax or other governmental revenues and will be spent on governmental programs within 6 months from the date of such deposit and commingling.

Article 7. Issue Not Federally Guaranteed.

The Issue is not Federally Guaranteed.

Article 8. Not Hedge Bonds.

At least 85% of the Spendable Proceeds will be used to carry out the governmental purposes of the Issue within three years from the Issuance Date. Not more than 50%, if any, of the Proceeds will be invested in Nonpurpose Investments having a substantially guaranteed Yield for four years or more (including but not limited to any investment contract or fixed yield investment having a maturity of four years or more). The reasonable expectations stated above are not based on and do not take into account:

(A) Any expectations or assumptions as to the occurrence of changes in market interest rates or changes of federal tax law or regulations or rulings thereunder; or

(B) Any prepayments of items other than items that are customarily prepaid.

Article 9. Hedge Contracts.

The Issuer has not entered into, and does not reasonably expect to enter into, any Hedge with respect to the Issue, or any portion thereof. The Issuer acknowledges that entering into a Hedge with respect to the Issue, or any portion thereof, may change the Yield and that Bond Counsel should be contacted prior to entering into any Hedge with respect to the Issue in order to determine whether payments/receipts pursuant to the Hedge will be taken into account in computing the Yield.

Article 10. Internal Revenue Service Information Return.

Within the time and on the form prescribed by the Internal Revenue Service under Section 149(e), the Issuer will file with the Internal Revenue Service an Information Return setting forth the required information relating to the Issue. The information reported on that Information Return will be true, correct, and complete to the best of the knowledge and belief of the undersigned.

Article 11. Responsibility of Officer.

The officer signing this Certificate is one of the officers of the Issuer responsible for issuing the Issue.

To the best of the knowledge, information, and belief of the undersigned, all expectations stated in this Certificate are the expectations of the Issuer and are reasonable, all facts stated are true, and there are no other existing facts, estimates, or circumstances that would or could materially change the statements made in this Certificate. The certifications and representations made in this Certificate are intended to be relied upon as certifications described in Regulations § 1.148-2(b). The Issuer acknowledges that any change in the facts or expectations from those set forth in this Certificate may result in different requirements or a change in status of the Issue or interest thereon under the Code, and that bond counsel should be contacted if such changes are to occur or have occurred.

City of San Luis

By: _____

Name: _____

Title: _____

Attachment A - Definitions for Tax Compliance Certificate of Local Borrower

The following terms, as used in Attachment A and in the Tax Compliance Certificate to which it is attached and in the other Attachments to the Tax Compliance Certificate, have the following meanings unless therein otherwise defined or unless a different meaning is indicated by the context in which the term is used. Capitalized terms used within these definitions that are not defined in Attachment A have the meanings ascribed to them in the Tax Compliance Certificate to which this Attachment A is attached. The word **“issue”**, in lower case, refers either to the Issue or to another issue of obligations or portion thereof treated as a separate issue for the applicable purposes of Section 148, as the context requires. The word **“obligation”** or **“obligations,”** in lower case, includes any obligation, whether in the form of bonds, notes, certificates, or any other obligation that is a “bond” within the meaning of Section 150(a)(1). All capitalized terms used in this Certificate include either the singular or the plural. All terms used in this Attachment A or in the Tax Compliance Certificate to which this Attachment A is attached, including terms specifically defined, shall be interpreted in a manner consistent with Sections 103 and 141-150 and the applicable Regulations thereunder except as otherwise specified. All references to Section, unless otherwise noted, refer to the Code.

“501(c)(3) Organization” means an organization described in Section 501(c)(3) and exempt from tax under Section 501(a).

“Advance Refunding Issue” means any Refunding Issue that is not a Current Refunding Issue.

“Advance Refunding Portion” means that portion of a Multipurpose Issue that constitutes a separate governmental purpose and that would be treated as an Advance Refunding Issue if it had been issued as a separate issue.

“AMT Obligation” means a Tax-Exempt Obligation the interest on which is an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code.

“Available Construction Proceeds” means an amount equal to (A) the sum of (i) the Issue Price of an issue, (ii) Investment Proceeds on that Issue Price, (iii) earnings on any reasonably required reserve or replacement fund allocable to the issue not funded from the Issue Price, and (iv) Investment Proceeds and earnings on (ii) and (iii), (B) reduced by the portions, if any, of the Issue Price of the issue (i) attributable to Pre-Issuance Accrued Interest and earnings thereon, (ii) allocable to the underwriter’s discount, (iii) used to pay other Issuance Costs of the issue, and (iv) deposited in a reasonably required reserve or replacement fund allocable to the issue. “Available Construction Proceeds” does not include Investment Proceeds or earnings on a reasonably required reserve or replacement fund allocable to the issue for any period after the earlier of (A) the close of the 2-year period that begins on the Issuance Date or (B) the date the construction of the project financed by the issue is substantially completed, provided, however, that such Investment Proceeds or earnings shall be excluded from “Available Construction Proceeds” if the Issuer has timely elected such exclusion. If an issue is a Multipurpose Issue that includes a New Money Portion that is a Construction Issue, this definition shall be applied by substituting “New Money Portion” for “issue” each place the latter term appears. If an issue or the New Money Portion of a Multipurpose Issue, as applicable, is not a Construction Issue, and the Issuer makes the bifurcation election under

Regulations §1.148-7(j)(1) and Section 148(f)(4)(C)(v) to treat the issue or the New Money Portion as two separate issues consisting of the Construction Portion and the Nonconstruction Portion, this definition shall be applied by substituting “Construction Portion” for “issue” each place the latter term appears.

“Bona Fide Debt Service Fund” means a fund, including a portion of or an account in that fund (or in the case of a fund established for two or more issues, the portion of that fund properly allocable to an issue), or a combination of such funds, accounts or portions that is used primarily to achieve a proper matching of revenues with Debt Service on an issue within each Bond Year and that is depleted at least once each year except for a reasonable carryover amount not to exceed the greater of the earnings thereon for the immediately preceding Bond Year or one-twelfth of the annual Debt Service on the issue for the immediately preceding Bond Year.

“Bond Year” means the annual period relevant to the application of Section 148(f) to an issue, except that the first and last Bond Years may be less than 12 months long. The last day of a Bond Year shall be the close of business on the day preceding the anniversary of the Issuance Date of an issue unless the Issuer selects another date on which to end a Bond Year in the manner permitted by the Code.

“Capital Expenditures” means costs of a type that are properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of Placed in Service) under general federal income tax principles.

“Code” means the Internal Revenue Code of 1986, the Regulations (whether temporary or final) under that Code or the statutory predecessor of that Code, and any amendments of, or successor provisions to, the foregoing and any official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing, all as and to the extent applicable. Unless otherwise indicated, reference to a Section includes any applicable successor section or provision and such applicable Regulations, rulings, announcements, notices, procedures and determinations pertinent to that Section.

“Commingled Fund” means any fund or account of the Issuer that contains both Gross Proceeds of an issue and amounts in excess of \$25,000 that are not Gross Proceeds of the issue if the amounts in the fund or account are invested and accounted for collectively, without regard to the source of funds deposited in the fund or account.

“Commingled Investment Proceeds” means Investment Proceeds of an issue (other than Investment Proceeds held in a Refunding Escrow) that are deposited in a Commingled Fund with substantial tax or other revenues from governmental operations of the Issuer and that are reasonably expected to be spent for governmental purposes within 6 months from the date of deposit in the Commingled Fund, using any reasonable accounting assumptions.

“Conduit Borrower” means the obligor on a purpose investment.

“Conduit Financing Issue” means an issue the Proceeds of which are reasonably expected to be used to finance one or more Conduit Loans.

“Conduit Loan” means a purpose investment acquired by the Issuer with Proceeds of a Conduit Financing Issue, thereby effecting a loan to the Conduit Borrower.

“Construction Expenditures” means Capital Expenditures allocable to the cost of real property (including the construction or making of improvements to real property, but excluding acquisitions of interests in land or other existing real property) or constructed personal property within the meaning of Regulations §1.148-7(g).

“Construction Issue” means an issue at least 75% of the Available Construction Proceeds of which are to be used for Construction Expenditures with respect to property that is, or upon completion will be, owned by a Governmental Unit or a 501(c)(3) Organization. If an issue is a Multipurpose Issue that includes a New Money Portion, this definition shall be applied by substituting “New Money Portion” for “Construction Issue” each place the latter term appears. If an election under Section 148(f)(4)(C)(v) and Regulations §1.148-7(j) is made to bifurcate an issue or the New Money Portion of a Multipurpose Issue, this definition shall be applied by substituting “Construction Portion” for “Construction Issue” each place the latter term appears.

“Construction Portion” means that portion of an issue or the New Money Portion of a Multipurpose Issue at least 75% of the Available Construction Proceeds of which are to be used for Construction Expenditures with respect to property that is, or upon completion will be, owned by a Governmental Unit or a 501(c)(3) Organization and that finances 100% of the Construction Expenditures.

“Controlled Group” means a group of entities controlled directly or indirectly by the same entity or group of entities within the meaning of Regulations §1.150-1(e).

“Current Refunding Issue” means a Refunding Issue that is issued not more than 90 days before the last expenditure of any Proceeds of the Refunding Issue for the payment of Debt Service on the Refunded Bonds.

“Current Refunding Portion” means that portion of a Multipurpose Issue that constitutes a separate governmental purpose and that would be treated as a Current Refunding Issue if it had been issued as a separate issue.

“Debt Service” means principal of and interest and any redemption premium on an issue.

“Excess Gross Proceeds” means all Gross Proceeds of an Advance Refunding Issue that exceed an amount equal to 1% of the Sale Proceeds of such Advance Refunding Issue, other than Gross Proceeds allocable to: (A) payment of Debt Service on the Refunded Bonds; (B) payment of Pre-Issuance Accrued Interest on the Advance Refunding Issue and interest on the Advance Refunding Issue that accrues for a period up to the completion date of any capital project financed by the Prior Issue, plus one year; (C) a reasonably required reserve or replacement fund for the Advance Refunding Issue or Investment Proceeds of such fund; (D) payment of Issuance Costs of the Advance Refunding Issue; (E) payment of administrative costs allocable to repaying the Refunded Bonds, carrying and repaying the Advance Refunding Issue, or investments of the Advance Refunding Issue; (F) Transferred Proceeds allocable to expenditures for the governmental purpose of the Prior Issue (treating for this purpose all unspent Proceeds of the Prior

Issue properly allocable to the Refunded Bonds as of the Issuance Date of the Advance Refunding Issue as Transferred Proceeds); (G) interest on purpose investments; (H) Replacement Proceeds in a sinking fund for the Advance Refunding Issue; and (I) fees for a Qualified Guarantee for the Advance Refunding Issue or the Prior Issue. If an Issue is a Multipurpose Issue that includes an Advance Refunding Portion, this definition shall be applied by substituting “Advance Refunding Portion” for “Advance Refunding Issue” each place the latter term appears.

“Federally Guaranteed” means that (A) the payment of Debt Service on an issue, or the payment of principal or interest with respect to any loans made from the Proceeds of the issue, is directly or indirectly guaranteed in whole or in part by the United States or by an agency or instrumentality of the United States, within the meaning of Section 149(b) of the Code, or (B) more than 5% of the Proceeds of an issue will be invested directly or indirectly in federally insured deposits or accounts. The preceding sentence does not apply to (A) Proceeds invested during an initial Temporary Period until such Proceeds are needed to pay costs of the project, (B) investments of a Bona Fide Debt Service Fund, (C) direct purchases from the United States of obligations issued by the United States Treasury, or (D) other investments permitted by Section 149(b) or Regulations §1.149(b)-1(b).

“Fixed Yield Issue” means an issue of obligations the Yield on which is fixed and determinable on the Issuance Date.

“Governmental Unit” means a state, territory or possession of the United States, the District of Columbia, or any political subdivision thereof referred to as a “State or local governmental unit” in Regulations §1.103-1(a). “Governmental Unit” does not include the United States or any agency or instrumentality of the United States.

“Gross Proceeds” means Proceeds and Replacement Proceeds of an issue.

“Hedge” means a contract entered into by the Issuer or the Conduit Borrower primarily to modify the Issuer’s or the Conduit Borrower’s risk of interest rate changes with respect to an obligation (e.g., an interest rate swap, an interest rate cap, a futures contract, a forward contract or an option).

“Higher Yielding Investments” means any Investment Property that produces a Yield that (A) in the case of Investment Property allocable to Replacement Proceeds of an issue and Investment Property in a Refunding Escrow, is more than one thousandth of one percentage point (.00001) higher than the Yield on the applicable issue, and (B) for all other purposes is more than one-eighth of one percentage point (.00125) higher than the Yield on the issue.

“Investment Proceeds” means any amounts actually or constructively received from investing Proceeds of an issue in Investment Property.

“Investment Property” means investment property within the meaning of Sections 148(b)(2) and 148(b)(3), including any security (within the meaning of Section 165(g)(2)(A) or (B)), any obligation, any annuity contract and any other investment-type property (including certain residential rental property for family units as described in Section 148(b)(2)(E) in the case of any bond other than a Private Activity Bond). Investment Property includes a Tax-Exempt Obligation

that is a “specified private activity bond” as defined in Section 57(a)(5)(C), but does not include other Tax-Exempt Obligations.

“Issuance Costs” means costs to the extent incurred in connection with, and allocable to, the issuance of an issue, and includes underwriter’s compensation withheld from the Issue Price, counsel fees, financial advisory fees, rating agency fees, trustee fees, paying agent fees, bond registrar, certification and authentication fees, accounting fees, printing costs for bonds and offering documents, public approval process costs, engineering and feasibility study costs, guarantee fees other than for a Qualified Guarantee and similar costs, but does not include fees charged by the Issuer.

“Issuance Date” means the date of physical delivery of an issue by the Issuer in exchange for the purchase price of the issue.

“Issue Price” means in the circumstances applicable to an issue:

Public Offering. In the case of obligations actually offered to the general public in a bona fide public offering at the initial offering price for each maturity set forth in the certificate of the underwriter or placement agent attached to the Tax Compliance Certificate of the Issuer, the aggregate of the initial offering price for each maturity (including any Pre-Issuance Accrued Interest and original issue premium, but excluding any original issue discount), which price is not more than the fair market value thereof as of the Sale Date, and at which initial offering price not less than 10% of the principal amount of each maturity, as of the Sale Date, was sold or reasonably expected to be sold (other than to bond houses, brokers or other intermediaries). In the case of publicly offered obligations that are not described in the preceding sentence, Issue Price means the aggregate of the initial offering price to the public of each maturity set forth in the certificate of the underwriter or placement agent attached to the Tax Compliance Certificate of the Issuer, which price is not more than the fair market value thereof as of the Sale Date, and at which initial offering price not less than 10% of the principal amount of each maturity was sold to the public.

Private Placement. In the case of obligations sold by private placement, the aggregate of the prices (including any Pre-Issuance Accrued Interest and original issue premium, but excluding any original issue discount) paid to the Issuer by the first purchaser(s) (other than bond houses, brokers or other intermediaries).

“Minor Portion” means an amount equal to the lesser of \$100,000 or 5% of the Sale Proceeds of an issue.

“Multipurpose Issue” means an issue the bonds of which are allocable to two or more separate governmental purposes within the meaning of Regulations §1.148-9(h).

“Net Proceeds” means the Sale Proceeds of an issue less the portion thereof, if any, deposited in a reasonably required reserve or replacement fund for the issue.

“Net Sale Proceeds” means the Sale Proceeds of an issue less the portion thereof, if any, deposited

in a reasonably required reserve or replacement fund for the issue and the portion invested as a part of a Minor Portion for the issue.

“New Money Issue” means an issue that is not a Refunding Issue.

“New Money Portion” means that portion of a Multipurpose Issue other than the Refunding Portion.

“Nonpurpose Investments” means any Investment Property that is acquired with Gross Proceeds as an investment and not in carrying out any governmental purpose of an issue. “Nonpurpose Investments” does not include any investment that is not regarded as “investment property” or a “nonpurpose investment” for the particular purposes of Section 148 (such as certain investments in U.S. Treasury obligations in the State and Local Government Series and certain temporary investments), but does include any other investment that is a “nonpurpose investment” within the applicable meaning of Section 148.

“Placed in Service” means the date on which, based on all the facts and circumstances, a facility has reached a degree of completion that would permit its operation at substantially its design level and the facility is, in fact, in operation at such level.

“Pre-Issuance Accrued Interest” means interest on an obligation that accrued for a period not greater than one year before its Issuance Date and that will be paid within one year after such Issuance Date.

“Preliminary Expenditures” means any Capital Expenditures that are “preliminary expenditures” within the meaning of Regulations §1.150-2(f)(2), i.e., architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of a project other than land acquisition, site preparation, and similar costs incident to commencement of construction. The aggregate amount of Preliminary Expenditures may not exceed 20% of the aggregate Issue Price of the issue or issues that financed or are reasonably expected to finance the project for which such Preliminary Expenditures are or were incurred.

“Prior Issue” means an issue of obligations all or a portion of the Debt Service on which is paid or provided for with Proceeds of a Refunding Issue. The Prior Issue may be a Refunding Issue.

“Private Activity Bond” means (A) obligations of an issue more than 10% of the Proceeds of which, directly or indirectly, are or are to be used for a Private Business Use and more than 10% of the Debt Service on which, directly or indirectly, is or is to be paid from or secured by payments with respect to property, or secured by property, used for a Private Business Use, or (B) obligations of an issue, the Proceeds of which are or are to be used to make or finance loans to any Private Person that, in the aggregate, exceed the lesser of 5% of such Proceeds or \$5,000,000. In the event of Unrelated or Disproportionate Use, the tests in (a) shall be applied by substituting 5% for 10% each place the latter term is used.

“Private Business Use” means use (directly or indirectly) in a trade or business carried on by any Private Person other than use as a member of, and on the same basis as, the general public. Any

activity carried on by a Private Person (other than a natural person) shall be treated as a trade or business. In the case of a Qualified 501(c)(3) Bond, Private Business Use excludes use by a 501(c)(3) Organization that is not an unrelated trade or business activity by such 501(c)(3) Organization within the meaning of Section 513(a).

“Private Person” means any natural person or any artificial person, including a corporation, partnership, trust or other entity, other than a Governmental Unit. “Private Person” includes the United States and any agency or instrumentality of the United States.

“Proceeds” means any Sale Proceeds, Investment Proceeds, and Transferred Proceeds of an issue. “Proceeds” does not include Replacement Proceeds.

“Qualified Administrative Costs” means reasonable direct administrative costs (other than carrying costs) such as separately stated brokerage or selling commissions, but not legal and accounting fees, recordkeeping, custody and similar costs. General overhead costs and similar indirect costs of the Issuer such as employee salaries and office expenses and costs associated with computing the Rebate Amount are not Qualified Administrative Costs.

“Qualified 501(c)(3) Bonds” means an issue of obligations that satisfies the requirements of Section 145(a).

“Qualified Guarantee” means any guarantee of an obligation that constitutes a “qualified guarantee” within the meaning of Regulations §1.148-4(f).

“Qualified Hedge” means a Hedge that is a “qualified hedge” within the meaning of Regulations §1.148-4(h)(2).

“Rebate Amount” means the excess of the future value, as of any date, of all receipts on Nonpurpose Investments acquired with Gross Proceeds of an issue over the future value, as of that date, of all payments on those Nonpurpose Investments, computed in accordance with Section 148(f) and Regulations §1.148-3.

“Refunded Bonds” means obligations of a Prior Issue the Debt Service on which is or is to be paid from Proceeds of a Refunding Issue.

“Refunding Bonds” means obligations of a Refunding Issue.

“Refunding Issue” means an issue the Proceeds of which are or are to be used to pay Debt Service on Refunded Bonds and includes Issuance Costs, Pre-Issuance Accrued Interest or permitted capitalized interest, a reasonably required reserve or replacement fund and similar costs of the Refunding Issue.

“Refunding Escrow” means one or more funds established as part of a single transaction, or a series of related transactions, containing Proceeds of a Refunding Issue and any other amounts to be used to pay Debt Service on Refunded Bonds of one or more issues.

“Refunding Portion” means that portion of a Multipurpose Issue the Proceeds of which are, or

are to be, used to pay Debt Service on Refunded Bonds and includes Issuance Costs, Pre-Issuance Accrued Interest or permitted capitalized interest, a reasonably required reserve or replacement fund and similar costs properly allocable to the Refunding Portion.

“Regulations” or “Reg.” means Treasury Regulations.

“Reimbursement Allocation” means an allocation of the Proceeds of an issue for the Reimbursement of Prior Capital Expenditures, other than Preliminary Expenditures, that meets each of the following requirements: (A) is evidenced on the books or records of the Issuer maintained with respect to the issue, (B) the allocation entry identifies either actual prior Capital Expenditures, or the fund or account from which the prior Capital Expenditures were paid, and (C) evidences the Issuer’s use of Proceeds of the issue to reimburse a Capital Expenditure for a governmental purpose that was originally paid from a source other than the Proceeds of the issue.

“Reimbursement of Prior Capital Expenditures” means a Reimbursement Allocation of Proceeds of the Issue to a Capital Expenditure paid prior to the Issuance Date of such Issue, that satisfies the following requirements: (A) the Capital Expenditure was paid after March 1, 1992; (B) prior to, or within 60 days after, payment of the Capital Expenditure (except Preliminary Expenditures), the Issuer adopted an official intent for the Capital Expenditure that satisfies Regulations §1.150-2(e); and (C) except for Preliminary Expenditures, the Reimbursement Allocation occurs or will occur within 18 months after the later of the date the Capital Expenditure was paid or the date the project resulting from such Capital Expenditure was Placed in Service or abandoned, but in no event more than 3 years after the Capital Expenditure was paid.

“Related Party” means, in reference to a Governmental Unit or 501(c)(3) Organization, any member of the same Controlled Group and, in reference to any person that is not a Governmental Unit or 501(c)(3) Organization, a “related person” as defined in Section 144(a)(3) of the Code.

“Replacement Proceeds” means, with respect to an issue, amounts (including any investment income, but excluding any Proceeds of any issue) replaced by Proceeds of that issue within the meaning of Section 148(a)(2). “Replacement Proceeds” includes amounts, other than Proceeds, held in a sinking fund, pledged fund or reserve or replacement fund for an issue.

“Sale Date” means, with respect to an issue, the first date on which there is a binding contract in writing with the Issuer for the sale and purchase of an issue (or of respective obligations of the issue if sold by the Issuer on different dates) on specific terms that are not later modified or adjusted in any material respect.

“Sale Proceeds” means that portion of the Issue Price actually or constructively received by the Issuer upon the sale or other disposition of an issue, including any underwriter’s compensation withheld from the Issue Price, but excluding Pre-Issuance Accrued Interest.

“Spensible Proceeds” means the Net Sale Proceeds of an issue.

“Tax-Exempt Obligation” means any obligation or issue of obligations (including bonds, notes and lease obligations treated for federal income tax purposes as evidences of indebtedness) the interest on which is excluded from gross income for federal income tax purposes within the

meaning of Section 150, and includes any obligation or any investment treated as a “tax-exempt bond” for the applicable purpose of Section 148.

“Tax-Exempt Organization” means a Governmental Unit or a 501(c)(3) Organization.

“Temporary Period” means the period of time, as set forth in the Tax Compliance Certificate, applicable to particular categories of Proceeds of an issue during which such category of Proceeds may be invested in Higher Yielding Investments without the issue being treated as arbitrage bonds under Section 148.

“Transferred Proceeds” means that portion of the Proceeds of an issue (including any Transferred Proceeds of that issue) that remains unexpended at the time that any portion of the principal of the Refunded Bonds of that issue is discharged with the Proceeds of a Refunding Issue and that thereupon becomes Proceeds of the Refunding Issue as provided in Regulations §1.148-9(b). “Transferred Proceeds” does not include any Replacement Proceeds.

“Unrelated or Disproportionate Use” means Private Business Use that is not related to or is disproportionate to use by a Governmental Unit within the meaning of Section 141(b)(3) and Regulations §1.141-9.

“Variable Yield Issue” means any Issue that is not a Fixed Yield Issue.

“Working Capital Expenditures” means any costs of a type that do not constitute Capital Expenditures, including current operating expenses.

“Yield” has the meaning assigned to it for purposes of Section 148 of the Code, and means that discount rate (stated as an annual percentage) that, when used in computing the present worth of all applicable unconditionally payable payments of Debt Service, all payments for a Qualified Guarantee, if any, and all payments and receipts with respect to a Qualified Hedge, if any, paid and to be paid with respect to an obligation (paid and to be paid during and attributable to the Yield Period in the case of a Variable Yield Issue), produces an amount equal to (A) the Issue Price in the case of a Fixed Yield Issue or the present value of the Issue Price at the commencement of the applicable Yield Period in the case of a Variable Yield Issue, or (B) the purchase price for yield purposes in the case of Investment Property, all subject to the applicable methods of computation provided for under Section 148, including variations from the foregoing. The Yield on Investment Property in which Proceeds or Replacement Proceeds of an issue are invested is computed on a basis consistent with the computation of Yield on that issue, including the same compounding interval of not more than one year selected by the Issuer.

“Yield Period” means, in the case of the first Yield Period, the period that commences on the Issuance Date and ends at the close of business on the first Computation Date and, in the case of each succeeding Yield Period, the period that begins immediately after the end of the immediately preceding Yield Period and ends at the close of business on the next succeeding Computation Date.

The terms **“bond”**, **“obligation”**, **“reasonably required reserve or replacement fund”**, **“reserve or replacement fund”**, **“loan”**, **“sinking fund”**, **“purpose investment”**, **“same plan**

of financing”, “other replacement proceeds”, and other terms relating to Code provisions used but not defined in this Certificate shall have the meanings given to them for purposes of Sections 103 and 141 to 150 unless the context indicates another meaning.

(End of Attachment A)

Attachment A-I Rider – Instructions for Compliance with Rebate Requirements of Section 148(f) of the Code

(Governmental Use Bonds)

The Issuer covenanted in the Loan Agreement and Tax Compliance Certificate to comply with the arbitrage rebate requirement of Section 148(f) of the Code. These Instructions provide guidance for that compliance, including the spending exceptions that free the Issue from all or part of the rebate requirements. Capitalized terms that are not defined in these Rebate Instructions are defined in Attachment A to the Tax Compliance Certificate.

Article 1. General

Section 1.1 Rebate Generally.

The Rebate Amount with respect to the Issue must be paid (rebated) to the United States to prevent the bonds of the Issue from being arbitrage bonds, the interest on which is subject to federal income tax. In general, the Rebate Amount is the amount by which the actual earnings on Nonpurpose Investments purchased (or deemed to have been purchased) with Gross Proceeds of the Issue exceed the amount of earnings that would have been received if those Nonpurpose Investments had a Yield equal to the Yield on the Issue.² Stated differently, the Rebate Amount for the Issue as of any date is the excess of the Future Value, as of that date, of all Receipts on Nonpurpose Investments over the Future Value, as of that date, of all Payments on Nonpurpose Investments, computed using the Yield on the Issue as the Future Value rate.³

Section 1.2 Fixed Yield Issue.

If the Issue is a Fixed Yield Issue, the Yield on the Issue generally is the Yield to maturity, taking into account mandatory redemptions prior to maturity. If the Issue is a Variable Yield Issue, the Yield on the Issue is computed separately for each Yield Period selected by the Issuer

Article 2. Exceptions to Rebate.

Section 2.1 Spending Exceptions.

The rebate requirements with respect to the Issue are deemed to have been satisfied if any one of three spending exceptions (the 6-Month, the 18-Month, or the 2-Year Spending Exception,

² Amounts earned on the Bona Fide Debt Service Fund for the Issue are not taken into account in determining the Rebate Amount: (1) for any Bond Year in which the gross earnings on such Fund for such Year are less than \$100,000; (2) if the average annual Debt Service on the Issue does not exceed \$2,500,000; or (3) if none of the obligations of the Issue are Private Activity Bonds, the rates of interest on the Issue do not vary and the average maturity of the Issue is at least five years.

³ The scope of these Instructions does not permit a detailed description of the computation of the Rebate Amount with respect to the Issue.

collectively, the “**Spending Exceptions**”) is satisfied. The Spending Exceptions are each independent exceptions. The Issue need not meet the requirements of any other exception in order to use any one of the three exceptions. For example, a Construction Issue may qualify for the 6-Month Spending Exception or the 18-Month Spending Exception even though the Issuer makes one or more elections under the 2-Year Exception with respect to the Issue. The following rules apply for purposes of all of the Spending Exceptions except as otherwise noted.

(A) Refunding Issues.

The only spending exception available for a Refunding Issue⁴ is the 6-Month Spending Exception.

(B) Special Transferred Proceeds Rules.

In applying the Spending Exceptions to a Refunding Issue, unspent Proceeds of the Prior Issue that become Transferred Proceeds of the Refunding Issue are ignored. If the Prior Issue satisfies one of the rebate Spending Exceptions, the Proceeds of the Prior Issue that are excepted from rebate under that exception are not subject to rebate either as Proceeds of the Prior Issue or as Transferred Proceeds of the Refunding Issue.

However, if the Prior Issue does not satisfy any of the Spending Exceptions and is not otherwise exempt from rebate, the Transferred Proceeds from the Prior Issue will be subject to rebate, even if the Refunding Issue satisfies the 6-Month Spending Exception. The Rebate Amount will be calculated on the Transferred Proceeds on the basis of the Yield of the Prior Issue up to each transfer date and on the basis of the Yield of the Refunding Issue after each transfer date.

(C) Application of Spending Exceptions to a Multipurpose Issue.

If the Issue is a Multipurpose Issue, the Refunding Portion and the New Money Portion are treated for purposes of the rebate Spending Exceptions as separate issues. Thus, the Refunding Portion is eligible to use only the 6-Month Spending Exception. The New Money Portion is eligible to use any of the three Spending Exceptions.

(D) Expenditures for Governmental Purposes of the Issue.

Each of the spending exceptions requires that expenditures of Gross Proceeds be for the governmental purposes of the Issue. These purposes include payment of interest (but not principal) on the Issue.

Section 2.2 6-Month Spending Exception.

The Issue will be treated as satisfying the rebate requirements if all of the Gross Proceeds of the Issue are allocated to expenditures for the governmental purposes of the Issue within the 6-month period beginning on the Issuance Date and the Rebate Amount, if any, with respect to earnings on

^{43.} For purposes of these Instructions, references to “Refunding Issue” include the Refunding Portion of a Multipurpose Issue.

amounts deposited in a reasonably required reserve or replacement fund or a Bona Fide Debt Service Fund if and to the extent that such Fund is subject to rebate (see footnote 1) is timely paid to the United States. If no bond of the Issue is a Private Activity Bond (other than a Qualified 501(c)(3) Bond) or a tax or revenue anticipation bond, the 6-month period is extended for an additional 6 months if the unexpended Gross Proceeds of the Issue at the end of the 6-month period do not exceed the lesser of 5% of the Proceeds of the Issue.

For purposes of the 6-Month Spending Exception, Gross Proceeds required to be spent within 6 months do not include amounts in a reasonably required reserve or replacement fund for the Issue or in a Bona Fide Debt Service Fund for the Issue.

Section 2.3 18-Month Spending Exception.

The Issue (or the New Money Portion if the Issue is a Multipurpose Issue) is treated as satisfying the rebate requirement if the conditions set forth in (A), (B) and (C) are satisfied. All of the Gross Proceeds of the Issue (excluding amounts in a reasonably required reserve or replacement fund for the Issue or in a Bona Fide Debt Service Fund for the Issue) are allocated to expenditures for the governmental purposes of the Issue in accordance with the following schedule, measured from the Issuance Date:

(A) at least 15% within 6 months;

(B) at least 60% within 12 months; and

(C) 100% within 18 months, subject to the Reasonable Retainage exception described below.

The Rebate Amount, if any, with respect to earnings on amounts deposited in a reasonably required reserve or replacement fund or in a Bona Fide Debt Service Fund for the Issue, to the extent such Fund is subject to rebate (see footnote 1), is timely paid to the United States.

The Gross Proceeds of the Issue qualify for the initial 3-year Temporary Period.

If the only unspent Gross Proceeds at the end of the 18th month are Reasonable Retainage, the requirement that 100% of the Gross Proceeds be spent by the end of the 18th month is treated as met if the Reasonable Retainage, and all earnings thereon, are spent for the governmental purposes of the Issue within 30 months of the Issuance Date.

For purposes of determining whether the spend-down requirements have been met as of the end of each of the first two spending periods, the amount of Investment Proceeds that the Issuer reasonably expects as of the Issuance Date to earn on the Sale Proceeds and Investment Proceeds of the Issue during the 18-month period are included in Gross Proceeds of the Issue. The final spend-down requirement includes actual Investment Proceeds for the entire 18 months.

The 18-Month Spending Exception does not apply to the Issue (or the New Money Portion, as applicable) if any portion of the Issue (or New Money Portion) is treated as meeting the rebate

requirement under the 2-Year Spending Exception discussed below. This rule prohibits use of the 18-Month Spending Exception for the Nonconstruction Portion of a Bifurcated Issue. The only Spending Exception available for the Nonconstruction Portion of a Bifurcated Issue is the 6-Month Spending Exception.

Section 2.4 2-Year Spending Exception for Certain Construction Issues.

(A) In general.

A Construction Issue no bond of which is a Private Activity Bond (other than a Qualified 501(c)(3) Bond or a Bond that finances property to be owned by a Governmental Unit or a 501(c)(3) Organization) is treated as satisfying the rebate requirement if the Available Construction Proceeds of the Issue are allocated to expenditures for the governmental purposes of the Issue in accordance with the following schedule, measured from the Issuance Date:

- (i) at least 10% within 6 months;
- (ii) at least 45% within 1 year;
- (iii) at least 75% within 18 months; and
- (iv) 100% within 2 years, subject to the Reasonable Retainage exception described below.

(B) Amounts in a Bona Fide Debt Service Fund or a reasonably required reserve or replacement fund for the Issue are not treated as Gross Proceeds for purposes of the expenditure requirements. However, unless the Issuer has elected otherwise in the Tax Compliance Certificate, earnings on amounts in a reasonably required reserve or replacement fund for the Issue are treated as Available Construction Funds during the 2-year period and therefore must be allocated to expenditures for the governmental purposes of the Issue.

(C) If the Issuer elected in the Tax Compliance Certificate to exclude from Available Construction Proceeds the Investment Proceeds or earnings on a reasonably required reserve or replacement fund for the Issue during the 2-year spend-down period, the Rebate Amount, if any, with respect to such Investment Proceeds or earnings from the Issuance Date must be timely paid to the United States. If the election is not made, the Rebate Amount, if any, with respect to such Investment Proceeds or earnings after the earlier of the date construction is substantially completed or 2 years after the Issuance Date must be timely paid to the United States. The Rebate Amount, if any, with respect to earnings on amounts in a Bona Fide Debt Service Fund must be timely paid to the extent such Fund is subject to the rebate requirements (see footnote 1).

(D) The Issue does not fail to satisfy the spending requirement for the fourth spend-down period (i.e., 100% within 2 years of the Issuance Date) if the only unspent

Available Construction Proceeds are amounts for Reasonable Retainage if such amounts (together with all earnings on such amounts) are allocated to expenditures within 3 years of the Issuance Date. For purposes of determining whether the spend-down requirements have been met as of the end of each of the first three spend-down periods, Available Construction Proceeds include the amount of Investment Proceeds or earnings that the Issuer reasonably expected as of the Issuance Date, to apply these spend-down requirements on the basis of actual facts rather than reasonable expectations. For purposes of satisfying the final spend-down requirement, Available Construction Proceeds include actual Investment Proceeds or earnings from the Issuance Date through the end of the 2-year period.

(E) Available Construction Proceeds do not include Gross Proceeds used to pay Issuance Costs financed by the Issue, but do include earnings on such Proceeds. Thus, an expenditure of Gross Proceeds to pay Issuance Costs does not count toward meeting the spend-down requirements, but expenditures of earnings on such Gross Proceeds to pay Issuance Costs do count.

(F) 1½% penalty in lieu of rebate for Construction Issues. If the Issuer elected in the Tax Compliance Certificate for a Construction Issue, or for the Construction Portion of a Bifurcated Issue, to pay a 1½% penalty in lieu of the Rebate Amount on Available Construction Proceeds in the event that the Construction Issue fails to satisfy any of the spend-down requirements, the 1½% penalty is calculated separately for each spend-down period, including each semiannual period after the end of the fourth spend-down period until all Available Construction Proceeds have been spent. The penalty is equal to 0.015 times the underexpended Proceeds as of the end of the applicable spend-down period. The fact that no arbitrage is in fact earned during such spend-down period is not relevant. The Rebate Amount with respect to Gross Proceeds other than Available Construction Proceeds (e.g., amounts in a reasonably required reserve or replacement fund or in a Bona Fide Debt Service Fund, to the extent subject to rebate (see footnote 1)) must be timely paid.

Article 3. Computation and Payment.

Section 3.1 Computation and Payment of Rebate Amount.

If none of the Spending Exceptions described above is satisfied (and if the 1-1/2% penalty election for a Construction Issue or the Construction Portion of a Bifurcated Issue has not been made), then within forty-five (45) days after each Computation Date, the Issuer shall compute, or cause to be computed, the Rebate Amount as of such Computation Date. The first Computation Date is a date selected by the Issuer, but shall be not later than five years after the Issuance Date. Each subsequent Computation Date shall end five years after the previous Computation Date except that, in a Variable Yield Issue, the Issuer may select annual Yield Periods. The final Computation Date shall be the date the last obligation of the Issue matures or is finally discharged.

Within sixty (60) days after each Computation Date (except the final Computation Date), the Issuer

shall pay to the United States not less than 90% of the Rebate Amount, if any, computed as of such Computation Date. Within sixty (60) days after the final Computation Date, the Issuer shall pay to the United States 100% of the Rebate Amount, if any, computed as of the final Computation Date. In computing the Rebate Amount, a computation credit may be taken into account on the last day of each Bond Year to the Computation Date during which there are unspent Gross Proceeds that are subject to the rebate requirement, and on the final maturity date.

If the operative documents pertaining to the Issue establish a Rebate Fund and require the computation of the Rebate Amount at the end of each Bond Year, the Issuer shall calculate, or cause to be calculated, within 45 days after the end of each Bond Year the Rebate Amount, taking into account the computation credit for each Bond Year. Within fifty (50) days after the end of each Bond Year, if the Rebate Amount is positive, the Issuer shall deposit in the Rebate Fund such amount as will cause the amount on deposit therein to equal the Rebate Amount, and may withdraw any amount on deposit in the Rebate Fund in excess of the Rebate Amount. Payments of the Rebate Amount to the Internal Revenue Service on a Computation Date shall be made first from amounts on deposit in the Rebate Fund and second from other amounts specified in the operative documents.

Each payment of the Rebate Amount or portion thereof shall be payable to the Internal Revenue Service and shall be made to the Internal Revenue Service Center, Ogden, UT 84201 by certified mail. Each payment shall be accompanied by Internal Revenue Service Form 8038-T and any other form or forms required to be submitted with such remittance.

Section 3.2 Books and Records.

(A) The Issuer or Trustee, as applicable, shall keep proper books of record and accounts containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the Gross Proceeds of the Issue. Such records shall specify the account or fund to which each Nonpurpose Investment (or portion thereof) held by the Issuer or Trustee is to be allocated and shall set forth as to each Nonpurpose Investment (1) its purchase price, (2) identifying information, including par amount, interest rate, and payments dates, (3) the amount received at maturity or its sales price, as the case may be, including accrued interest, (4) the amounts and dates of any payments made with respect thereto, and (5) the dates of acquisition and disposition or maturity.

(B) The Issuer, Trustee, or Rebate Analyst, as applicable, shall retain the records of all calculations and payments of the Rebate Amount until three years after the retirement of the last obligation that is a part of the Issue.

Section 3.3 Fair Market Value.

- (A) No Nonpurpose Investment shall be acquired for an amount in excess of its fair market value. No Nonpurpose Investment shall be sold or otherwise disposed of for an amount less than its fair market value.
- (B) The fair market value of any Nonpurpose Investment shall be the price at which a willing buyer would purchase the Nonpurpose Investment from a willing seller in an arms-length transaction. Fair market value generally is determined on the date on which a contract to purchase or sell the Nonpurpose Investment becomes binding (i.e., the trade date rather than the settlement date). Except as otherwise provided in this Section, a Nonpurpose Investment that is not of a type traded on an established securities market (within the meaning of Section 1273 of the Code) is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.
- (C) Obligations purchased directly from the Treasury. The fair market value of a United States Treasury obligation that is purchased directly from the United States Treasury is its purchase price.
- (D) Safe harbor for Guaranteed Investment Contracts. The purchase price of a Guaranteed Investment Contract shall be treated as its fair market value on the purchase date if all the following conditions are met:
- (i) Issuer or broker makes a bona fide solicitation for a specified Guaranteed Investment Contract and receives at least three bona fide bids from reasonably competitive providers (of Guaranteed Investment Contracts) that have no material financial interest in the Issue.
 - (ii) The Issuer purchases the highest-yielding Guaranteed Investment Contract for which a qualifying bid is made (determined net of broker's fees).
 - (iii) The Yield on the Guaranteed Investment Contract (determined net of broker's fees) is not less than the Yield then available from the provider on reasonably comparable Guaranteed Investment Contracts, if any, offered to other persons from a source of funds other than Gross Proceeds of Tax-Exempt Obligations.
 - (iv) The determination of the terms of the Guaranteed Investment Contract takes into account as a significant factor the Issuer's reasonably expected drawdown schedule for the amounts to be invested, exclusive of amounts deposited in a Bona Fide Debt Service Fund and a reasonably required reserve or replacement fund.
 - (v) The terms of the Guaranteed Investment Contract, including collateral security requirements, are reasonable.
 - (vi) The obligor on the Guaranteed Investment Contract certifies the

administrative costs that it is paying (or expects to pay) to third parties in connection with the Guaranteed Investment Contract.

(E) Safe harbor for certificates of deposit. The purchase price of a certificate of deposit shall be treated as its fair market value on the purchase date if all of the following requirements are met.

- (i) The certificate of deposit has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal.
- (ii) The Yield on the certificate of deposit is not less than (a) the Yield on reasonably comparable direct obligations of the United States, or (b) the highest Yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(F) Certificates evidencing the foregoing requirements should be obtained before purchasing any Guaranteed Investment Contract or certificate of deposit.

Section 3.4 Constructive Sale/Purchase.

- (A) Nonpurpose Investments that are held by the Issuer or Trustee as of any Computation Date (or Bond Year if the computations are required to be done annually) shall be treated for purposes of computing the Rebate Amount as of such date as having been sold for their fair market value as of such date. Investment Property which becomes allocated to Gross Proceeds of the Issue on a date after such Investment Property has actually been purchased shall be treated for purposes of the rebate requirements as having been purchased by the Issuer on such date of allocation at its fair market value on such date.
- (B) For purposes of constructive or deemed sales or purchases of Investment Property (other than Investment Property in the Escrow Fund or that is otherwise not invested for a Temporary Period or is not part of a reasonably required reserve or replacement fund for the Issue) must be valued at its fair market value on the date of constructive or deemed sale or purchase
- (C) Except as set forth in (B), fixed rate Investment Property that is (i) issued with not more than 2% of original issue discount or original issue premium, (ii) issued with original issue premium that is attributable exclusively to reasonable underwriters' compensation or (iii) acquired with not more than 2% of market discount or market premium, may be treated as having a fair market value equal to its outstanding stated principal amount, plus accrued interest. Fixed-rate Investment Property also may be treated as having a fair market value equal to its present value.

Section 3.5 Administrative Costs.

- (A) Administrative costs shall not be taken into account in determining the payments for or receipts from a Nonpurpose Investment unless such administrative costs are Qualified Administrative Costs. Thus, administrative costs or expenses paid, directly or indirectly, to purchase, carry, sell, or retire Nonpurpose Investments generally do not increase the Payments for, or reduce the Receipts from, Nonpurpose Investments.
- (B) Qualified Administrative Costs are taken into account in determining the Payments and Receipts on Nonpurpose Investments and thus increase the Payments for, or decrease the Receipts from, Nonpurpose Investments. In the case of a Guaranteed Investment Contract, a broker's commission or similar fee paid on behalf of either the Issuer or the provider is a Qualified Administrative Cost to the extent (1) the amount of the fee treated as a Qualified Administrative Cost does not exceed the lesser of (a) \$50,000, or such higher amount as determined and published by the Internal Revenue Service as the "cost of living adjustment" for the calendar year in which the Guaranteed Investment Contract is acquired and (b) 0.2% of the Computational Base or, if more, \$5,000, or such higher amount as determined and published by the Internal Revenue Service as the "cost of living adjustment" for the calendar year in which the Guaranteed Investment Contract is acquired and (2) the aggregate amount of broker's commissions or similar fees with respect to all Guaranteed Investment Contracts and Nonpurpose Investments acquired for a yield-restricted defeasance escrow purchased with Gross Proceeds of the Issue treated as Qualified Administrative Costs does not exceed a cap of \$141,000, or such higher amount as determined and published by the Internal Revenue Service as the "cost-of-living adjustment" for the calendar year in which the Guaranteed Investment Contract is acquired less the portion of such cap, if any, used in prior years with respect to the Issue.

Article 4. Compliance and Amendment.

Section 4.1 Compliance.

The Issuer, Trustee or Rebate Analyst, as applicable, shall take all necessary steps to comply with the requirements of these Instructions in order to ensure that interest on the Issue is excluded from gross income for federal income tax purposes under Section 103(a) of the Code. However, compliance shall not be required in the event and to the extent stated therein the Issuer and the Trustee receive an Opinion of Bond Counsel that either (A) compliance with such requirement is not required to maintain the exclusion from gross income for federal income tax purposes of interest on the Issue, or (B) compliance with some other requirement in lieu of such requirement will comply with Section 148(f) of the Code, in which case compliance with the other requirement specified in the Bond Counsel's Opinion shall constitute compliance with such requirement.

Section 4.2 Liability.

If for any reason any requirement of these Instructions is not complied with, the Issuer and the Trustee, if applicable, shall take all necessary and desirable steps to correct such noncompliance within a reasonable period of time after such noncompliance is discovered or should have been discovered with the exercise of reasonable diligence. The Trustee shall have no duty or responsibility to independently verify any of the Issuer's, or the Rebate Analyst's, calculations with respect to the payments of the Rebate Amount due and owing to the United States. Under no circumstances whatsoever shall the Trustee be liable to the Issuer, any bondholder or any other person for any inclusion of the interest on the Issue in gross income for federal income tax purposes, or any claims, demands, damages, liabilities, losses, costs or expenses resulting therefrom or in any way connected therewith, so long as the Trustee acts only in accordance with these Instructions and the operative documents pertaining to the Issue.

(End of Attachment A-1)

[This form of Opinion of Counsel to Local Borrower contains examples of the substantive information and opinions that the Authority must be covered; however, this form should be altered to reflect the type of entity that legal counsel is representing. Prior to Loan Closing, the Local Borrower must deliver to the Authority an Opinion of Counsel to Local Borrower in a substantially similar form, signed and dated the date of Loan Closing.]

Exhibit H

Opinion of Counsel to Local Borrower

Water Infrastructure Finance Authority of Arizona

Phoenix, Arizona

Ladies and Gentlemen:

I am an attorney admitted to practice in the State of Arizona and I have acted as counsel to the City of San Luis (the **“Local Borrower”**), which has entered into a Loan Agreement (as hereinafter defined) with the Water Infrastructure Finance Authority of Arizona (the **“Authority”**), and have acted as such in connection with the authorization, execution and delivery by the Local Borrower of the Loan Agreement (as hereinafter defined). Terms used and not otherwise defined herein have the meanings given to them in the Loan Agreement.

In so acting I have examined the Constitution and laws of the State of Arizona. I have also examined originals, or copies certified or otherwise identified to my satisfaction, of the following:

- (a) the Loan Agreement, dated as of _____ (the **“Loan Agreement”**) by and between the Authority and the Local Borrower; and
- (b) proceedings of the governing board of the Local Borrower relating to the approval of the Loan Agreement and the Local Borrower Bond and the execution, issuance and delivery thereof on behalf of the Local Borrower, and the authorization of the undertaking and completion of the Project, including the proceedings relating to the election held on Enter Election Date on the question of authorizing the Local Borrower to enter into loan agreements with the Authority and/or issue the Local Borrower Bond, of which there is authorized but unissued capacity at least equal to the principal amount of the Loan.

I have also examined and relied upon originals, or copies certified or otherwise authenticated to my satisfaction, of such other records, documents, certificates and other instruments, and made such investigation of law as in my judgment I have deemed necessary or appropriate to enable me to render the opinions expressed below.

Based upon the foregoing, I am of the opinion that:

1. The Local Borrower is a political subdivision of the State of Arizona with the legal right to carry on the business of the System as currently being conducted and as proposed to be conducted.
2. The Local Borrower has full legal right and authority to pledge the Source of Repayment for the Loan Repayments and to execute and deliver the Loan Agreement, and to observe and perform its duties, covenants, obligations and agreements thereunder and to undertake and complete the Project; subject, however, to the effect of restrictions and limitations imposed by or resulting from, bankruptcy, insolvency, moratorium, reorganization, debt adjustment or other similar laws affecting creditors rights generally (“**Creditor’s Rights Limitations**”) heretofore or hereafter enacted.
3. The Local Borrower has duly and validly pledged the Source of Repayment for the punctual payment of the principal of and interest on the Loan and all other amounts due under the Loan Agreement and the Local Borrower Bond according to their respective terms.
4. All additional debt tests and reserve and other requirements applicable to the Local Borrower with respect to the pledge of the Source of Repayment have been satisfied.
5. The authorizing proceedings of the Local Borrower’s governing body approving the Loan Agreement and authorizing its execution, issuance and delivery on behalf of the Local Borrower, and authorizing the Local Borrower to undertake and complete the Project (hereinafter collectively called the “**Authorizing Resolutions**”) have been duly and lawfully adopted and authorized in accordance with applicable Arizona law, at a meeting or meetings which were duly called pursuant to necessary public notice and held in accordance with applicable Arizona law, and at which quorums were present and acting throughout.
6. The Loan Agreement has been duly authorized, executed and delivered by the authorized officers of the Local Borrower; and, assuming that the Authority has all the requisite power and authority to authorize, execute and deliver, and has duly authorized, executed and delivered the Loan Agreement, the Loan Agreement constitutes the legal, valid and binding obligation of the Local Borrower enforceable in accordance with its terms; subject, however, to the effect of and to restrictions and limitations imposed by or resulting from Creditor’s Rights Limitations or other laws, judicial decisions and principles of equity relating to the enforcement of contractual obligations generally.
7. To the best of my knowledge, after such investigation as I have deemed appropriate, the authorization, execution and delivery of the Loan Agreement by the Local Borrower, the observance and performance by the Local Borrower of its duties, covenants, obligations and agreements thereunder and the consummation of the transactions contemplated therein and the

undertaking and completion of the Project do not and will not contravene any existing law or any existing order, injunction, judgment, decree, rule or regulation of any court or governmental or administrative agency, authority or person having jurisdiction over the Local Borrower or its property or assets or result in a breach or violation of any of the terms and provisions of, or constitute a default under, any existing bond resolution, trust agreement, indenture, mortgage, deed of trust or other agreement to which the Local Borrower is a party or by which it, the System or its property or assets is bound.

8. To the best of my knowledge, after such investigation as I have deemed appropriate, all approvals, consents or authorizations of, or registrations of or filings with, any governmental or public agency, authority or person required to date on the part of the Local Borrower in connection with the authorization, execution, delivery and performance of the Loan Agreement, and the undertaking and completion of the Project have been obtained or made.

9. To the best of my knowledge, after such investigation as I have deemed appropriate, there is no litigation or other proceeding pending or threatened in any Court or other tribunal of competent jurisdiction (either State or Federal) questioning the creation, organization or existence of the Local Borrower or the validity, legality or enforceability of the Loan Agreement, or the undertaking or completion of the Project.

This opinion is rendered on the basis of Federal law and the laws of the State of Arizona as enacted and construed on the date hereof. I express no opinion as to any matter not set forth in the numbered paragraphs herein.

Very truly yours,

Exhibit I
Borrowing Resolution

[To be Inserted Prior to Closing]

Exhibit J
Authority Board Resolution

Loan Resolution 2027-003 City of San Luis
Water Infrastructure Finance Authority of Arizona

Section 1: Resolution

WHEREAS, the Water Infrastructure Finance Authority of Arizona (the “*Authority*”) has received from City of San Luis (the “*Local Borrower*”) a request for a loan (the “*Loan*”); and

WHEREAS, the Authority has determined that the Local Borrower has met the requirements of Arizona Revised Statutes §49-1201 et seq. (the “*Act*”) and the rules promulgated thereunder (the “*Rules*”); and

WHEREAS, the terms and conditions under which a Loan will be made and the obligations of the Local Borrower will be set forth in a loan agreement or bond purchase agreement (the “*Loan Agreement*”) to be executed by the Local Borrower and the Authority.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE AUTHORITY AS FOLLOWS:

The Director of the Authority is hereby authorized and directed to execute a Loan Agreement with the Local Borrower to evidence a Loan in accordance with the Act, the Rules, the Local Borrower’s applications to the Authority, and the Project Summary detailed in Section 2 of this Loan Resolution.

The Director and other Authority officials, as appropriate, are authorized and directed to sign any document and take such actions as necessary and appropriate to consummate the transactions contemplated by this Resolution and the Loan Agreement and to ensure that the Local Borrower has completed all requirements of the Authority as detailed in Section 3, Section 4, and Section 5 of this Loan Resolution.

This Resolution shall take effect immediately and shall terminate one year from the date of Board Action.

PASSED AND ADOPTED by the Board of Directors for the Water Infrastructure Finance authority of Arizona on August 19, 2026.

The Chairman of the Board of Directors certifies that the above is a true and correct copy of the resolution that was duly adopted at a public meeting of the Water Infrastructure Finance Authority on the date referenced above.

By: 
Chairman

Loan Resolution 2027–003 City of San Luis

Water Infrastructure Finance Authority of Arizona

Section 2: Project Summary

2.1 Project Number(s)

CW 028-2026

2.2 Project Priority Data

<u>PPL Rank</u>	<u>Funding Cycle</u>	<u>Population Served</u>	<u>FA Index*</u>
6	2027	39,705	80%

* Per the proposed PPL to be presented for approval at the August 19, 2026, WIFA Board meeting.

2.3 Project Description(s)

This project makes major upgrades that include new headworks with fine screening and grit removal, new secondary process configuration, new MBR system, new influent and return activated sludge channel, new sludge dewatering system, new odor control units, new facility operations buildings, and existing effluent pump station and disinfection system improvements. Electrical improvements include motor control center modifications, and standby generator and automatic transfer switch upgrades.

This is a second WIFA loan to fund the above project with a revised total cost of \$41,390,000.00.

2.4 Previous Board or Committee Actions

October 15, 2025 – WIFA Board approved Resolution 2026-011 for \$26,240,000 (Loan #910223-26) for wastewater treatment plant improvements; with an additional \$20,000 approved for Technical Assistance for Davis-Bacon compliance

2.5 Federal Programs Committee Review Date

August 11, 2026

Section 3: Financial Assistance Terms & Conditions (Section 7.1 of Due Diligence)

Financial Assistance Amount: \$12,150,000.00 with \$4,000,000 in forgivable principal

Primary Repayment Source: Excise Taxes

Loan Resolution 2027-003 City of San Luis
Water Infrastructure Finance Authority of Arizona

Secondary Repayment Source: None

Loan Term: 25 years

Frequency of Repayment: Semi-Annual

Loan Structure: Standard Governmental-Level 1; Disadvantaged Community

Equivalency Project: No

Combined Interest & Fee Rate (CIFR): X Standard CIFR Non-Standard CIFR

Debt Service Reserve Fund Requirements: None

Repair and Replacement Fund Requirements: None

Requirements Prior to Loan Execution:

 Require Legal Opinion: Yes

 Other: None

Requirements Prior to Construction: None

Requirement During Construction: None

Requirements Prior to Final Disbursements: None

Loan Category: Qualified, Not Pledged

Policy Exceptions: None

Section 4: Technical Terms & Conditions (Section 7.2 of Due Diligence)

Observation Schedule B:

Observation 1: Upon borrower notification of construction commencement

Additional Observations: at least one site observation within each 12 month period

Final Observation: 80% construction budget disbursement

Loan Resolution 2027–003 City of San Luis

Water Infrastructure Finance Authority of Arizona

Withholding Percentage:

50% (released after FSP certification received)

10% (released after deliverables received)

Requirements Prior to Loan Execution: None

Requirements Prior to Construction:

Submittal of Construction Bids: Yes

Project Publicity/Signage: Yes

The Local Borrower shall erect a construction sign displaying information on the Project and the funding sources. The Authority shall provide specifications for such construction signs.

Other: None

Requirements During Construction:

Prior Review of Changes in Project Scope: Yes

The Local Borrower shall submit to the Authority, for review and approval prior to execution, any change to the plans and specifications, construction contracts, Eligible Project Costs, or any other change which will effect the performance standards or purpose of the Project.

Other: None

Requirements Prior to Releasing Withholdings:

Require Plan of Operation: Yes

Require Final Approval: Yes

Other: None

Policy Exceptions: None

Section 5: Additional Notice & Reporting Requirements (Section 7.3 of Due Diligence)

Other: Wage rate reporting requirements; Use of American Iron and Steel requirements

Exhibit K
IRS Form 8038-G

[The 8038-G will be prepared when \$50,000 of loan funds have been disbursed]

City of San Luis, Arizona

West Wastewater Treatment Plant Expansion Project

Summary of Financing Results:
WIFA CWSRF Loans No. 910223-26 & 910229-27

September 23, 2026



STIFEL | Public Finance

Second WIFA loan for the wastewater treatment plant project

Loan Summary

Closing Date: TBD – not yet set (estimated 9/25/26 or later)
Loan Amount: \$12,150,000.00 original loan amount as of the closing date
Forgivable Principal Amount: \$4,000,000.00
Intended Repayment Amount: \$8,150,000.00
Loan Term: 25 years – first payment period 07/01/27, final principal payment 07/01/51
Combined Interest & Fee Rate: 3.600%* (estimated per the draft Loan Agreement, TBD upon pricing/closing of the Loan. Fee component is 1.5% (150 basis points); interest is the rate less the fee
Revenues Pledge: Excise Tax Revenues of the City
Coverage Requirement: 200% of parity debt service on Excise Tax Revenues, plus 100% of subordinate debt service

Project Description

Major upgrades including new headworks with fine screening and grit removal, new secondary process configuration, new MBR system, new influent and return activated sludge channel, new sludge dewatering system, new odor control units, new facility operations buildings, and improvements to the existing effluent pump station and disinfection system. Electrical improvements include motor control center modifications and standby generator and automatic transfer switch upgrades.

Scope note: This is the second WIFA loan funding the project, which has a revised total cost of \$41,390,000.00

Annualized Loan Repayment Schedule (\$)

Yr	Due (July 1)	Interest & Fees	Principal	Total Payment
1	2027	220,865.00	206,475.05	427,340.05
2	2028	285,966.90	213,908.15	499,875.05
3	2029	278,266.22	221,608.83	499,875.05
4	2030	270,288.28	229,586.77	499,875.05
5	2031	262,023.16	237,851.89	499,875.05
6	2032	253,460.50	246,414.55	499,875.05
7	2033	244,589.56	255,285.49	499,875.05
8	2034	235,399.30	264,475.75	499,875.05
9	2035	225,878.16	273,996.89	499,875.05
10	2036	216,014.26	283,860.79	499,875.05
11	2037	205,795.30	294,079.75	499,875.05
12	2038	195,208.42	304,666.63	499,875.05
13	2039	184,240.42	315,634.63	499,875.05
14	2040	172,877.58	326,997.47	499,875.05
15	2041	161,105.66	338,769.39	499,875.05
16	2042	148,909.96	350,965.09	499,875.05
17	2043	136,275.22	363,599.83	499,875.05
18	2044	123,185.62	376,689.43	499,875.05
19	2045	109,624.80	390,250.25	499,875.05
20	2046	95,575.82	404,299.23	499,875.05
21	2047	81,021.02	418,854.03	499,875.05
22	2048	65,942.30	433,932.75	499,875.05
23	2049	50,320.70	449,554.35	499,875.05
24	2050	34,136.74	465,738.31	499,875.05
25	2051	17,370.18	482,504.70	499,874.88
Total		4,274,341.08	8,150,000.00	12,424,341.08

Source: City of San Luis WIFA Loan Agreement No. 910229-27 – Exhibit A, Sections 1 and 2, and Exhibit B, Sections 1 and 2. Annual amounts aggregate the two semi-annual payment periods in each loan year. Source of repayment is Excise Tax Revenues, subject to a 200% rate covenant under Exhibit D.

First WIFA loan for the wastewater treatment plant project

Loan Summary

Closing Date: 12/11/25
Loan Amount: \$26,240,000.00 original loan amount as of the closing date
Forgivable Principal Amount: \$1,500,000.00
Intended Repayment Amount: \$24,740,000.00
Loan Term: 25 years – first payment period 07/01/26. Principal repayments begin in period 6, first 07/01/28 and final 07/01/50
Combined Interest & Fee Rate: 3.312%. Fee component is 1.5% (150 basis points); interest is the rate less the fee
Revenues Pledge: Net Revenues of the City's Utility System Revenues (Water + Wastewater)
Coverage Requirement: 120% of parity debt service on Net Revenues of the System, plus 100% of subordinate debt service

Project Description

Major upgrades including new headworks with fine screening and grit removal, new secondary process configuration, new MBR system, new influent and return activated sludge channel, new sludge dewatering system, new odor control units, new facility operations buildings, and improvements to the existing effluent pump station and disinfection system. Electrical improvements include motor control center modifications and standby generator and automatic transfer switch upgrades.

Annualized Loan Repayment Schedule (\$)

Yr	Due (July 1)	Interest & Fees	Principal	Total Payment
1	2026	455,216.00	–	455,216.00
2	2027	819,388.80	–	819,388.80
3	2028	819,388.80	734,373.16	1,553,761.96
4	2029	795,066.36	758,695.60	1,553,761.96
5	2030	769,938.36	783,823.60	1,553,761.96
6	2031	743,978.14	809,783.82	1,553,761.96
7	2032	717,158.08	836,603.88	1,553,761.96
8	2033	689,449.76	864,312.20	1,553,761.96
9	2034	660,823.74	892,938.22	1,553,761.96
10	2035	631,249.62	922,512.34	1,553,761.96
11	2036	600,696.02	953,065.94	1,553,761.96
12	2037	569,130.46	984,631.50	1,553,761.96
13	2038	536,519.48	1,017,242.48	1,553,761.96
14	2039	502,828.42	1,050,933.54	1,553,761.96
15	2040	468,021.50	1,085,740.46	1,553,761.96
16	2041	432,061.76	1,121,700.20	1,553,761.96
17	2042	394,911.06	1,158,850.90	1,553,761.96
18	2043	356,529.92	1,197,232.04	1,553,761.96
19	2044	316,877.58	1,236,884.38	1,553,761.96
20	2045	275,911.98	1,277,849.98	1,553,761.96
21	2046	233,589.58	1,320,172.38	1,553,761.96
22	2047	189,865.48	1,363,896.48	1,553,761.96
23	2048	144,693.24	1,409,068.72	1,553,761.96
24	2049	98,024.86	1,455,737.10	1,553,761.96
25	2050	49,810.86	1,503,951.08	1,553,761.94
Total		12,271,129.86	24,740,000.00	37,011,129.86

Source: City of San Luis WIFA Loan Agreement No. 910223-26 – Exhibit A, Sections 1 and 2, Exhibit B, Sections 1 and 2, and Resolution Addendum A2026-040. Annual amounts aggregate the two semi-annual payment periods in each loan year; years 1 and 2 are interest and fees only. Source of repayment is Net Revenues of the System, subject to a 120% rate covenant under Exhibit D.

Stifel, Nicolaus & Company, Incorporated ("Stifel") has been engaged or appointed to serve as an underwriter or placement agent with respect to a particular issuance of municipal securities to which the attached material relates and Stifel is providing all information and advice contained in the attached material in its capacity as underwriter or placement agent for that particular issuance. As outlined in the SEC's Municipal Advisor Rule, Stifel has not acted, and will not act, as your municipal advisor with respect to the issuance of the municipal securities that is the subject to the engagement.

Stifel is providing information and is declaring to the proposed municipal issuer that it has done so within the regulatory framework of MSRB Rule G-23 as an underwriter (by definition also including the role of placement agent) and not as a financial advisor, as defined therein, with respect to the referenced proposed issuance of municipal securities. The primary role of Stifel, as an underwriter, is to purchase securities for resale to investors in an arm's-length commercial transaction. Serving in the role of underwriter, Stifel has financial and other interests that differ from those of the issuer. The issuer should consult with its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate.

These materials have been prepared by Stifel for the client or potential client to whom such materials are directly addressed and delivered for discussion purposes only. All terms and conditions are subject to further discussion and negotiation. Stifel does not express any view as to whether financing options presented in these materials are achievable or will be available at the time of any contemplated transaction. These materials do not constitute an offer or solicitation to sell or purchase any securities and are not a commitment by Stifel to provide or arrange any financing for any transaction or to purchase any security in connection therewith and may not be relied upon as an indication that such an offer will be provided in the future. Where indicated, this presentation may contain information derived from sources other than Stifel. While we believe such information to be accurate and complete, Stifel does not guarantee the accuracy of this information. This material is based on information currently available to Stifel or its sources and is subject to change without notice. Stifel does not provide accounting, tax or legal advice; however, you should be aware that any proposed indicative transaction could have accounting, tax, legal or other implications that should be discussed with your advisors and/or counsel as you deem appropriate.

STIFEL | Public Finance



AGENDA ITEM REVIEW FORM

Regular City Council Meeting

7. B.

Meeting Date: 09/23/2026

Department Head: Manuel Hernandez, Assistant Director of Public Works, Public Works Department

Submitted By: Manuel Hernandez, Assistant Director of Public Works, Public Works Department

Action Requested: Motion

ITEM:

Discussion and possible action to approve a 12-month lease agreement with Rush Refuse Systems for a 2026 Peterbilt/McNeilus Automated Side Loader Refuse Truck. **(Manuel Hernandez, Assistant Director of Public Works)**

SUMMARY:

Public Works is requesting approval from the Mayor and Council for a 12-month lease agreement with Rush Refuse Systems for a new 2026 Peterbilt/McNeilus Automated Side Loader Refuse Truck. The lease payment is \$9,300 per month, for a total lease cost of \$111,600. At the end of the term, 50% of the lease payments (\$55,800) will be applied toward the purchase, reducing the purchase price to \$354,200. Public Works will request this funding in the FY28 Budget. The total cost to the City for the lease and purchase will be \$465,800. Public Works also requested pricing from Haaker Refuse (Rush Refuse Systems and Haaker Refuse are the two authorized dealers serving Arizona for new Peterbilt/McNeilus refuse trucks). Haaker quoted \$481,460 for a similar vehicle, not including sales tax, DMV fees, or federal excise tax, the Rush proposal saves the City approximately \$15,660. This lease to own method was used for the City's last two solid waste trucks and has proven cost effective.

Rush Refuse Systems has provided consistent customer service, and the City's Peterbilt/McNeilus refuse trucks have demonstrated reliable performance. The proposed vehicle also includes extended warranties for the engine, emissions system, and transmission. This lease will replace Unit No. 3270, a 2004 Autocar/Scorpion refuse truck that is 22 years old and has incurred substantial maintenance and repair costs. Replacing this vehicle is part of the City's Refuse Truck Replacement Schedule (part of the City's CIP Plan) and will improve reliability while reducing maintenance costs. Public Works plans to continue replacing one refuse truck each year, leasing a new vehicle and purchasing it the following fiscal year. Public Works expects to return in FY28 to request a lease replacing Unit No. 0487, another 2004 Autocar/Scorpion. This approach maintains a more reliable fleet and spreads the cost over several fiscal years.

Public Works is requesting approval of the 12-month lease agreement and authorization to waive the formal procurement procedures for good cause in accordance with Section 3.05.010(F), Procedures Waived, of the City Code.

RECOMMENDATION / SUGGESTED MOTION:

I MOVE TO APPROVE A 12-MONTH LEASE AGREEMENT WITH RUSH REFUSE SYSTEMS FOR A 2026 PETERBILT MCNEILUS AUTOMATED SIDE LOADER REFUSE TRUCK AND WAIVE FORMAL PROCUREMENT PROCEDURES.

Fiscal Impact

IS THERE FISCAL IMPACT ASSOCIATED WITH THIS ITEM: Yes
CITY/STATE/FEDERAL FUNDS: City
TOTAL: \$111,600.00
BUDGETED AMOUNT: \$120,500.00
AVAILABLE AMOUNT TO TRANSFER: \$120,458.49
ACCT NAME & GL#/REMAINING BALANCE BEFORE PURCHASE: Lease Payments - Principal & Interest
320-321-80015/\$120,458.49

FISCAL IMPACT STATEMENT (IF THIS IS A BUDGET TRANSFER, YOU MUST ATTACH THE BUDGET ADJUSTMENT FORM):

Funding is available in the FY27 Solid Waste Fund budget, Account 320-321-80015, Lease Payments – Principal & Interest. Lease payments will begin upon delivery of the vehicle, **and any payments extending beyond June 30, 2027 will need to be budgeted in FY28.** Public Works will request \$354,200 in the FY28 Budget to exercise the purchase option at the end of the lease term. This lease is part of the City's Capital Improvement Program (CIP) and Refuse Vehicle Replacement Program to systematically replace aging refuse trucks and maintain a reliable fleet.

Attachments

Rental Schedule for City of San Luis - Unit 955-3072 (4)
4756_4583_Master_Lease_Agreement_2015_SAMPLE (1)
Lease Purchase Proposal - City of San Luis, AZ - VIN 765386 and Unit# 955-3072 - 7-29-2026 (2)
SAN LUIS, CITY_MTM ZR PB520 (114318)_8-20-26(JZ)(MS) (1)

SCHEDULE B

(7 months or more)

This Schedule B is made a part of the Master Lease/Rental Agreement dated June 5, 2023, (the “Agreement”), between Rush Truck Leasing, Inc., a Delaware corporation (“Owner”) and City of San Luis (“Customer”). All capitalized terms not otherwise defined shall have the respective meanings set forth in the Agreement.

EQUIPMENT DESCRIPTION:

Agreement Number:	<u>PO</u>	Insured Value \$450,000.00
Customer Number:	<u>San Luis, AZ</u>	
Vehicle Unit Number	<u>955-3072</u>	
Commencement Date:	<u>TBD</u>	
Truck:	<u>2026 Peterbilt 520</u>	
Vehicle ID Number:	<u>3BPDLK0X3TF765386</u>	
Equipment Type:	<u>MCNEILUS 28YD ASL</u>	
Equipment ID Number:	<u>70937</u>	

AMOUNT DUE AT DELIVERY:

- 1) Security Deposit: _____
 2) Delivery Charges: _____
 3) Licensing & Fees: _____
 4) Other Charges: _____
 5) Sales Tax: 0% _____
Total Due at Delivery _____
 (*denotes non-taxable items)

(*denotes non-taxable items)

BASE PAYMENT: (Payable Monthly)

- | | |
|----------------------|------------|
| 1) Fixed Charge: | \$9,300.00 |
| 2) Licensing & Fees: | |
| 3) Other Charges: | |
| 4) Sales Tax: 0.00% | |

Base Payment: \$9,300.00

(*denotes non-taxable items)

RATE:

The base lease payments and other amounts which Customer agrees to pay for the lease of the above-described items of Equipment are listed above. In addition, Customer agrees that it shall pay (a) all amounts set forth in the Lease, (b) all damages or losses not paid by insurance, including "lost time rental" based upon 75% of the base payment, until all repairs are complete and the unit is O.S.H.A. certified, and (c) multiple shift rates (the above base payment being based upon 8 hours per day for 40 hours per week for 4 weeks per month), as follows: double shifts of 16 hours per day shall be billed to Customer at one and one-half (1 ½) times the base payment and triple shifts of 24 hours per day shall be billed to Customer at twice the base payment.

MINIMUM TERM (in Months): Twelve (12)

The Term of the lease shall commence on the date an item of Equipment is delivered to Customer ("Commencement Date") and expire at the end of the term. Customer shall give Owner at least 24 hours notice for any pickup and deliveries. Pickup expenses shall be billed on the final base payment billing, and the term shall be considered ended at the end of the day the applicable item of Equipment arrives in Owner's lot.

For the purpose of this Schedule B, for any item of Equipment returned to Owner after the term expires, Customer shall be charged a daily rental rate ***plus*** “lost time rental” charges.

Customer's Initials: DS
BT

Owner's Initials: BT

PURCHASE OPTION:

If Customer is not in default under the Agreement, Customer may purchase the above-described items of Equipment for the purchase price described below. Customer shall notify the Owner in writing at least sixty (60) days prior to the termination of the lease if Customer desires to purchase the above-described items of Equipment. Customer shall also pay Owner in cash, within (30) days after giving such notice, the full purchase price plus taxes or charges owed for the sale or for the transfer of title, plus all other amounts due to Owner under the Agreement. Owner shall deliver title to the Customer within fifteen (15) business days after receipt of the full cash payment for all of these items.

The purchase price shall be calculated as the Base Price less a portion of the monthly payment determined as follows:

The portion of each monthly payment deducted from the Base Price shall be calculated by multiplying the Applied Percentage listed below times the applicable monthly payment and then subtracting taxes, repairs and miscellaneous extra charges paid or payable by Owner.

Base Price:	<u>\$410,000.00</u>
Applied percentage:	<u>50% up to 12 months</u>
Mileage Rate Over Base Miles:	_____
Base Miles Per Month:	_____

During the term, Customer agrees to wash the Equipment on a regular basis, particularly when the Equipment is used on roads treated for ice. Customer is responsible for cleaning the Equipment prior to its return to Owner.

All payments from Customer under the Lease, including, without limitation, this Schedule B, are due on the earlier to occur of: (1) 10 working days after invoicing, or (2) return of the Equipment to Owner.

Customer shall be responsible for providing all necessary safety equipment for the safe operation of each item of Equipment. Customer shall be responsible for (1) maintaining fluids, (2) lubricant levels, (3) tire damage and (4) any and all damages to the Equipment. Customer shall perform monthly "B" truck service; Customer shall promptly mail shop service receipts for these services to Owner.

Signing this form indicates agreement that the terms and conditions on this Schedule B, and the terms and provisions of this Schedule B and the Lease take precedence over Customer's terms and conditions.

CUSTOMER:

City of San Luis

By: _____
(Signature)

Name: _____
(Type or Print)

Title: _____
(Type or Print)

Date: _____
(Type or Print)

OWNER:

Rush Truck Leasing, Inc

By: DocuSigned by:
Bradley Taylor
3F0555783B0C4EB...
(Signature)

Name: Bradley Taylor
(Type or Print)

Title: Sales Rep
(Type or Print)

Date: 7/29/2026
(Type or Print)

Rush Refuse Trucks

Rental & Sales



www.RushRefuseSystems.com

Insurance Requirements for REFUSE Rentals ONLY

1. **Comprehensive General Liability** - \$1,000,000 combined single limit
2. **Automobile Liability** - \$1,000,000 combined single limit
3. **Physical Damage** – “All Risk” insurance on our equipment (special form)
4. **Workers Compensation & Employer’s Liability** - \$1,000,000 minimum limits

Rev 5/17/18 (TV)

1. **Comprehensive General Liability**
 - Occurrence Form
 - Rush Enterprises, Inc. and/or its subsidiaries and/or its affiliates, successors and assigns and PACCAR Leasing Company, as their interest may appear should be additional named insured.
 - Customer’s insurance must waive its right of subrogation against Rush Enterprises, Inc. and its Subsidiaries and Affiliates.
2. **Automobile Liability**
 - Hired and non-owned automobiles must be included
 - Rush Enterprises, Inc. and/or its subsidiaries and/or its affiliates, successors and assigns and PACCAR Leasing Company, as their interest may appear should be additional named insured.
 - Customer’s insurance must waive its right of subrogation against Rush Enterprises, Inc. and its Subsidiaries and Affiliates.
3. **Physical Damage Insurance**
 - Our equipment should be insured against all risks or the equivalent for a stated value as determined by Rush Crane & Refuse Systems, Inc.
 - The deductible should not exceed \$10,000 any one loss
 - Evidence of insurance should include a description of our equipment including the truck’s full VIN or serial numbers along with the stated amount of insurance thereon.
 - Rush Enterprises, Inc. and/or its Subsidiaries and/or its affiliates, successors and assigns and PACCAR Leasing Company, should be named as loss payees.
 - Customer’s insurance must waive its right of subrogation against Rush Enterprises, Inc. and its Subsidiaries and Affiliates.
4. **Workers Compensation Insurance**
 - Statutory coverage including Employer’s Liability coverage with limits of \$1,000,000
 - Customer’s insurance must waive its right of subrogation against Rush Enterprises, Inc. and its Subsidiaries and Affiliates.

Proper evidence of insurance meeting our requirements in insurers with a Best’s minimum rating of “A” or better must be on file before any equipment may leave the yard. ACORD Certificates of Insurance issued by an authorized insurance agent are the preferred evidence of insurance forms. Please allow adequate time to enable us to conduct a review of customers’ insurance.

555 IH 35 South#234 | New Braunfels, TX 78130

Email to certrequest@rushenterprises.com | (830) 302-5462



Sample for REFUSE Trucks ONLY
CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

Current Date

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	CONTACT NAME: FULL NAME PHONE: CONTACT NUMBER E-MAIL: FULL EMAIL ADDRESS ADDRESS:	FAX (A/C. No.):
PRODUCER FULL NAME & ADDRESS	INSURER(S) AFFORDING COVERAGE	NAIC #
INSURED	INSURER A: AM BEST A- / X or BETTER COMPANY	12345
	INSURER B: AM BEST A- / X or BETTER COMPANY	12345
	INSURER C: AM BEST A- / X or BETTER COMPANY	12345
	INSURER D:	
	INSURER E:	
	INSURER F:	

NAME & ADDRESS OF INSURED
(Must Match Signed Contract)

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	COMMERCIAL GENERAL LIABILITY CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY ☐ PRO-JECT ☐ LOC OTHER:	X	X	GL000000	00/00/00	00/00/00	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
B	AUTOMOBILE LIABILITY ANY AUTO ☒ ALL OWNED AUTOS ☐ HIRED AUTOS ☐ SCHEDULED AUTOS ☐ NON-OWNED AUTOS ☐	X	X	AL000000	00/00/00	00/00/00	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB ☐ EXCESS LIAB ☐ DED ☐ RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y / N ☐	X	WC000000	00/00/00	00/00/00	☒ PER STATUTE ☐ OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000
B	PHYSICAL DAMAGE EQUIPMENT POLICY	X	X	PD000000	00/00/00	00/00/00	ALL RISK POLICY (Limit High Enough to Cover our Unit) DEDUCTIBLE \$10,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Waiver of Subrogation on ALL policies in favor of Certificate Holder (No Exceptions)
Certificate Holder to be Named as Additional Insured on ALL policies (except WC) and Loss Payee in Respects to Physical Damage (No Exceptions)
Complete Description of Unit - 2014 Peterbilt #0000000000000000 (\$ Total Value)

30 Day Notice of Cancellation must be endorsed to the policy and stated so on the certificate or a copy of the endorsement provided (No Exceptions)

CERTIFICATE HOLDER	CANCELLATION
Rush Enterprises, Inc. and/or its Subsidiaries, Affiliates, Successors and Assigns & Paccar Leasing Company 555 IH 35 South #234 New Braunfels, TX 78130	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE Authorized Agents Signature

© 1988-2013 ACORD CORPORATION. All rights reserved.

ATTENTION CUSTOMERS

**BE ADVISED THAT RUSH CRANE AND
REFUSE SYSTEMS RENTAL TRUCKS HAVE
APPORTIONED (IRP) PLATES. RENTERS
MUST SUBMIT TRIP RECORDS AND FUEL
RECEIPTS UPON RETURN.**

**IF YOUR ORGANIZATION PURCHASES BULK
FUEL FOR USE IN THIS VEHICLE, PLEASE
CONTACT YOUR RUSH CRANE AND REFUSE
SYSTEMS RENTAL REPRESENTATIVE TO
DISCUSS WHAT DOCUMENTATION
SHOULD BE SUBMITTED.**

THANK YOU FOR YOUR COOPERATION

Certificate Of Completion

Envelope Id: 5EDB9AE3-2C16-8FD3-82E9-229C9C1D69D8

Status: Sent

Subject: City of San Luis Schedule B Unit 955-3072

Source Envelope:

Document Pages: 5

Signatures: 1

Envelope Originator:

Certificate Pages: 4

Initials: 1

LaDonna Burnett

AutoNav: Enabled

555 IH-35 South

Envelopeld Stamping: Disabled

New Braunfels, TX 78130

Time Zone: (UTC-06:00) Central Time (US & Canada)

BurnettL@RushEnterprises.com

IP Address: 163.116.253.152

Record Tracking

Status: Original

Holder: LaDonna Burnett

Location: DocuSign

7/29/2026 10:15:13 AM

BurnettL@RushEnterprises.com

Signer Events

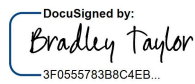
Bradley Taylor

TaylorB4@RushEnterprises.Com

Sales Rep

Security Level: Email, Account Authentication
(None)

Signature

DocuSigned by:

3F055783B8C4EB...

Signature Adoption: Pre-selected Style
Using IP Address: 163.116.253.154

Timestamp

Sent: 7/29/2026 10:19:07 AM

Viewed: 7/29/2026 11:33:30 AM

Signed: 7/29/2026 11:33:42 AM

Electronic Record and Signature Disclosure:

Accepted: 7/29/2026 11:33:30 AM

ID: e03e0442-33f0-44bf-abed-0c97f63dab2d

Manuel Hernandez

mhernandez@sanluisaz.gov

Security Level: Email, Account Authentication
(None)

Sent: 7/29/2026 11:33:44 AM

Viewed: 7/30/2026 7:29:48 AM

Electronic Record and Signature Disclosure:

Accepted: 7/30/2026 7:29:48 AM

ID: fd3c4401-989a-4598-841a-f14038535bed

In Person Signer Events

Signature

Timestamp

Editor Delivery Events

Status

Timestamp

Agent Delivery Events

Status

Timestamp

Intermediary Delivery Events

Status

Timestamp

Certified Delivery Events

Status

Timestamp

Carbon Copy Events

Status

Timestamp

Cert

CertRequest@RushEnterprises.Com

Security Level: Email, Account Authentication
(None)

Electronic Record and Signature Disclosure:

Not Offered via Docusign

Shana Merlin

MerlinS@RushEnterprises.com

Security Level: Email, Account Authentication
(None)

Electronic Record and Signature Disclosure:

Carbon Copy Events	Status	Timestamp
Not Offered via DocuSign		
Seth Godi		
GodiS@RushEnterprises.Com		
Security Level: Email, Account Authentication (None)		
Electronic Record and Signature Disclosure:		
Not Offered via DocuSign		
Bradley Domel		
Domelb@RushEnterprises.Com		
Security Level: Email, Account Authentication (None)		
Electronic Record and Signature Disclosure:		
Not Offered via DocuSign		
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	7/29/2026 10:19:07 AM
Certified Delivered	Security Checked	7/30/2026 7:29:48 AM
Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, Rush Enterprises, Inc. - Sales Dept. (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact Rush Enterprises, Inc. - Sales Dept.:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: salesoperations@rushenterprises.com

To advise Rush Enterprises, Inc. - Sales Dept. of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at salesoperations@rushenterprises.com and in the body of such request you must state:

your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

To request paper copies from Rush Enterprises, Inc. - Sales Dept.

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to salesoperations@rushenterprises.com and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with Rush Enterprises, Inc. - Sales Dept.

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an email to salesoperations@rushenterprises.com and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

Acknowledging your access and consent to receive and sign documents electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

By selecting the check-box next to 'I agree to use electronic records and signatures', you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify Rush Enterprises, Inc. - Sales Dept. as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by Rush Enterprises, Inc. - Sales Dept. during the course of your relationship with Rush Enterprises, Inc. - Sales Dept..

RUSH

MASTER LEASE/RENTAL AGREEMENT

This Master Lease/Rental Agreement (this "Agreement"), is made _____, ____, 20__ between Rush Truck Leasing, Inc., a Delaware corporation, with offices at 8810 IH-10 East, San Antonio, Texas 78219 ("Owner"), and _____, whose address is _____ ("Customer").

W I T N E S S E T H:

WHEREAS, Owner is the owner of certain equipment and is engaged in the business of leasing/renting such equipment; and

WHEREAS, Customer desires to lease/rent certain equipment for commercial use;

NOW THEREFORE, in consideration of the following mutual promises and covenants, Customer and Owner hereby agree as follows:

1. **DESCRIPTION OF LEASED/RENTED EQUIPMENT.** Owner agrees to lease/rent to Customer, and Customer agrees to lease/rent from Owner the equipment described on the attached Schedule(s), as amended and/or supplemented from time to time, executed by Customer and Owner and made part of this Agreement (individually, an "item of Equipment" and collectively, the "Equipment").
2. **TERM; CHARGES.** The Agreement shall become effective with respect to each item of Equipment on the date such item of Equipment is delivered by Owner to Customer, and shall continue for the term specified on the applicable attached Schedule(s) unless terminated earlier as provided hereinafter. In consideration for the lease/rental by Owner to Customer of the Equipment, Customer agrees to pay base lease/rental payments and other charges as specified on the applicable attached Schedule(s) and in this Agreement.
3. **ACCEPTANCE AND INSPECTION.** By accepting delivery of any item of Equipment, Customer acknowledges and accepts the warranty and limitations with respect thereto as set forth in Paragraph 4 and Paragraph 5, respectively, and further acknowledges and represents that Customer has inspected each item of Equipment and concluded that it is in proper operating or serviceable condition and that it has been selected by Customer as adequate and sufficient for Customer's intended uses. Customer is responsible to provide all O.S.H.A., federal, and state required safety equipment. Customer assumes all responsibility for the care and use of each item of Equipment and agrees to pay to Owner, in addition the base rental payments and all other amounts required to be paid to Owner hereunder, an amount equal to all damages to and losses with respect to any item of Equipment.
4. **WARRANTY. OWNER LEASES/RENTS EACH ITEM OF EQUIPMENT TO CUSTOMER "AS IS" AND MAKES NO WARRANTIES REGARDING ANY ITEM OF EQUIPMENT (INCLUDING, WITHOUT LIMITATION, (a) THE BODY, ENGINE, TRANSMISSION, DRIVETRAIN, AND ANY OTHER MECHANICAL PART OF ANY ITEM OF EQUIPMENT, (b) THE ELECTRICAL SYSTEM OF ANY ITEM OF EQUIPMENT, (c) ANY ACCESSORIES ON ANY ITEM OF EQUIPMENT AND (d) ANY OPTION ON ANY ITEM OF EQUIPMENT), WHETHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION PERFORMANCE GUARANTIES AND IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ALL OF WHICH ARE EXPRESSLY EXCLUDED.** Owner shall not be liable for any direct, indirect, incidental or consequential damages or losses resulting from the operation or use of any item of Equipment, including, without limitation, damages for loss of business profits or business interruption. In addition, Owner shall not be responsible for any loss, damage or claim caused by or attributable to any defect or deficiency in any item of Equipment whether arising out of such item of Equipment's manufacture, design or otherwise.

Customer agrees that Owner does not guarantee performance of any item of Equipment and Customer hereby waives and releases Owner from any losses or claims due to the non-performance of any item of Equipment, the inability of any item of Equipment to perform a task, repair time required for any item of Equipment and/or any other cause.

Customer's Initials: _____

Owner's Initials: _____

5. **LIMITATION OF LIABILITY. OWNER'S LIABILITY WHETHER IN CONTRACT OR OTHERWISE, WITH RESPECT TO THIS AGREEMENT AND/OR ANY ITEM OF EQUIPMENT SHALL IN NO EVENT EXCEED THE AMOUNT RECEIVED BY OWNER FROM CUSTOMER UNDER THIS AGREEMENT ATTRIBUTABLE TO SUCH ITEM OF EQUIPMENT.**

6. **TAXES; LICENSES; PERMITS; RELATED FEES.** Customer acknowledges that the base payments are exclusive of any federal, state, or local taxes and license or registration fees now in force or hereafter imposed, unless otherwise specified herein or on the attached Schedule(s). Customer shall pay all sales, use and other taxes and all fees and charges that are levied on any item of Equipment during the term of this Agreement. Customer shall also pay all taxes (other than income taxes) that are charged to Owner by reason of Owner's interest in any item of Equipment. Unless otherwise specified herein or on the attached Schedule(s), Customer shall, at Customer's sole expense, (a) license and register each item of Equipment to the extent required by federal, state, and local law or regulations and (b) maintain such licenses and registrations in full force and effect throughout the term of this Agreement. Customer shall furnish to Owner copies of any filings required under this Agreement.

7. **MAINTENANCE; REPAIR; TIRE WEAR.** Customer shall provide and pay for all gas, oil, anti-freeze fluid, lubrication and routine servicing for each item of Equipment. Subject to reasonable and normal wear and tear, unless otherwise stated in the attached Schedule(s), Customer shall keep each item of Equipment in good operating condition and repair and shall pay the costs of all repairs to each item of Equipment. All service and repairs shall be done when needed, but in any event no less often than as set forth in the owner's manual for such item of Equipment, receipt of which owner's manual is hereby acknowledged by Customer. Tread depth measurements of the Equipment's tires shall be made and documented immediately prior to the delivery of the Equipment. All tire repair and servicing is the responsibility of Customer, unless otherwise stated on the attached Schedule(s). Customer shall provide to Owner a record of all the foregoing maintenance and repair.

Customer agrees not to cause or permit Customer's drivers, employees or agents to make any repairs or adjustments to any item of Equipment or to tamper with the governors on any item of Equipment. In all cases of defect or failure or when repairs are necessary, Customer shall notify Owner by the speediest means of communication available giving a description of the repairs needed and the location of the item of Equipment. Customer shall further abide by Owner's directions concerning emergency repair service. Owner shall not be responsible for any repair of or service to any item of Equipment by a third party unless expressly authorized in advance by Owner.

Upon return of each item of Equipment, in addition to the other amounts due hereunder, Customer shall be charged and agrees to pay charges for (a) any damage or loss, other than normal wear and tear, to any item of Equipment, (b) excessive clean-up required for any item of Equipment, and (c) the cost of any fuel provided by Owner.

8. **PURCHASE OF EQUIPMENT.** If, but only if, specified on a Schedule, and further provided that Customer is not in default under this Agreement, Customer shall have the option to purchase the Equipment from Owner at the end of this Agreement at the purchase price stated on the Schedule. Customer shall notify the Owner sixty (60) days prior to the expiration of this Agreement if Customer desires to purchase the Equipment. If applicable, Owner shall deliver title to Customer within fifteen (15) business days after payment to Owner of the purchase price, plus taxes and all other debts of Customer due to Owner as set forth herein. Customer shall have no interest in the Equipment as a result of this option until the exercise by Customer of the option and payment in full to Owner of all amounts due from Customer to Owner in connection with this Agreement.

9. **INSURANCE.** Customer shall bear the risk of loss and damage to the Equipment during the term of this Agreement and shall be fully responsible for the cost of, at Owner's option, replacing or repairing any damage to any item of Equipment. Customer shall also be liable for all damages and injuries to persons and property involving any item of Equipment during the term of this Agreement. Customer is required to carry insurance of the following kinds and in the amounts specified for the term of this Agreement: (1) all risks of physical damage insurance (including collision, upset and overturn) on Equipment in an amount adequate to replace the Equipment with Owner named as Loss Payee, a Deductible not to exceed \$2,500, and with the Waterborne Exclusion, Boom Overload Exclusion and Boom Exclusion deleted; (2) General Liability Insurance written on an Occurrence Form providing a Combined Single Limit of at least \$5 million per occurrence for Bodily Injury and Property Damage (\$1 million per occurrence for refuse equipment) with an Annual Aggregate of \$10 million (\$2 million Annual Aggregate for refuse equipment), with deductible amounts to be approved by Owner; (3) Automobile Liability Insurance providing a Combined Single Limit of at least \$5 million per occurrence for Bodily Injury and Property Damage (\$1 million per occurrence for refuse equipment) covering all Owned, Hired and Non-Owned Automobiles, with deductible amounts to be approved by Owner; (4)

Customer's Initials: _____

Owner's Initials: _____

Workers' Compensation Insurance providing Statutory Coverage for all employees in all states where the Customer operates or has employees with Employers' Liability Insurance coverage limits of at least \$1 million for Bodily Injury By Accident or Disease. When Equipment is being used at a petrochemical installation, the General and Automobile Liability Insurance limits must be increased to \$10 million with a \$20 million Annual Aggregate. Customer is required to provide Owner with evidence of such insurance satisfactory to Owner, in Owner's sole discretion. All liability policies, except Workers' Compensation and Employers' Liability, must be endorsed to name "Rush Enterprises, Inc. and its subsidiaries and its affiliates, successors and assigns, and PACCAR Leasing Company, as their interests may appear" as additional insureds ("Additional Insureds"). In addition, Customer, as well as any and all of Customer's insurer(s) and or reinsurer(s), agree to waive any and all subrogation rights against Rush Enterprises, Inc. and its subsidiaries and affiliates. The Workers' Compensation policy and all liability policies must be endorsed to include the waiver subrogation. Customer's insurers shall be obligated to give Owner 30 days' prior written notice of their intent to cancel or alter Customer's insurance. Customer hereby authorizes Owner to receive or collect any money paid under the insurance policies, endorse checks and drafts relating to payment, cancel the insurance or settle or release any claim with respect to the insurance coverages. Regardless of whether or not the Equipment is insured, Customer shall pay the base rental payments for the Equipment during the term of this Agreement in the event the Equipment is lost, damaged or destroyed. **EQUIPMENT INSURANCE AND/OR LIABILITY INSURANCE IS NOT PROVIDED BY OWNER.**

10. ACCIDENT REPORTING. Customer shall notify Owner within twenty-four (24) hours of any accident or occurrence involving any item of Equipment in which a person or property is, or is claimed to be, injured or damaged.
11. USE, LOCATION AND MARKING OF EQUIPMENT. Customer shall have the sole use, control and responsibility for each item of Equipment until it is returned to Owner. Customer hereby affirms that it is leasing/renting each item of Equipment for a business, agricultural or commercial purpose and that no item of Equipment shall be used for personal, family or household uses. Customer shall obey all federal, state, and local laws and regulations in using each item of Equipment and shall only allow any item of Equipment to be used by competent and qualified personnel. Customer shall use each item of Equipment only in the state where it was titled and/or registered as of the commencement of this Agreement, unless (a) Owner gives Customer written permission to use it in another state, or (b) Customer's use of any item of Equipment in another state is for not more than 30 days. In no event shall Customer transport or use any item of Equipment outside the United States of America without obtaining the prior written consent of Owner, which consent may be granted or withheld in Owner's sole and absolute discretion. Customer shall not place any sign or mark on any item of Equipment without Owner's consent and Customer shall pay the costs of removing the sign or markings and all needed repairs that are caused by such removal.
12. INDEMNITY. Customer agrees to defend, indemnify, and hold Owner and its parent company, affiliates, officers, employees, agents and representatives harmless from and against any and all claims, causes of action, damages, demands, liabilities, and expenses of any kind (including without limitation attorney's fees, fines and penalties) relating to or arising out of the ownership, maintenance, possession, use, operation, control or storage of each item of Equipment, and/or contents thereof, covered by this Agreement, including, without limitation, any injury to persons and/or property. The provision of this Paragraph 12 shall survive expiration or termination of this Agreement. Nothing contained in Paragraph 9 or Paragraph 10 shall be construed to limit the provisions of this Paragraph 12. If Customer fails to pay any fine(s) and Owner pays the same, Customer shall continue to be responsible for the amount of the fine(s) and shall also pay Owner a \$20.00 administration charge each time Owner is required to pay a fine on behalf of Customer.
13. TITLE AND OWNERSHIP. The Equipment shall at all times remain the property of Owner and Customer shall have no right or property interest therein during the term of this Agreement. Owner shall have the right to display notice of its ownership of the Equipment by affixing an identifying plate, stencil or other indicia of ownership on any item of Equipment. Upon Owner's request, Customer shall execute and pay all filing costs of UCC financing statements, including, without limitation, continuation statements, deemed appropriate by Owner, covering any item of Equipment and setting forth Owner's interest therein. Customer shall not pledge, encumber or permit any lien to attach to any item of Equipment.
14. DEFAULT. Time is of the essence of this Agreement. The due dates for base payments and the performance of the other obligations of Customer under this Agreement are among its most crucial provisions. The occurrence of any of the following events shall constitute a default hereof: (a) Customer shall fail to pay on or before the due date the full amount of any payment (including, without limitation, any base payment), tax, insurance premium or other obligation of Customer under this Agreement, (b) Customer shall fail to perform any other of Customer's obligations under this Agreement, (c) Customer shall attempt to remove, sell, transfer, sublease, encumber, or otherwise transfer, dispose or part with possession of any item of

Customer's Initials: _____

Owner's Initials: _____

Equipment without Owner's prior written consent, (d) Customer shall make any false or misleading statement to Owner in connection with this Agreement, (e) any check, note or other instrument given for any payment under this Agreement, shall be dishonored when presented for payment, (f) Customer shall become insolvent or shall become the subject of a petition in bankruptcy, either voluntarily or involuntarily, or shall make an assignment for the benefit of creditors or shall be named or subjected to a suit for the appointment of a receiver, (g) any item of Equipment shall be seized or levied upon by reason of any legal or governmental process directed against Customer, (h) Owner shall reasonably deem any item of Equipment to be in danger of misuse, confiscation, damage or destruction or (i) Customer shall violate, neglect or fail to observe, keep or perform any covenant, agreement or stipulation to be observed, kept or performed by Customer under this Agreement.

15. **REMEDIES.** In the event of any default by Customer under this Agreement, Owner shall have all of the rights and remedies permitted at law and in equity. Customer acknowledges and agrees that Owner shall be entitled to exercise any and all available rights and remedies in any combination or sequence not expressly prohibited by law. Unless prohibited by law, Owner's available rights and remedies in the event of a default by Customer include, without limitation, (a) suing for and recovering all accrued and thereafter accruing amounts owing under this Agreement, (b) requiring Customer to assemble any item of Equipment or all of the Equipment, to make the same available to Owner at a reasonable time and place designated by Owner, and to put Owner in possession thereof, (c) immediately and without legal proceedings or notice to Customer (and at Customer's expense) and without liability for any damages occasioned by such taking of possession, entering Customer's premises, taking possession of, removing and retaining any item of Equipment or all of the Equipment or rendering the same unusable, (d) without notice to Customer, terminating this Agreement as to any item of Equipment or all of the Equipment, but such termination shall not release Customer from the liabilities and obligations arising from such breach, (e) filing a construction lien on Customer's projects, (f) selling or otherwise disposing of any item of Equipment or all of the Equipment, whether or not in possession, with or without notice to Customer, at private or public sale, or re-leasing/re-renting any or all of the same on such terms and conditions as Owner deems appropriate and (g) utilizing any and all other remedies at law or in equity available to Owner. In the event that Owner re-leases, re-rents, sells or otherwise disposes of any item of Equipment, Customer shall receive a credit against amounts due to Owner under this Agreement equal to the net proceeds of such action, after deducting all cost of such re-lease, re-rent and sale. Unless otherwise required by applicable law, any remaining net proceeds shall belong solely to Owner. Irrespective of the remedies exercised by Owner hereunder, Customer shall continue to remain liable for any amounts due to Owner hereunder after application of the net proceeds as set forth above.

Customer hereby expressly waives any rights it may have to possession of any item of Equipment after default and all claims it may have for damages or injuries suffered through or loss caused by any repossession, sale or other disposition of any item of Equipment hereunder. Customer agrees that any property, other than an item of Equipment, which is in or upon any item of Equipment at time of repossession may be taken and held without liability until its return is requested by Customer. Customer hereby acknowledges and agrees that any applicable standard of commercial reasonableness shall be satisfied if Owner sells or otherwise disposes of any item of Equipment by any method which is customarily used for similar items of Equipment, or which Owner has used or would use for similar items of Equipment owned solely by Owner, even if Customer believes or proves that a different method of disposition would have been more beneficial for Customer.

Nothing herein contained shall require Owner to re-lease, re-rent, sell or otherwise dispose of any item of Equipment.

Owner's remedies are cumulative and may be exercised concurrently and repeatedly and the exercise of one remedy shall not be deemed an election of remedies. No waiver of a default is a waiver of any other default or subsequent breach of this Agreement by Customer. In addition to all other charges provided under this Agreement, Customer agrees to pay all removal, freight, storage, labor and other charges and costs insured by Owner as a result of Customer's breach of this Agreement.

16. **PAYMENT; DELIQUENCY CHARGES.** Customer agrees to pay to Owner all base payments and other amounts set forth in this Agreement, including Schedule A, Schedule B or Schedule C, as applicable, without deduction or setoff. All base payments shall be invoiced in advance; provided, however, mileage and all charges other than fixed charges shall be invoiced in arrears. All payments shall be delivered to Owner at the address set forth above, or at such other address as may be designated in writing from time to time by Owner. All amounts due to Owner hereunder shall be paid within ten (10) days after the date of the invoice.

Customer acknowledges that Customer's failure to timely pay all base payments or any other amounts which become owing to Owner during the term hereof shall cause Owner to incur costs not contemplated by this Agreement, the exact amount of

Customer's Initials: _____

Owner's Initials: _____

which shall be difficult to ascertain. Such costs include, without limitation, processing and accounting charges. Accordingly, for each base payment or other amount due to Owner hereunder which is not paid within ten (10) days after it is due, Customer agrees to pay Owner a delinquency charge calculated thereon equal to the greater of (a) interest at the rate of one and one-half percent (1 ½ %) per month on such unpaid base payment or other amount due hereunder calculated from the day the same is due until Owner receives payment thereof or (b) five percent (5%) of such base payment or other amount due hereunder; **provided, however**, that in no event shall such delinquency charge exceed the maximum amount permitted by applicable law. Customer shall also pay all reasonable costs of collection, including attorney's fees incurred by Owner in the collection of any amounts owing to Owner hereunder.

17. **TERMINATION.** Except as otherwise set forth herein, this Agreement shall terminate with respect to each item of Equipment upon the occurrence of all of the following events with respect to each item of Equipment: (a) the end of the term of this Agreement for such item of Equipment as stated on the attached Schedule(s), (b) the return of such item of Equipment to Owner, and (c) the payment by Customer of all amounts owed to Owner under this Agreement. Notwithstanding the foregoing, Owner may (i) immediately terminate this Agreement pursuant to Paragraph 15 if Customer defaults under this Agreement and (ii) terminate this Agreement upon giving thirty (30) days' prior written notice to Customer, at Owner's sole and absolute discretion.

18. **RETURN OF EQUIPMENT.** Upon the expiration of this Agreement for any item of Equipment, Customer shall return, at Customer's sole expense, such item of Equipment to Owner at the address shown above or to such other place as Owner may direct. Unless stated otherwise on the attached Schedule(s), each item of Equipment shall be returned by Customer in the same condition as when received by Customer. Customer shall pay to Owner on demand, the cost of any repairs necessary to place any item of Equipment in the condition required by this Agreement. A recovery charge of \$10.00 per mile shall be charged against and shall be paid by Customer if any item of Equipment is not returned by Customer at the termination of this Agreement.

If Customer retains possession of any item of Equipment after the expiration of the term of this Agreement or the prior termination of this Agreement pursuant to Paragraph 15 or Paragraph 17, Customer shall continue to pay the base payments and other charges as set forth herein and on the attached Schedule(s). Acceptance of such base payments by Owner, however, shall not be deemed a renewal of this Agreement and Customer shall pay Owner any damages which Owner may incur because Customer fails to return any item of Equipment as required herein.

19. **DEPOSITS.** If Customer fails to pay any base payment or any other amount under this Agreement when due, Owner may use, apply and retain all or any portion of any of Customer's deposits for payment or satisfaction of the amounts owed to Owner, or to compensate Owner for any loss or damage which Owner may suffer as a result of Customer's default. Customer shall continue to remain liable for any amounts due Owner hereunder after application of any deposit.

20. **USE; ASSIGNMENT.** This Agreement is between Owner and Customer alone and the Equipment must be used exclusively by Customer or Customer's employees. This Agreement may not be assigned, or any item of Equipment subleased by Customer without Owner's prior written consent. Owner may assign this Agreement and any or all base payments or other amounts payable by Customer hereunder. Upon notice of such assignment by Owner, Customer shall pay such amounts to the assignee without offset, counter-claim or defense of any kind. Owner may also execute any type of security instrument with respect to any item of Equipment and Customer's rights shall be subordinate to the rights of the holder of such instrument.

21. **NOTICES.** All notices, demands, requests, base payments and other payments required to be made under this Agreement shall be in writing and shall be either delivered personally, or mailed, postage prepaid, to the address indicated above, or to such other addresses as either party may designate to the other by a written communication to the other party in accordance with this Paragraph 21. Notices shall be deemed effective on the day of delivery if delivered personally or on the fifth (5th) business day following mailing.

22. **GOVERNING LAW; VENUE.** This Agreement shall be governed by the laws of the State of Texas, exclusive of its conflict of law rules. The venue of any legal action to collect or enforce the obligations under this Agreement shall be in Bexar County in the State of Texas. Any legal action regarding this equipment must be filed only in Bexar county Texas.

Customer's Initials: _____

Owner's Initials: _____

23. **ENTIRE AGREEMENT; SEVERABILITY.** This Agreement and the Schedule(s) attached hereto, set forth all of the agreements of Owner and Customer for the lease/rental of each item of Equipment, and supersedes any and all prior understandings or agreements, both oral and/or written, between and among the parties respecting the Equipment. Except for taxes and insurance charges on Schedule A and/or Schedule B and/or Schedule C, as applicable, this Agreement and the attached Schedule(s) cannot be modified unless in a written statement signed by both parties. If any term, provision or agreement contained in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining terms, provisions and agreements shall in no way be affected, impaired or invalidated. The parties to this Agreement shall negotiate in good faith to agree on replacing any invalid, illegal, or unenforceable provision with a valid, legal, and enforceable provision which, in effect, shall, from an economic and legal perspective, most fairly approach the effect of such invalid, illegal, or unenforceable provision.
24. **ATTORNEY'S FEES.** In the event Owner engages an attorney to enforce any provision of this Agreement, Customer agrees to pay to Owner upon demand an amount equal to Owner's reasonable attorney's fees.

NOTICE TO CUSTOMER

- (1) **DO NOT** sign this Agreement before you read all six (6) pages of it or if it has any blank spaces to be completed.
- (2) You have the right to a completed copy of this Agreement,
- (3) Customer states that Customer has read this Agreement and Schedule(s) attached hereto and has been given a complete and fully executed copy thereof at the time this Agreement has been executed by both Customer and Owner.

CUSTOMER:

By: _____
(Signature)
Name: _____
(Type or Print)
Title: _____
(Type or Print)
Date: _____
(Type or Print)

OWNER:

RUSH TRUCK LEASING, INC.

By: _____
(Signature)
Name: _____
(Type or Print)
Title: _____
(Type or Print)
Date: _____
(Type or Print)

Customer's Initials: _____

Owner's Initials: _____

SCHEDULE B
LONG TERM EQUIPMENT LEASE
(7 months or more)

This Schedule B is made a part of the Master Lease/Rental Agreement dated _____ (the "Agreement"), between Rush Truck Leasing, Inc., a Delaware corporation ("Owner") and _____ ("Customer"). All capitalized terms not otherwise defined shall have the respective meanings set forth in the Agreement.

EQUIPMENT DESCRIPTION:

Agreement Number: _____
Customer Number: _____
Vehicle Unit Number: _____
Commencement Date: _____
Truck: _____
Vehicle ID Number: _____
Equipment Type: _____
Equipment ID Number: _____

Insured Value \$000,000.00

AMOUNT DUE AT DELIVERY:

- 1) Security Deposit: _____
 - 2) Delivery Charges: _____
 - 3) Licensing & Fees: _____
 - 4) Other Charges: _____
 - 5) Sales Tax: 0% _____
- Total Due at Delivery _____

(*denotes non-taxable items)

BASE PAYMENT: (Payable Monthly)

- 1) Fixed Charge: _____
- 2) Licensing & Fees: _____
- 3) Other Charges: _____
- 4) Sales Tax: _____

Base Payment: _____

(*denotes non-taxable items)

RATE:

The base lease payments and other amounts which Customer agrees to pay for the lease of the above-described items of Equipment are listed above. In addition, Customer agrees that it shall pay (a) all amounts set forth in the Lease, (b) all damages or losses not paid by insurance, including "lost time rental" based upon 75% of the base payment, until all repairs are complete and the unit is O.S.H.A. certified, and (c) multiple shift rates (the above base payment being based upon 8 hours per day for 40 hours per week for 4 weeks per month), as follows: double shifts of 16 hours per day shall be billed to Customer at one and one-half (1 ½) times the base payment and triple shifts of 24 hours per day shall be billed to Customer at twice the base payment.

MINIMUM TERM (in Months): Seven (7)

The Term of the lease shall commence on the date an item of Equipment is delivered to Customer ("Commencement Date") and expire at the end of the term. Customer shall give Owner at least 24 hours notice for any pickup and deliveries. Pickup expenses shall be billed on the final base payment billing, and the term shall be considered ended at the end of the day the applicable item of Equipment arrives in Owner's lot.

For the purpose of this Schedule B, for any item of Equipment returned to Owner after the term expires, Customer shall be charged a daily rental rate **plus** "lost time rental" charges.

PURCHASE OPTION:

Customer's Initials: _____

Owner's Initials: _____

If Customer is not in default under the Agreement, Customer may purchase the above-described items of Equipment for the purchase price described below. Customer shall notify the Owner in writing at least sixty (60) days prior to the termination of the lease if Customer desires to purchase the above-described items of Equipment. Customer shall also pay Owner in cash, within (30) days after giving such notice, the full purchase price plus taxes or charges owed for the sale or for the transfer of title, plus all other amounts due to Owner under the Agreement. Owner shall deliver title to the Customer within fifteen (15) business days after receipt of the full cash payment for all of these items.

The purchase price shall be calculated as the Base Price less a portion of the monthly payment determined as follows:

The portion of each monthly payment deducted from the Base Price shall be calculated by multiplying the Applied Percentage listed below times the applicable monthly payment and then subtracting taxes, repairs and miscellaneous extra charges paid or payable by Owner.

Base Price: \$ _____
Applied percentage: _____
Mileage Rate Over Base Miles: _____
Base Miles Per Month: _____

During the term, Customer agrees to wash the Equipment on a regular basis, particularly when the Equipment is used on roads treated for ice. Customer is responsible for cleaning the Equipment prior to its return to Owner.

All payments from Customer under the Lease, including, without limitation, this Schedule B, are due on the earlier to occur of: (1) 10 working days after invoicing, or (2) return of the Equipment to Owner.

Customer shall be responsible for providing all necessary safety equipment for the safe operation of each item of Equipment. Customer shall be responsible for (1) maintaining fluids, (2) lubricant levels, (3) tire damage and (4) any and all damages to the Equipment. Customer shall perform monthly "B" truck service; Customer shall promptly mail shop service receipts for these services to Owner.

Signing this form indicates agreement that the terms and conditions on this Schedule B, and the terms and provisions of this Schedule B and the Lease take precedence over Customer's terms and conditions.

CUSTOMER:

By: _____
(Signature)
Name: _____
(Type or Print)
Title: _____
(Type or Print)
Date: _____
(Type or Print)

OWNER:

Rush Truck Leasing, Inc.

By: _____
(Signature)
Name: _____
(Type or Print)
Title: _____
(Type or Print)
Date: _____
(Type or Print)



rushrefusesystems.com

LEASE PROPOSAL

Date: 7/29/2026

Customer: City of San Luis, AZ - Manuel Hernandez

Equipment: 2026 Peterbilt 520DS MX11 FLEET Spec W/McNeilus 28yd Zero Radius ASL (VIN 765386 / Unit# 955-3072)

Lease Rate: \$9,300 per month for a minimum term of 12 months (50% credit for up to 12 months, purchase option price of \$354,200 after rental credit of \$55,800 is applied).

Extended Warranty: CARB Paccar Premium MX11 Engine Warranty (5 Year/200k Miles), CARB 5 Year/350k Mile Emissions Warranty, Allison 5 Year Refuse Packer Extended Warranty, and 1 Year Peterbilt Towing Warranty

Salesmen: Bradley Taylor



2939 W. Windsor Avenue, Phoenix, AZ 85009
(602) 266-8214 ~ haakerrefuse.com

QUOTE
August 20, 2026

TO: CITY OF SAN LUIS
788 E. B. STREET
SAN LUIS, AZ 85349

ATTN: JESUS MALDONADO
(928) 314-9118
JMALDONADO@SANLUIAZ.GOV

In Accordance with Your Request, We Are Pleased to Submit the Following Proposal for Your Consideration and Approval.

ONE (1) NEW STOCK McNEILUS ZERO RADIUS

Zero Radius Side Loader With a 12' Arm Mounted on a Peterbilt 520 Chassis.

STANDARD AND OPTIONAL EQUIPMENT INCLUDE:

▪CHASSIS

- PACKER TYPE ZR MODEL 48 SAUER HYDRAULICS
- GVW CATEGORY 33,001 LBS OR GREATER
- DESTINATION STATE/COUNTRY CALIFORNIA
- TEMPLATE SOUTHWEST
- CHASSIS TYPE CUSTOMER CHASSIS
- CHASSIS MAKE PETERBILT
- CHASSIS MODEL 520
- STEERING CONFIGURATION CURB SIDE SEATED STEERING
- FUEL TYPE DIESEL
- FUEL SYSTEM DIESEL SS TANK
- PRIMARY CNG CAPACITY DIESEL
- CHASSIS MODEL YEAR 2025
- CNG TRANSIT FILL NO
- ENGINE PACCAR PX9-AFTER 1/1/2017 EMIS
- ENGINE HORSEPOWER GREATER THAN 300
- TRANSMISSION GUARD TRUE
- BATTERY BOX LOCATION STREET SIDE FRAME MOUNTED
- TRANSMISSION ALLISON 3000 RDS
- EXHAUST LOCATION LEFT HAND VERTICAL EXHAUST
- CAB MIRRORS AERO STYLE
- FRONT SUSPENSION SPRING SHACKLE WIDE
- PUMP DRIVE SS CV DS REM MT CONST MESH PTO
- REAR SUSPENSION HENDRICKSON HAULMAXX SPRING
- REAR TIRE ARRANGEMENT DUAL TIRE TANDEM AXLE

▪BODY

- CAPACITY ZR 28YD MED FLR LRG TG LO PRO
- BODY FLOOR THICKNESS 3/16" AR200 (HEAVY DUTY)
- HOPPER OPTIONS HOPPER COVER PANEL (ZR ONLY)
- TG BUMPER WIDTH 72 INCHES
- TAILGATE SIDE PANEL 10 GAUGE AR200
- TG SEAL HARD RUBBER SEAL
- FRONT LIGHT BAR STANDARD 14 GA
- MODEL/CAPACITY MODEL 2848: ZR ZERO RADIUS ASL 28 YARD

▪BODY OPTIONS

- TAILGATE TYPE NON- TG-MNT-CNG TAILGATE
- CS OUTSIDE CONTROLS UNDERSEAT
- CAB CONTROL SWITCHES IN DASH
- HOPPER LIGHT CAMERA GUARD TRUE
- PACKER FOLLOWER STANDARD 10GA 50KSI PANEL
- HOPPER FLOOR 1/4" AR400

- HOPPER FLOOR LINER 3/16" AR400
- PACKER FOLLOWER HINGE COVER TRUE
- X-WEAR IS STANDARD TRUE
- CLEANOUT DOOR SPILL TRAY CURB SIDE AND STREET SIDE
- HOPPER WIND DEFLECTOR TRUE
- TAILGATE PROP OPENING STANDARD OPENING
- BODY SAFETY STAND (AR ONLY) NONE (ZR)
- HYDRAULIC LINE COVER CS AND SS UNDER BODY REAR
- ARM VALVE COVER NOT APPLICABLE-ZR
- JOYSTICK STYLE ROLLER STYLE, TRADITIONAL
- TELEMATICS TRUE
- HOPPER WIND DEFLECTOR HEIGHT STANDARD HEIGHT

▪HYDRAULICS

- HYDRAULIC RESERVOIR STREET SIDE STANDARD, FRAME
- HYDRAULIC PUMP PISTON PUMP
- HYDRAULIC RETURN FILTER SCHROEDER IN RESERVOIR
- HYDRAULIC PRESSURE FILTER HYDAC CF 60
- PACKER/EJECTOR CYLINDER MAILHOT
- FILL THROUGH FILTER #6 MALE QD EATON 3K21
- HYD HOSE WRAP CORDURA WRAP REQUIRED HOSES
- LOW HYD OIL LEVEL WARNING LIGHT
- SERVICE LIFT SERVICE LIFT-ZR ONLY
- RES SUCTION SHUTOFF VALVE RED HANDLE BALL VALVE
- HYDRAULIC RES BREATHER FILLER/BREATHER ON RESERVOIR
- HYD RES FILLER CAP STANDARD FILLER CAP
- HYD FLUID SAMPLE PORT CHECK FLUID KP14NV 90DEG
- TELL TALE HYD TEMP GAUGE BUILT INTO DISPLAY
- HYDRAULIC FLUID ISO46-US OIL
- TEMP SENSOR IN RESERVOIR TRUE

▪LIGHTING

- DOT LIGHT MANUFACTURER ECONOMY LED
- SMART LIGHTS 4" PROGRAM AMB STROBES IN TG
- CENTER STOP LIGHT ECONOMY LED LIGHT CENTER OF TG
- MID BODY WORK LIGHTS FDR MT RD ECON 5" LED
- MID-BODY DOT OVAL LIGHT OVAL AMBER TURN SIGNAL/MARKER
- HOPPER LIGHTS ONE ECONOMY 5" LED
- ARM WORK LIGHTS ONE ECONOMY 5" LED
- TAILGATE OUTER CORNER LIGHTS NONE

- ☐TG SMART LIGHT ACTIVATION SWITCH IN CAB
- ☐IFM DISPLAY LOCATION DOGHOUSE
- CAMERA
- ☐CAMERA/MONITOR MAKE 3RD EYE 4PORT 7" MON, COLOR
- ☐MONITOR MOUNT CENTER RAM MT BETWEEN SEATS
- ☐MONITOR DISPLAY IN REV TG CAMERA
- ☐CAB CAMERA SS FENDER MT CAMERA
- ☐HOPPER CAMERA SS REAR HOPPER CAMERA
- ☐ARM CAMERA DOWN LOOKING (BODY WALL MOUNT)
- ☐TAILGATE CAMERA ASSIST LIGHTS DUAL ECONOMY 5" ROUND LED
- ☐TAILGATE CAMERA TAILGATE REVERSE CAMERA
- ☐DVR MOUNTED IN CAB NONE
- ☐CC CAMERA QTY 3EYE CAMERA QTY 4
- ARMS AND FORKS
- ☐ARM MODEL ZR 12'EXTENDED REACH ARM-96GAL
- ☐ARM FINGERS STANDARD FINGER GRABBER
- ☐ARM CONTROLS CS JOYSTICK CONTROL / A-FRAME FINGER CONTROLS
- ☐CAN COUNTER STANDARD IN DIGITAL DISPLAY
- ☐AUTOLOAD N
- ☐GRABBER OPEN INTERLOCK STANDARD IN ZR SOFTWARE
- CARTSEEKER NO CART SEEKER
- MISC BODY
- ☐REAR MUDFLAPS BLACK MCNEILUS LOGO

- ☐BACKUP ALARM ECCO DUAL TONE
- ☐DRIVE SHAFT MOTION SENSOR CHASSIS OEM INSTALLED
- ☐SHOVEL HOLDER ON BODY CURB SIDE HOPPER WALL
- ☐BROOM HOLDER ON BODY BROOM HOLDER, NO STRAP
- ☐CLEAN OUT TOOL HOLDER BODY MOUNT
- ☐ROADWAY ALUMINUM SIGN 48" X 96" SIGN,BRKT ONLY
- ☐LIMIT SPEED WITH TAILGATE OPEN 7 MPH SPEED LIMIT INTERLOCK
- ☐UPGRADED CRUSHER PANEL
- ☐MIDWALL/HOPPER TEETH
- SAFETY
- ☐TRIANGLE SAFETY KIT BOLTED IN CAB
- ☐FIRE EXTINGUISHER IN CAB 5# ABC
- PAINT
- ☐NUMBER OF BODY COLORS QTY 1
- ☐BODY COLOR 1 CODE HST938497
- ☐BODY COLOR 1 DESCRIPTION WHITE TO MATCH CAB
- ☐PAINT SCHEME STANDARD PAINT TEMPLATE
- ☐BODY PAINT CATEGORY 1 COLOR, MEDIUM COMPLEXITY
- ☐AUTOMATED ARM COLOR GOLDENROD YELLOW
- ☐CAB / HOOD PAINT NO CAB PAINT
- ☐WHEEL PAINT NO WHEEL PAINT
- ☐CNG SYSTEM COVER COLOR N/A
- ☐CONSPICUITY TAPE TRUE
- ☐DECAL LANGUAGE ANSI, ENGLISH ONLY
- ☐CAUTION-WIDE TURNS DECAL 0

PRICING FOR 1 UNIT:

UNIT PRICE	\$ 476,534.00
TARIFFS.....	\$ 4,926.00
UNIT SUBTOTAL	\$ 481,460.00

PLUS APPLICABLE SALES TAX, DMV AND FET FEES

Quoted pricing is based on the order date, except for tariffs, which are applied based on the equipment's build date. Any such tariffs will be documented and shared with you. Please note this price does not include potential future tariffs, including anticipated trade tariffs on raw materials in 2026 under the IEEPA and Section 232 of the Trade Expansion Act.

THE PROPERTY HEREIN IS GUARANTEED BY MANUFACTURER'S WARRANTY ONLY AND SELLER MAKES NO WARRANTY EXPRESSED OR IMPLIED, OF MERCHANTABILITY OR OTHERWISE, OR OF FITNESS FOR ANY PARTICULAR PURPOSE, THAT EXTENDS BEYOND THE ABOVE DESCRIPTION OF THE EQUIPMENT.

NOTE: Price is good for 30 Days. Cost increases due to the addition of Government mandated safety or environmental devices incurred after the date of this proposal, will be charged to you at our cost. Proof of such costs, if any, will be documented.

TAXES: SALES TAX applicable at time of delivery will be shown on our invoice. FEDERAL EXCISE TAXES, if applicable, will require payment unless a properly executed Exemption Certificate is submitted.

DELIVERY: 15-30 Days

TERMS: Net 30

Add-On/Cooperative Purchase Authorization: Haaker Equipment Company offers the above proposed price, terms and conditions to any governmental agency or subdivision in the State of California or Nevada for a period not to exceed a full calendar year from the date of original purchaser's purchase order or contract.

We appreciate the opportunity to present this proposal and look forward to being of further and continued service.

HAAKER EQUIPMENT COMPANY

ACCEPTED BY: _____

BY: James Zamarripa
JAMES ZAMARRIPA
SALES REPRESENTATIVE

DATE: _____



AGENDA ITEM REVIEW FORM

Regular City Council Meeting

7. C.

Meeting Date: 09/23/2026

Department Head: Tomas Sanchez, City Engineer, Engineering

Submitted By: Oscar Barnett, Project Manager, Engineering

Action Requested: Motion

ITEM:

Discussion and possible action on any and all matters regarding the award of a contract to LightDay Solar Inc. for the San Luis High School Lift Station - Generator project. **(Jorge Perez, Assistant Director of Public Works)**

SUMMARY:

The Department of Public Works is seeking Council approval to accept and award a construction contract to LightDay Solar Inc. for the San Luis High School Lift Station – Generator Project. The project includes furnishing and installing a new standby diesel generator and is intended to improve the reliability and resilience of the City's wastewater collection system by providing a permanent emergency backup power source for the existing lift station.

The City advertised the project and received three construction bids from LightDay Solar Inc., Nu-Wave Innovations, and Walker River Construction. LightDay Solar Inc. was the lowest responsible bidder, submitting a bid in the amount of \$109,644.90.

Staff evaluated the bids and recommends awarding the construction contract to LightDay Solar Inc. Staff is also requesting approval to transfer funds as shown in the Fiscal Impact section.

RECOMMENDATION / SUGGESTED MOTION:

I MOVE TO AWARD THE CONTRACT WITH LIGHTDAY SOLAR INC. FOR THE SAN LUIS HIGH SCHOOL LIFT STATION—GENERATOR, IN THE AMOUNT OF \$109,644.90, AND TO APPROVE THE BUDGET TRANSFER, AS PRESENTED IN THE FISCAL IMPACT STATEMENT.

Fiscal Impact

IS THERE FISCAL IMPACT ASSOCIATED WITH THIS ITEM:	Yes
CITY/STATE/FEDERAL FUNDS:	City
TOTAL:	\$109,644.90
BUDGETED AMOUNT:	\$80,000.00
AVAILABLE AMOUNT TO TRANSFER:	\$30,000.00
ACCT NAME & GL#/REMAINING BALANCE BEFORE PURCHASE:	See Fiscal Impact
FISCAL IMPACT STATEMENT (IF THIS IS A BUDGET TRANSFER, YOU MUST ATTACH THE BUDGET ADJUSTMENT FORM):	

The City of San Luis allocated a total budget of \$80,000.00 for this project. As this amount is not sufficient to fully cover the lowest bid of \$109,644.90, we are requesting City Council authorization for a budget transfer:

From:

Project: Sewer manhole repairs and replacement annual program.

Project No.: 2026057

Account: 310-311-90015

Amount: \$30,000.00

To:

Project: High School Lift Station Generator

Project No.: 2026058

Account: 310-311-90000

Amount: \$30,000.00

Attachments

Bid Ad Yuma Sun

Bid Ad Bajo El Sol

Bid Documents

SLHS Lift Station Plans

Contract

AFFP
YS - 2027-RFB-00000003

Affidavit of Publication

STATE OF AZ } SS
COUNTY OF YUMA }

Lisa Reilly or David Fornof, being duly sworn, says:

That (s)he is Publisher or Director of Operations of the Yuma Sun, a daily newspaper of general circulation, printed and published in Yuma, Yuma County, AZ; that the publication, a copy of which is attached hereto, was in the published said newspaper on the following dates:

08/16/2026 08/23/2026

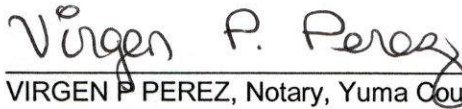
That said newspaper was regularly issued and circulated on those dates.

SIGNED:



Publisher or Director of Operations

Subscribed to and sworn to me this 23rd day of August 2026.

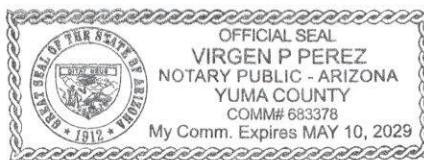


VIRGEN P PEREZ, Notary, Yuma County, AZ

My commission expires: May 10, 2029

38831 618298

CITY OF SAN LUIS - LEGAL
PO BOX 1170/1090 E. UNION ST
SAN LUIS AZ 85349





REQUEST FOR BIDS
CITY OF SAN LUIS, ARIZONA
SAN LUIS HIGH SCHOOL LIFT STATION
GENERATOR

2027-RFB-00000003

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The City of San Luis reserves the right to cancel this procurement, and/or to reject any or all bids, and/or to waive any informality in any bid. No bidder may withdraw their bid for a period of thirty (30) days after the date set for the bid opening thereof.

City of San Luis, Arizona

Jenny Torres, City Manager

Yuma Sun: August 16, 23, 2026 - 618298

Ad text :

REQUEST FOR BIDS

CITY OF SAN LUIS, ARIZONA

SAN LUIS HIGH SCHOOL LIFT STATION GENERATOR

2027-RFB-00000003

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Yuma Sun: August 16, 23, 2026 ? 618298

AFFP
BES - 2027-RFB-00000003

Affidavit of Publication

STATE OF AZ } SS
COUNTY OF YUMA }

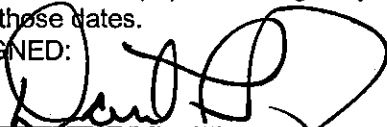
Lisa Reilly or David Fornof, being duly sworn, says:

That (s)he is Publisher or Director of Operations of the Bajo El Sol, a weekly newspaper of general circulation, printed and published in Yuma, Yuma County, AZ; that the publication, a copy of which is attached hereto, was in the published said newspaper on the following dates:

08/21/2026 08/28/2026

That said newspaper was regularly issued and circulated on those dates.

SIGNED:



Publisher or Director of Operations

Subscribed to and sworn to me this 28th day of August 2026.

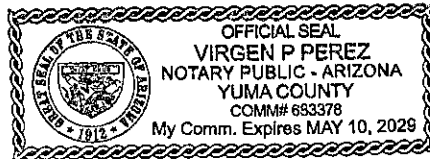


VIRGEN P PEREZ, Notary, Yuma County, AZ

My commission expires: May 10, 2029

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CITY OF SAN LUIS - LEGAL
PO BOX 1170/1090 E. UNION ST
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CITY OF SAN LUIS, ARIZONA
SAN LUIS HIGH SCHOOL LIFT STATION
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City of San Luis, Arizona

Jenny Torres, City Manager

Bajo El Sol: 21 y 28 de agosto del 2026 - 618403



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SAN LUIS HIGH SCHOOL LIFT STATION
GENERATOR
2027-RFB-00000003

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CITY OF SAN LUIS, ARIZONA

SAN LUIS HIGH SCHOOL LIFT STATION GENERATOR

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City of San Luis, Arizona

Jenny Torres, City Manager

Bajo El Sol: 21 y 28 de agosto del 2026 - 618403



CITY OF SAN LUIS
REQUEST FOR BID (RFB)
FOR
SAN LUIS HIGH SCHOOL LIFT STATION GENERATOR
2027-RFB-00000003

SEALED REQUEST FOR BID DEADLINE
Thursday, September 3, 2026, 2:00 pm

CITY OF SAN LUIS
1090 EAST UNION STREET | P.O. BOX 7740 | SAN LUIS, AZ 85349

TABLE OF CONTENTS
CITY OF SAN LUIS
undefined

1. ADVERTISEMENT FOR BIDS
2. INSTRUCTIONS TO BIDDERS
3. SCOPE OF WORK
4. PROPOSAL KIT
5. BID SCHEDULE
6. CITY INSURANCE REQUIREMENTS
7. GENERAL CONDITIONS OF THE CONTRACT
8. ATTACHMENTS

Attachments:

- A - Contractor's Affidavit Regarding Settlement of Claims
- B - High School Lift Station Generator (Plans)

ADVERTISEMENT FOR BIDS

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The project shall be complete, and the generator system shall be fully operational and functional, no later than June 30, 2027.

Plans, specifications and contract documents may be obtained through the Procurement Portal at <https://procurement.opengov.com/portal/sanluisaz>.

A Non-Mandatory Pre-Bid Conference will be held at City of San Luis City Hall, Pedro Julian Conference Room, 1090 E. Union St. San Luis, AZ 85349 on Tuesday, August 25, 2026, at 2:30 pm (M.S.T) to discuss specifications and any questions Bidders may have. All bidders are encouraged to visit the project site prior to bidding. The pre-bid conference may also be attended virtually via the following link: [Pre-Bid Meeting - San Luis High School Lift Station Generator Project](#). Meeting ID: 291 384 776 673 051 Passcode: 9j2Uv26Q

All bids must be submitted through the Procurement Portal and be accompanied by a certified or cashier's check or bid bond in the amount of ten (10%) percent of the total amount of the bid.

Bids will be publicly opened at the City of San Luis City Hall, Pedro Julian Conference Room, 1090 E. Union St. San Luis, AZ 85349, on Thursday, September 3, 2026, at 2:00 P.M. (M.S.T) and read aloud. Bid opening can also be viewed virtually via the following link: [Bid Opening - San Luis High School Lift Station Generator Project](#). Meeting ID: 275 044 632 021 088 Passcode: CV7ZJ39Q

The City of San Luis reserves the right to cancel this procurement, and/or to reject any or all bids, and/or to waive any informality in any bid. No bidder may withdraw their bid for a period of thirty (30) days after the date set for the bid opening thereof:

City of San Luis, Arizona

Jenny Torres, City Manager

INSTRUCTIONS TO BIDDERS

2.1. DEFINITIONS

- 1.1 All definitions set forth in the General Conditions are applicable to these Instructions to Bidders.
- 1.2 Bidding Documents include the Advertisement for Bids, Instructions to Bidders, Bid Form, Bid Bond Form, and the proposed Contract Documents, including any addenda issued prior to the receipt of bids.
- 1.3 Addenda are written or graphic instructions issued prior to the execution of the contract which modify or interpret the Bidding Documents, including Drawings, conditions of the Contract and Specifications, by additions, deletions, clarifications or corrections. Addenda will become part of the Contract Documents when the Construction Contract is executed.
- 1.4 The term "Owner" or "City" shall be interpreted to mean City of San Luis, Arizona.

2.2. BIDDER'S REPRESENTATION

- 2.1 Before submitting a bid, bidders shall carefully examine the Drawings, Bidding Requirements, Bid Document Contract Forms, General Conditions, Supplementary General conditions, Specifications, and Related Documents, visit the site of the work, and fully inform themselves as to all existing conditions and limitations and shall include in the bid a sum sufficient to cover the cost of all items included in the Contract. The Bidder, if awarded the Contract, shall not be allowed any extra compensation by reason of any matter or thing concerning the Project, which said Bidder might have fully informed himself prior to the building.

2.3. BIDDING DOCUMENTS

- 3.1 Bidders may obtain copies of the bidding Documents through the Procurement Portal at <https://procurement.opengov.com/portal/sanluisaz>.

2.4. INTERPRETATION OF BIDDING DOCUMENTS

- 4.1 Should a Bidder find discrepancies, inconsistencies or obscurities in, or omissions from the bidding documents, or should he be in doubt as to their meaning, Bidder shall submit their questions through the Procurement Portal. A written Addendum, clarifying the intent of the documents shall be issued, if needed. Addenda may not be issued less than 48 hours before the time specified for receipt of bids. Questions received less than four calendar days prior to the assigned bid date cannot be answered in writing. Should any discrepancies not be clarified by Addendum, the Contractor shall use the most expensive condition shown or specified in bid.
- 4.2 Prior to the receipt of bids, each person or firm recorded by the Office of the City Clerk as having received the bidding documents will be notified of any addendum. Addenda will also be available for Inspection wherever the bidding documents are kept available for that purpose.
- 4.3 All Addenda issued by the City during the time of bidding are to be included in the bid, and shall become a part of the bidding documents (bidder's responsibility to check for addendums). Acknowledge receipt of Addenda through the Procurement Portal.

4.4 All questions must be submitted through the Procurement Portal no later than 6:00 pm on Thursday, August 27, 2026.

2.5. SUBSTITUTIONS

5.1 When a specific manufacturer, trade name or material is specified, or indicated, it is to establish a standard of quality and shall not be construed as limiting competition. However, components of electrical systems shall be standard items and/or interchangeable with specified manufacturer to facilitate repairs and upkeep by the Owner.

5.2 It shall be the Contractor's responsibility to provide materials of equal standards to those specified. The City shall be the sole judge as to whether or not the products meet the established standards. The Contractor MUST request written approval of equal materials from the City prior to, or after the bid date.

2.6. BIDDING PROCEDURES

6.1 A bid is invalid if it has not been submitted through the Procurement Portal at <https://procurement.opengov.com/portal/sanluisaz> prior to the time and date for receipt of bids indicated in the Invitation to Submit Proposals, or prior to any extension thereof issued to the bidders.

6.2 Bid Security:

1. Each bidder is required to submit, with his bid, a certified or cashier's check upon a solvent bank, or a surety bond for ten percent (10%) of the amount of the Base Bid made payable to the Owner.
 - a. If more than one proposal is submitted, only one Bid Security is required for the largest base Bid amount, however, this bond shall apply to any and/or all bids submitted.
2. The Bid Security shall be given as a guarantee that the bidder will enter into a contract to perform the work, if awarded to him, and provide a satisfactory Performance Bond and Payment Bond as required under the provisions of Title 34, Chapter 2, Article 2, Arizona Revised Statutes. Bid Security shall be declared forfeited as liquidated damages if he refuses to enter into said contract upon request to do so by the Owner.
3. Bid Security will be returned to the unsuccessful bidders, and to the successful bidder upon the execution of a satisfactory Performance Bond and Payment Bond and Construction Contract.
4. Bidders may withdraw their bid at any time prior to bid opening, but may not resubmit them. No bid may be modified or withdrawn after the bid opening for a period of 30 days except where the award of the contract has been delayed at least 31 days.

6.3 A Non-Mandatory pre-bidders conference will be held at 2:30 pm at the City of San Luis City Hall, Pedro Julian Conference Room, 1090 E. Union St. San Luis, AZ 85349 on Tuesday, August 25, 2026.

2.7. SUBCONTRACTOR LIST FORM

7.1 Complete the Subcontractor List Form, listing a single company, firm, or organization name only for each branch of the work. Submit through the vendor [PROPOSAL KIT](#).

7.2 The competency and responsibility of bidders and their proposed subcontractors will be considered in making the award.

7.4 The Contractor shall pay the cost of all permits, changes, meters, connections, fees, etc., directly to governmental agencies having jurisdiction to comply with the law of the place of the Project in order to complete the work. The bidders' attention is directed to the fact that all applicable state laws, municipal ordinances, and the rules and regulations of all authorities having jurisdiction shall apply to the Contract.

2.8. REJECTION OF BIDS

8.1 The Bidder acknowledges the right of the Owner to reject any or all bids, to waive any informality or irregularity in any bid received, or to withhold the award for any reason he determines. In addition, the Bidder recognizes the right of the Owner to reject a bid if the Bidder failed to furnish any required Bid Security or to submit the data required by the Bidding Documents, or if the bid is in any way incomplete or irregular. Bidders shall understand that the Owner will not be responsible for any errors or omissions in the preparation of the bid.

2.9. AGREEMENT

9.1 The form of Agreement which the successful Bidder will be required to execute in two (2) original counterparts. Progressed payments will be made to the Contractor by the Owner in an amount equal to 90% of that due until the final payment.

2.10. WARRANTY

10.1 The Contractor certifies by submitting his bid that he has familiarized himself with all specified products, materials, and systems which are proposed for inclusion in the required work, and that said materials, products, and systems are appropriate for the use(s) intended. He additionally certifies by submitting this bid that he shall, in fact, install said materials, products, and systems in the work properly and in rigid compliance with the terms and conditions of the Contract Documents, and shall issue his written warranty applicable to the work as required by the applicable Supplementary General Conditions. If the Bidder determines that the proposed materials, products, and/or systems are not appropriate for the use(s) intended, he shall submit his written exceptions attached to the Bid Form.

2.11. PERFORMANCE AND PAYMENT BONDS

11.1 The Contractor is hereby required to provide and pay for Performance and Payment Bonds. Bonds shall secure the faithful performance (100%) of the Contract and the payment of all obligations (100%) arising there under, in such form as the Owner may prescribe and with such sureties that he may approve. Both Bonds shall be active and held by the Owner for duration of the guaranty (warranty).

2.12. CONTRACTOR LICENSE LAW, ELIGIBILITY & PREFERENCE

12.1 The Contractor shall comply with, and require all subcontractors to comply with State of Arizona and City Contractor's License Laws. Contractor shall comply with the provisions of "an Act to Regulate the Business of Contracting", Title 32, Chapter 10, Arizona Revised Statutes with latest adopted revisions and 'Contractor's License Laws and Regulations" dated July, 1981, published by the Arizona State Registrar of Contractors, or the latest revision thereof adopted under the provision of AIRS title 32, chapter 10, Articles 2 and 3.

The prime Contractor shall have a State of Arizona Classification "A" Contractor's license to perform the work. A bid submitted by any Contractor not properly licensed at the time of bid opening shall be considered non-responsive and will be rejected.

2.13. NONDISCRIMINATION

13.1 In connection with the performance of work under this Contract, the Contractor agrees (as prescribed in A.R.S. Section 23-373) not to discriminate against any employee or applicant for employment because of race, sex, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: employment upgrading, demotion, or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensations and selection for training, including apprenticeship. The Contractor agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices setting forth the provisions of the nondiscrimination clauses. The contractor further agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

2.14. COPIES OF DOCUMENTS FURNISHED

14.1 The Contractor shall obtain Construction Documents free of charge through the Procurement Portal.

2.15. INSURANCE

15.1 The contractor is required to provide and pay for insurances. He shall file, with his Performance and Payment Bonds, all required Certificates of Insurance and endorsements demonstrating that the insurance policy was amended to add City of San Luis, Arizona as an additionally insured.

15.2 The Contractor shall not commence work under this Contract until he has obtained all the insurance required under this paragraph and such insurance has been approved by the Owner, nor shall the Contractor allow any Subcontractor to commence work on his subcontract until the insurance require of the subcontractor has been so obtained and approved.

15.3 The Contractor shall procure and maintain during the life of this contract, Workmen's Compensation Insurance as required by applicable State or Territorial Law for all of his employees to be engaged in work at the site of the project under this contract, and in any such work sublet, the Contractor shall require the Subcontractor similarly to provide Workmen's Compensation Insurance for all of the latter's employees to be engaged in such work unless such employees are covered by the protection afforded by the Contractors Workmen's Compensation Insurance. In case any class of the

employees engaged in hazardous work on the project under this contract are not protected under the Workmen's Compensation Statute, the Contractor shall provide and shall cause each subcontractor to provide adequate employer's liability insurance for the protection of such of his employees as are not otherwise protected.

15.4 The Contractor shall provide public liability insurance and show evidence specified in the Contract Documents in the City Insurance Requirements.

2.16. ADDITIONAL SERVICES

16.1 Contractor agrees to pay for additional testing services, additional Engineering services, and any similar related additional costs as designated in the Contract Documents.

2.17. SUMMARY OF THE WORK

17.1 Refer to the Overview, Summary and Scope of Work, and Summary of the Work, for description of the work.

2.18. SUBSTANTIAL COMPLETION

18.1 Substantial Completion will be accomplished no later than June 30, 2027.

2.19. LIQUIDATED DAMAGES

19.1 The liquidated damages for this project shall be determined by the Schedule of Liquidated Damages in City of San Luis Supplemental to the MAG Uniform Standard Specifications.

2.20. EVALUATION AND AWARD

- Bid opening will take place on Thursday, September 3, 2026 immediately after the close of the bidding.
- City staff will convene in the City of San Luis City Hall, Pedro Julian Conference Room, 1090 E. Union St. San Luis, AZ 85349, open the proposals virtually, and read the bids into the record.
- Award will be made to the lowest qualified responsive bidder.
- Formal award of contract will be on the next available Regular City Council meeting.

2.21. PROTESTS

All responders will receive notification via e-mail regarding their status vis-a-vis the proposed contract award. Responders not selected have two days from e-mail sent date to initiate protest proceedings. To do this, a dissatisfied party must lodge a protest with Angelica Cifuentes, Procurement Coordinator, via receipted e-mail (acifuentes@sanluisaz.gov) or by certified mail (Attn: Angelica Cifuentes/City of San Luis/P.O. Box 7740/San Luis, AZ 85349). The City of San Luis will then hold a hearing within two days of the receipt of the protest and make a determination within two days of the hearing. In the absence of a successful protest, the contract will be awarded to the most responsive qualified bidder.

SCOPE OF WORK

3.1. TIMELINE

Advertisement/Release Project Date:	August 16, 2026
Advertisement/Release Project Date:	August 23, 2026
Pre-Bid Meeting (Non-Mandatory):	August 25, 2026, 2:30pm City of San Luis City Hall, Pedro Julian Conference Room, 1090 E. Union St. San Luis, AZ 85349
Question Submission Deadline:	August 27, 2026, 6:00pm
Question Response Deadline:	August 31, 2026, 6:00pm
Bid Opening:	September 3, 2026, 2:00pm
Contractor Selection Date:	September 7, 2026
Council Meeting:	September 23, 2026, 6:00pm

3.2. PROJECT NAME, LOCATION, AND OVERVIEW

PROJECT NAME:

The name of this project is **San Luis High School Lift Station Generator**. All correspondence and documents are to reference "San Luis High School Lift Station Generator".

PROJECT LOCATION:

The Project is located in Yuma County, Arizona. The proposed work is located within the limits of the City of San Luis, Arizona.

OVERVIEW:

The **San Luis High School Lift Station Generator** project is being undertaken by the City of San Luis, Arizona. This bid pertains to those activities described herein under the Scope of Work.

It is especially important that bidders are aware of the following:

- A. This solicitation is open to general contractors and subcontractors licensed to operate in the State of Arizona.

B. Davis-Bacon wage rates **NO VALUE**

3.3. SCOPE OF WORK

Scope of Work, **San Luis High School Lift Station Generator.**

The proposed work is located within the limits of the City of San Luis, Arizona.

3.4. High School Lift Station Generator

The high School Lift Station Generator project is intended to improve the reliability and resilience of the City's wastewater collection system by providing a permanent emergency backup power source for the existing lift station. The work includes, but is not limited to, furnishing and installing a new standby diesel generator with weatherproof sound-attenuated enclosure, construction of a reinforced concrete equipment pad, installation of a new automatic transfer switch (ATS), electrical service modifications, conduit and conductor installation, grounding, control wiring, equipment connections, testing, startup, commissioning, and all associated site restoration. The Contractor shall provide all labor, materials, equipment, tools, permits, supervision, and incidentals necessary to deliver a complete and fully operational generator system in accordance with the project plans and specifications. All work shall be completed, and the generator system shall be fully operational and functional, no later than June 30, 2027.

PROPOSAL KIT

1. Proposal*

Project Name: San Luis High School Lift Station Generator

In compliance with the Advertisement for Bids:

Having examined the contract documents, site of work, and being familiar with the conditions to be met, hereby submits the following Proposal for furnishing the material, equipment, labor and everything necessary for the completion of the work listed and agrees to execute the contract documents and furnish the required CONTRACT AND LABOR AND MATERIAL surety bonds and certificates of insurance for the completion of said work, at the locations and for the prices set forth on the inside pages of this form;

Understands that construction of this project shall be in accordance with all applicable Maricopa Association of Governments (MAG) Uniform Standard Specifications and Details for Public Works Construction as adopted by the City of San Luis, the City of Yuma Construction Standard Detail Drawings – 2009 edition [details], the City of San Luis Supplemental to the MAG Uniform Standard Specifications and Details for Public Works Construction and the City of Yuma Construction Standard Detail Drawings, except as otherwise required by the Plans and Special Provisions;

Understands that this proposal for construction of this project shall be submitted with a proposal guarantee of cash, certified check, cashier's check or bid surety bond for an amount not less than 10 percent of the amount bid;

Agrees that upon receipt of Notice of Award, from the City of San Luis, Arizona, Bidder will execute the contract documents within 10 (Ten) calendar days;

Understands that the work shall commence on day 1 of the Contract Time and be completed no later than June 30, 2027.

☐ Please confirm

*Response required

2. Bid Surety Bond*

Please download the below documents, complete, and upload.

- [Bid Surety Bond.pdf](#)

*Response required

3. Non-Collusion Affidavit*

Please download the below documents, complete, and upload.

- [Non-Collusion Affidavit.pdf](#)

*Response required

4. Bidders Participation Subcontractors and Suppliers List*

Please download the below documents, complete, and upload.

- [Bidders Participation Subco...](#)

*Response required

5. Certificate of Insurance*

Please upload your Certificate of Insurance.

*Response required

BID SCHEDULE

Line Item	Description	Quantity	Unit of Measure	Unit Cost	Total
1	Diesel Generator Set	1	LS		
2	Reinforced Concrete Equipment Pad	1	LS		
3	Automatic Transfer Switch (ATS) & Generator Disconnect	1	LS		

Line Item	Description	Quantity	Unit of Measure	Unit Cost	Total
4	Electrical Conduit, Wiring , Connections & Lift Station Modifications	1	LS		
5	Temporary Bypass Pumping/ Temporary Power	1	LS		
6	Testing & Startup	1	LS		
7	5% Contingency	1	%		
TOTAL					

CITY INSURANCE REQUIREMENTS

The following are the minimum required under the Contract. Greater amounts may be required by law or regulation. Any insurance proceeds in excess of the limits and coverage required in this Contract and which is applicable to a given loss will be available to the City. These limits required by the Contract do not limit the Contractor's liability under the indemnification provisions of the Contract.

6.1. Contractor's Obligation

The Contractor shall secure and maintain, at the Contractor's expense, until the Final Completion of the Project, general liability and property insurance as shall protect the Contractor and the City from claims for bodily injury, personal injury, and property damage which may arise because of the nature of the work or from operations under this Contract. The Contractor's insurance coverage shall be primary insurance with respect to all other available sources. Any coverage maintained by the City shall not contribute to any claims arising from the Contractor's performance of this Contract. The Contractor shall file these certificates with City of San Luis within ten (10) days of execution of this Contract and prior to engaging in any operation or activities set forth in this AGREEMENT. The foregoing insurance policies shall provide that no cancellation, major change in coverage, or expiration by the insurance company or the insured.

6.2. General Liability Coverage

Contractor shall have general liability coverage on a per occurrence, and in comprehensive form. General liability coverage shall include Products, Completed Operations, Products Liability, Explosion, Underground and Collapse Hazard, Premises, Operations, Contractual, Independent Contractors, Broad Form Property Damage and Personal Injury. General Liability coverage shall include and eliminate the exclusion for property under the care, custody, and control of the Contractor.

6.3. Coverage Amounts

Contractor shall provide general liability and excess general liability coverage in the following amounts, at a minimum:

Employer's Liability

- A. Each Accident \$100,000
- B. Disease for Each Employee \$100,000
- C. Disease Policy Limit \$250,000

Contractors General Liability

- A. General Aggregate \$6,000,000
- B. Products-Completed Operations Aggregate \$2,000,000
- C. Each Occurrence (Bodily Injury and Property Damage) \$6,000,000
- D. Personal Injury and Advertising Injury \$2,000,000
 - 1. Property Damage liability insurance will provide Explosion, Collapse, and Underground coverages.

Automobile Liability

- A. Bodily Injury:
 - 1. Each Person \$1,000,000
 - 2. Each Accident \$1,000,000
- B. Property Damage
 - 1. Each Accident \$1,000,000
- C. Combined Single Limit \$1,000,000

Contractual Liability

- A. Bodily Injury:
 - 1. Each Accident \$2,000,000
 - 2. Annual Aggregate \$2,000,000
- B. Property Damage:
 - 1. Each Accident \$2,000,000
 - 2. Annual Aggregate \$2,000,000
 - 3. Each Accident \$2,000,000

4. Annual Aggregate \$2,000,000

Professional Liability Errors and Omissions \$1,000,000

6.4. Additional Provisions

- A. Additional Insured: Contractor shall name the **City of San Luis, Arizona (an Arizona municipal corporation) and its elected officials, officers, agents, as “Additional Insureds”** on all insurance policies, except Worker’s Compensation and Errors and Omissions, and this shall be reflected on the Certificate(s) of Insurance, with corresponding endorsement relative to the additionally insured indemnification. Contractor shall name the City of San Luis as certificate holder.
- B. Cancellation Notice of Material Change of Coverage: The Contractor shall keep all policies in force for the duration of the Contract and any possible extension thereof. Contractors’ required insurance shall be endorsed to provide that the policies will not be canceled, reduced, discontinued, or otherwise materially altered during the period of performance without thirty (30) days prior written notice to the City of San Luis Public Workers Department.
- C. Certificate(s) of Insurance: Certificates of Insurance shall be Project-specific. Prior to commencing work under the Contract, Certificates of Insurance shall be submitted and approved by the City. Contractor is responsible for obtaining Certificates of Insurance, establishing that the Contractor and all subcontractors have complied with insurance requirements previously stated. Copies of Certificates of Insurance shall be forwarded to the City Risk Manager for review and filing. Failure of the City to demand such Certificate or other evidence of full compliance with these insurance requirements or failure of the City to identify a deficiency from the evidence that is provided shall not be construed as a waiver of the Contractor’s obligation to maintain such insurance. City shall have the right, but not the obligation, to prohibit Contractor or any of its subcontractors from entering the Project Site until such certificates or other evidence that insurance has been placed in complete compliance with these requirements is received and approved by City.
- D. Rating of Insurance Companies: Any and all insurance companies supplying coverage to the Contractor shall be approved to write insurance in the State of Arizona and must possess no less than an “A” rating in accordance with the A.M. Best rating guide.
- E. Deductible: Contractor shall be solely responsible to satisfy any deductible or self-insured retention with respect to any of the coverages required by the Contract Documents. Such deductibles or self-insured retention shall not be applicable with respect to the policy limits provided to the City of San Luis. The City of San Luis, at its option, may require the Contractor to secure payment of such deductible or self-insured retention by a surety bond or irrevocable and unconditional Letter of Credit.
- F. Rental Equipment: In the event that rental of equipment is undertaken to complete and/or perform the Work, the Contractor agrees that it shall be solely responsible for such rental equipment. Such

responsibility shall include, but not be limited to, theft, fire, vandalism, and use by unauthorized persons.

- G. Personal Property: In the event that materials or any other type of personal property are acquired for the Project or delivered to the Project site, the Contractor agrees that it shall be solely responsible for such property until it becomes a fixture on the Project, or otherwise is installed and incorporated as a final part of the Project. Such responsibility shall include, but not be limited to, theft, fire, vandalism, and use by unauthorized persons. Contractor shall maintain “all risk” insurance on a replacement cost basis, covering loss or damage to personal property (for which it has title and/or risk of loss), which is to become a final part of the Project, during any time such personal property is in transit and while stored or worked upon away from the Project site. City and its officials, officers, employees, and agents shall be named as additional insured under such insurance.
- H. Waiver of Subrogation: City and Contractor waive all rights against each other and Architect/Engineer, and separate contractors for damages caused by fire or other perils covered by Builder’s Risk or any other property insurance, except such rights as they may have to the proceeds of such insurance.
- I. Right to Require Higher Limits: City reserves the right, in its sole discretion, to require higher limits of liability coverage if, in the City’s opinion, operations by or on behalf of the Contractor create higher-than-normal hazards and to require the Contractor to name additional parties in interest to be Additional Insureds.
- J. Waiver of Requirements: The City Manager, in consultation with the City Risk Manager and/or City Attorney, reserves the right to waive or reduce insurance requirements should it be in the best interest of the City.

GENERAL CONDITIONS OF THE CONTRACT

SECTION 1 - Bidders Participation Subcontractors and Suppliers List

These General Conditions encompass provisions that apply and are incorporated into all construction contracts entered into by the City of San Luis unless otherwise specifically excluded in the executed Contract. Sections 2 through 14 of these General Conditions apply to all construction contracts, in whatever form, including without limitation, Fixed Price, Unit Price, Construction Manager at Risk (CM@Risk), Guaranteed Maximum Price (GMP) Cost-Based, and Job Order Contracts (JOC).

SECTION 2 - GENERAL DEFINITIONS

2.1 The Definitions in the Invitation for Bid (IFB), the Request for Proposals (RFP), the Request for Qualifications (RFQ), and/or the JOC Solicitation (JOC) giving rise to the Contract shall apply to these General Conditions and the Contract for the Project.

2.2 Change Order – A written instrument issued after execution of the Contract Documents signed by City and Contractor, stating their agreement upon all of the following: the addition, deletion, or revision in the

scope of services or deliverables; the amount of the adjustment to the Contract Price, the extent of the adjustment to the Contract Time, or modifications of other contract terms. Only a Change Order allows the Contract Price or the Contract Time or both to be changed.

2.3 City – City of San Luis, Arizona, a municipal corporation, with whom the Contractor has entered into the Contract and for whom the Services and/or Work are to be provided pursuant to the Contract(s).

2.4 Contract - The written agreement executed between the City and Contractor, including all of the Contract Documents.

2.5 Contract Documents - The documents which together form the Contract between City and Contractor, as identified in Article 2 of the Contract, or are otherwise incorporated into the Contract, including the Contract, the exhibits and attachments to it, these General Conditions, any Notice to Proceed, and any Job Order (if applicable), the Plans and Specifications, Project Schedule, written and properly executed Change Orders, and any other documents so designated in the Contract.

2.6 Contract Price - The agreed-upon price to be paid to the Contractor for full, timely, and acceptable completion of the Services or Work under the terms of the Contract.

2.7 Contract Time(s) - The number of days or the dates related to the Final Completion as stated in Contract Documents. The Contract Time is set forth in the Contract and is based upon the Project Schedule agreed to by the City in writing.

2.8 Contractor - The person or corporation with whom the City has entered into a contract for construction-related work or services related to the Project at issue. As used in these General Conditions, the term Contractor includes CM@Risk and JOC under contract with the City to provide pre-construction and/or construction services.

2.9 Contractor Payment Request - The form that is accepted by the City and used by the Contractor in requesting progress payments or final payment and which shall include such supporting documentation as is required by the Contract Documents and/or City.

2.10 Construction Documents - The plans, specifications, and drawings prepared and issued by the Design Professional and approved by the City for construction, meaning the documents are sealed by the Contractor (as required), acceptable for permitting, and incorporated into the Contract by reference. All amendments and modifications to the Construction Documents must be approved in writing by the City prior to incorporation into the Contract.

2.11 Critical Path - The critical path is the sequence of Project network activities that add up to the longest overall duration. Once established in the Project Schedule, the Critical Path for the Project shall not be changed without prior written approval of the City.

2.12 Day - Calendar day(s) unless otherwise specifically stated in the Contract Documents.

2.13 Final Acceptance - The written notice from the City to the Contractor that Final Completion has occurred.

2.14 Final Completion - The point when all items of the Work, including punch list items, have been completed to the City's satisfaction as reflected in the written Final Acceptance.

2.15 Float - The number of Days by which an activity can be delayed without lengthening the Critical Path and extending the Contract Time. Unless otherwise expressly agreed in writing, all Float belongs to City.

2.16 MAG Specifications – The latest edition adopted by the City of the Uniform Standard Specifications for Public Works Construction published by Maricopa Association of Governments ("MAG"), or the latest revision published by MAG.

2.17 MAG Standard Details – The latest edition adopted by the City of the Uniform Standard Details for Public Works Construction published by Maricopa Association of Governments ("MAG"), or the latest revision published by MAG.

2.18 Notice to Proceed (NTP) - A written notice given by the City to the Contractor fixing the date on which the Contractor will start to perform the Contractor's obligations under the Contract. The Notice to Proceed shall not be issued until the Contract Price is approved and accepted by the City.

2.19 Project – The Project specified in the Contract (including the Job Order).

2.20 Project Manager - The Project Manager designated in Article 1 of the Contract, or any successor Project Manager the City designates. The Project Manager has the authority to act on behalf of the City, as delineated and limited by the Contract Documents and applicable law. The City shall communicate with the Contractor through the Project Manager. However, the Project Manager has no authority to bind the City or City Council in contravention of any City code, State or Federal statute or regulation, or these General Conditions.

2.21 Project Schedule - The schedule for the completion of the Project agreed to and/or required by the City and incorporated into the Contract.

2.22 Project Specific Provisions - Additional conditions that apply to the specific Project and/or Scope of Work.

2.23 Proposal A Proposal submitted to the City by a Contractor in response to an Invitation for Bid (IFB), Request for Qualifications (RFQ), a Request for Proposals (RFP), or other solicitation or request by the City. Bids may be Fixed Price, Guaranteed Maximum Price (GMP), Unit Price, or other form as required or requested by the City in the Bid Schedule.

2.24 Requests for Information (RFIs) - Formal written request from the Contractor to the City and/or Contractor for the Project seeking clarification or additional information needed for the Contractor to properly complete the Work and/or Services under the Contract. The City may require RFI's to be submitted on a specific form or in a specified format.

2.25 Schedule of Values (SOV) - The specified document prepared by the Contractor and approved and accepted by the City, which divides the Contract Price into pay items, such that the sum of all pay items equals the Contract Price for the construction phase Work, or for any portion of the Work having a separate specified Contract Price.

2.26 Scope of Work The scope of work agreed to and/or required by the City and incorporated into the Contract as set forth in the IFB and/or an Exhibit to the Contract.

2.27 Subconsultant A person, firm, or corporation having a Contract with a Consultant/Contractor to furnish services required as its independent professional associate or consultant with respect to the Project.

2.28 Subcontractor - An individual or firm having a direct contract with the Contractor or any other individual or firm having a contract with the aforesaid contractors at any tier, who undertakes to perform a part of the pre-construction services or construction phase Work at the site for which Contractor is responsible. Subcontractors shall be selected through the Subcontractor selection process described in the Contract Documents, if any.

2.29 Supplier. Any person or entity providing materials or property for the Project.

2.30 Total Float. The number of Days by which the pre-construction services or construction phase Work or any part of the same may be delayed without necessarily extending a pertinent Contract Time or schedule milestone in the Project Schedule.

2.31 Work - The entire completion of construction or the various separately identifiable parts thereof, required to be furnished during the construction phase. Work includes and is the result of:

- a. performing or furnishing labor;
- b. furnishing and incorporating materials, resources, and equipment into the construction; and
- c. performing or furnishing services and documents as required by the Contract Documents for the construction phase.

SECTION 3 - STANDARD SPECIFICATIONS AND DETAILS

3.1 The City operates under the 2016 City of San Luis Supplement to the 2015 MAG Uniform Standard Specifications for Public Works Construction.

3.2 The City also operates under the 2009 City of Yuma Construction Standard Detail Drawings.

3.3 The City also operates under the 2006 Yuma County Public Works Standards – Volume III – Storm Drainage Facilities.

3.4 The above standard specifications and details may be viewed and downloaded at the City of San Luis website: <https://www.sanluisaz.gov/DocumentCenter/Index/268>. **3.5** The City may require particular sections of the revisions of the MAG Specifications and Standard Details after the 2015 revision that the City adopted.

3.6 Current and Historical MAG Specifications and Standard Details may be viewed at the Maricopa Association of Governments website at <https://azmag.gov/Programs/Public-Works/Specifications-and-Details>.

3.7 The MAG Specifications and Standard Details and the City's amendments to them are incorporated into the Contract.

SECTION 4 - CONTRACTOR'S RESPONSIBILITIES FOR CONSTRUCTION SERVICES

4.1 General

4.1.1 The Contractor shall construct the Work in accordance with the Contract Documents and as outlined in the Contract Documents to the satisfaction of the City, exercising the degree of professional care, skill, diligence, quality, and judgment that a professional Contractor engaged, experienced, and specializing in the construction of facilities of similar scope, function, size, quality, complexity, and detail in urban areas throughout the United States comparable to the City would exercise at such time, under similar conditions. The Contractor shall, at all times, perform the Work in conformance with sound and generally accepted engineering principles and construction management and construction contracting practices.

4.1.2 The Contractor shall comply with, and require all Subcontractors to comply with, the Arizona Contractors' license laws, including all requirements with respect to being duly registered and licensed.

4.1.3 Pursuant to A.R.S. § 41-4401, the Contractor warrants to the City that the Contractor and all its Subcontractors are in compliance and will comply with all Federal Immigration laws and regulations that relate to their employees and with the E-Verify Program under A.R.S. § 23-214(A). The Contractor acknowledges that a breach of this warranty by the Contractor or any of its Subcontractors is a material breach of this Contract subject to penalties up to and including termination of the Contract or any subcontract. The City retains the legal right to inspect the papers of any employee related to this statute and of the Contractor or any Subcontractor who works on this Contract to ensure compliance with this warranty. The City may conduct random verification of the Contractor's employment records and any of its Subcontractors' employment records to ensure compliance with this warranty. The City will not consider the Contractor or any of its Subcontractors in material breach of the foregoing warranty if the Contractor and its Subcontractors establish that they have complied with the employment verification provisions prescribed by 8 USC § 1324(a) and (b) of the Federal Immigration and Nationality Act and the e-verify requirements prescribed by Arizona Revised Statutes § 23-214(A). The provisions of this Section must be included in any agreement the Contractor enters into with its Subcontractors who provide services under this Contract or any subcontract. "Services" are defined as furnishing labor, time, or effort in the State of Arizona by a contractor or Subcontractor. Services include construction or maintenance of any structure, building, or transportation facility or improvement to real property. Breach of this warranty shall constitute a material breach of the contract and shall subject the Contractor to penalties, including termination of the Contract at the sole discretion of the City.

4.1.4 The Contractor further understands and acknowledges the applicability of the Americans with Disabilities Act, the Immigration Reform and Control Act of 1986, and the Drug-Free Workplace Act of 1989 to the Contract. The Contractor understands and acknowledges that it must also comply with A.R.S. § 34-301, "Employment of Aliens on Public Works Prohibited," and A.R.S. § 34-302, as amended, "Residence Requirements for Employees," and A.R.S. § § 12-2701 through 12-704 "Immigration and Nationality Law Practice Act" as amended.

4.2 Contractor's Pre-Contract and Pre-Work Deliverables

4.2.1 Before beginning any Work under the Contract, the Contractor shall execute the Contract and deliver to the City the items listed in Section 4-2.2 below within seven (7) days after the award of the Contract, and the City must execute the Contract. Failure to do so will be a material breach of the Contract, entitling the City to terminate the Contract for Cause.

4.2.2 When the Contractor delivers the executed Contract to the City, the Contractor shall also deliver to the City such bonds and certificates of insurance with endorsements in such amounts (and other evidence of insurance requested by the City) required under Section 11 - of these General Conditions, and as the Contract requires.

4.2.3 The Contractor shall obtain all necessary permits for the Work and pay all applicable fees unless otherwise noted on the plans and in the specifications. The Contractor is specifically notified of the need to obtain traffic control permits from the Arizona Department of Transportation (ADOT) and the necessary environmental permits or file the necessary environmental and regulatory permit notices. Copies of all permits and the associated notices must be provided to the City prior to starting the permitted activity.

4.3 Pre-Construction Conference

4.3.1 Prior to the commencement of any Work, the City may schedule a Pre-Construction Conference.

4.3.2 Prior to the Pre-construction Conference, the Contractor shall provide the Project Manager with a Schedule of Values reflecting the subcontracts and other categories that will be used to submit pay applications for the Work. The total amount of the Schedule of Values shall not be greater than the Contract Price. The Schedule of Values shall be reviewed at the Pre-Construction Conference and revised in response to comments and questions from the City. Once accepted by the City in writing, the Schedule of Values for the Project will not be changed without the City's prior written approval.

4.4 Performance of the Work (Including Field Measurements, Subcontractors, and Suppliers)

4.4.1 Unless otherwise provided in the Contract Documents to be the responsibility of the City or a separate Contractor, the Contractor shall provide through itself or its Subcontractors the necessary supervision, labor, inspection, testing, start-up, material, equipment, machinery, temporary utilities, and other temporary facilities to permit Contractor to complete the Work consistent with the Contract Documents.

4.4.2 The Contractor's Superintendent shall be present at the Project site at all times that material Work under this Contract is taking place. The Contractor's Superintendent or designee shall be present at the Project site at all times any other Work under this Contract is taking place. All elements of the Work shall be under the direct supervision of a foreman or his designated representative on the Project site, who shall have the authority to take actions required to carry out that particular element of the Work properly.

4.4.3 Before ordering materials or doing work, the Contractor and each Subcontractor shall verify measurements at the Project site and shall be responsible for the correctness of such measurements.

No extra charge or compensation will be allowed because of differences between the actual dimensions and the dimensions indicated on the Contract Documents, including the drawings.

4.4.4 If the Contractor observes errors, discrepancies, or omissions in the Contract Documents, it shall promptly notify the Contractor and City and request clarification. The Contractor shall be liable to the City for damages resulting from errors, inconsistencies, or omissions in the Contract Documents or for differences between field measurements or conditions in the Contract Documents. If the Contractor, with the exercise of reasonable care, should have recognized such error, inconsistency, omission, or difference and fails to report it to the City, and if the Contractor proceeds with the Work affected by such observed errors, discrepancies, or omissions, without receiving such clarifications, it does so at its own risk.

4.4.5 In all cases of interconnection of its Work with existing or other work, the Contractor shall verify at the Project site all dimensions relating to such existing or other work. Any errors due to the Contractor's failure to so verify all such grades, elevations, locations, or dimensions shall be promptly rectified by the Contractor without any increase in the Contract Price. Any design errors or omissions noted by the Contractor during this review shall be reported promptly to the City.

4.4.6 The Contractor shall be responsible for the proper performance of the Work of Subcontractors and any acts and omissions in connection with such performance. Nothing in the Contract Documents is intended or deemed to create any legal or contractual relationship between the City and any Subcontractor or Sub-Subcontractor, including but not limited to any third-party beneficiary rights.

4.4.7 The Contractor will not substitute or change any Subcontractor or Supplier without the City's prior written approval. Any substitute or replacement Subcontractor or Supplier shall be required to meet the same qualifications and selection criteria and process as the original Subcontractor or supplier. If a Subcontract or Supplier selection plan has been approved by the City, the Contractor will follow that plan unless otherwise approved by the City in writing.

4.4.8 The Contractor shall not change or replace the Contractor's Project Manager or Superintendent on this Project without an explanation for the change being given to the City and receiving prior written approval of the change from the City, which approval will not be unreasonably withheld.

4.4.9 Subcontractors whose scope of work has a value greater than fifteen percent (15%) of the total Contract Price may be required to furnish performance and payment bonds to the Contractor if directed in writing by the City.

4.5 Control of the Project Site

Throughout all phases of construction, including suspension of Work, the Contractor shall keep the Project site reasonably free from debris, trash, and construction wastes to permit the Contractor to perform its construction services efficiently, safely, and without interfering with the use of adjacent land areas. Prior to the Final Acceptance of the Work, or a portion of the Work, the Contractor shall remove all debris, trash, construction wastes, materials, equipment, machinery, and tools arising from the Work or applicable portions thereof to permit the City to occupy the Project or a portion of the Project for its intended use.

4.5.1 The Contractor shall take whatever steps, procedures, or means necessary to prevent dust nuisance due to construction operations. The dust control measures shall be maintained at all times to the satisfaction of the City and in accordance with the requirements of the Yuma County dust control regulations.

4.5.2 The Contractor shall be responsible to the City for the acts and omissions of the Contractor's employees, Subcontractors and their agents and employees, and any other person performing any of the Work under a contract with Contractor, or claiming by, through, or under Contractor, for all damages, losses, costs, and expenses resulting from such acts or omissions.

4.6 Project Safety

4.6.1 The Contractor is responsible for the safety of the job site for the Contractor's employees as well as for members of the general public and others who may drive or walk through or be at the Project site.

4.6.2 The Contractor assumes responsibility for implementing and monitoring all safety precautions and programs related to the performance of the Work.

4.6.3 The Contractor shall provide a "competent person" as required by O.S.H.A. regulations. The "competent person" shall be identified at the Pre-Construction Conference, and the City will be advised in writing of any changes.

4.6.4 The Contractor and Subcontractors shall comply with all legal and regulatory requirements relating to safety, as well as any City-specific safety requirements set forth in the Contract Documents, provided that such City-specific requirements do not violate any applicable legal and regulatory requirements.

4.6.5 As between the City and the Contractor, the Contractor is responsible to the City for any and all the safety issues relating to the Work on the Project. The Contractor shall administer and manage the safety program. The safety program will include, but not necessarily be limited to, reviews of the safety programs of each Subcontractor. The Contractor shall monitor the establishment and execution of compliance with all applicable regulatory and advisory agency construction safety standards.

4.6.6 The Contractor shall maintain and have sole responsibility for safety on the job site.

4.7 Materials Quality, Substitutions, and Shop Drawings

4.7.1 All construction materials to be used or incorporated in the Project are subject to inspection, quality control and quality assurance testing, and approval or rejection by the City. Any material rejected by the City shall be removed immediately and replaced in an acceptable manner to the City at no additional cost to the City. When quality control and quality assurance tests indicate noncompliance with the Contract Documents, retesting shall be performed by the same testing laboratory that performed the tests that indicated noncompliance.

4.7.2 A schedule of shop drawing submissions shall be submitted with the Project Schedule for City approval that avoids bulk submissions to the extent reasonably possible. Unless otherwise noted, shop

drawings will not be required for items specified or detailed in the Uniform Standard Specifications and Details or the Technical Specifications. The schedule of shop drawing submissions shall include all of the items for which shop drawings are required by the Contract Documents, including the specifications.

4.7.3 Long Lead Time Items. The Contractor shall submit shop drawings, as required by the Project Engineer, on all long lead items to be furnished and installed as part of the Project within ten (10) days after execution of the Contract. In addition, the Contractor shall order all long lead items to be furnished and installed as part of this Project within (3) days after receiving approved shop drawings. For all long lead times for which shop drawings are not required, the Contractor shall order said long lead items within fifteen (15) days after execution of the Contract. Within two (2) days after ordering long lead items, the Contractor shall supply copies of all purchase orders, along with an accurate delivery schedule from the supplier.

4.8 Project Record Documents

The Contractor shall ensure that any and all changes or modifications done as a result of field changes are accurately reflected in red-lined markings. At the completion of construction, all red lines and markings shall be compiled to aid in the creation of “as-built” plans.

4.9 Warranty and Correction of Defect Work

4.9.1 The Contractor warrants to the City that the construction of the Work shall be of good and workmanlike quality and completed in strict conformance with all applicable laws, rules, and regulations and the plans and specifications and all other terms and conditions of the Contract Documents, including all materials and equipment furnished as part of the construction, shall be new unless otherwise specified in the Contract Documents, of good quality, in conformance with the Contract Documents and free of defects in materials and workmanship.

4.9.2 The date of Final Completion shall be the beginning of the Warranty period, regardless of early completion by some Subcontractors of their work.

4.9.3 Unless otherwise specified in the Contract Documents, the Contractor and Subcontractors shall provide to the City all of the following written warranties that apply to the Work in a form acceptable to the City.

- (i) General Warranty — Two (2) years
- (ii) Mechanical Contractor — Two (2) years
- (iii) Plumbing Contractor — Two (2) years
- (iv) Electrical Contractor — Two (2) years
- (v) Caulking — One (1) year
- (vi) Steel Joists, Certificate of Manufacturer
- (vii) Exterior Metal Wall System — Five (5) years
- (viii) Painting — One (1) year
- (ix) Termite — Five (5) years
- (x) Sheet Metal: Zinc coating thickness on hot-dipped galvanized Metals — One (1) year

4.9.4 Nothing in the warranties contained in the Contract Documents are intended to limit any manufacturer's warranty, which provides the City with greater warranty rights than set forth in this Section or the Contract Documents. The Contractor will provide the City with all manufacturers' warranties prior to Final Acceptance.

4.9.5 A progress payment, or partial or entire use or occupancy of the Project by the City, shall not constitute Acceptance of Work not in accordance with the Contract Documents.

4.9.6 Without limiting the foregoing or anything in these General Conditions or the Contract to the contrary, the Contractor shall obtain and provide to the City all warranties for any portion of the Project offered by the manufacturer, installer, or provider thereof. The City and the user of the facility shall have the right to the full value and benefit of all such warranties. The Contractor will ensure all such warranties are fully transferrable to facilitate the full value of this Section.

SECTION 5 - CITY'S RESPONSIBILITIES

5.1 City Project Manager The Project Manager is responsible for providing City-supplied information and approvals in a timely manner to assist the Contractor to fulfill its obligations under the Contract Documents.

5.2 Contract Services The City may contract separately with one or more contractors to provide construction administration of the Project. The Contractor's Contract, as well as other firms hired by the City, shall be furnished to the Contractor. The contractor shall not have the right to limit, restrict, or reject any Contract modifications that are mutually acceptable to the City and the Contractor.

SECTION 6 - CONTRACT TIME

6.1 Contract Time

6.1.1 The Contract Time shall start with the Notice to Proceed ("NTP") and end with Final Acceptance, as set forth in Section 6.3 below.

6.1.2 The Contract Time shall be as set forth in the Project Schedule. The Contractor agrees that it will commence the performance of the Work and complete the Project within the Contract Time.

6.1.3 Time is of the essence of this Contract, for the Project, for the Work, and for each phase and/or designated milestone of the Project.

6.2 Project Schedule

6.2.1 The Project Schedule shall be updated and maintained throughout the Contract Time.

6.2.2 The Project Schedule shall be revised as required by conditions and progress of the Work. However, such revisions shall not relieve the Contractor of its obligations to complete the Work within the Contract Time, as adjusted in accordance with the Contract Documents. No modification to the Contract Documents or the Contract Time shall be effective unless approved in advance by the City.

6.2.3 An updated Project Schedule shall be submitted monthly to the City as part of the Payment Request.

6.2.4 The Contractor shall provide the City with a monthly status report with each Project Schedule detailing the progress of the Work, including:

6.2.5 Acceptance of a submitted schedule by the City should in no way be construed as an affirmation or admission that the schedule is reasonable or workable by the Contractor. The responsibility for completing the Work on the Project within the Contract Time remains the obligation of the Contractor. The City's review shall not relieve the Contractor from compliance with the requirements of the Contract Documents or be construed as relieving the Contractor of its complete and exclusive control over the means, methods, sequences, and techniques for executing the Work.

6.2.6 Critical Path Method (CPM)

6.2.6.1 Unless otherwise specified in the Contract, the Project Schedule shall include a Critical Path Method (CPM) diagram schedule showing the sequence of activities, the interdependence of each activity, and identifying the Critical Path.

6.2.6.2 The CPM diagram schedule shall be in calendar Days and indicate duration, earliest and latest start and finish dates for all activities, and total Float Times for all activities except critical activities. The CPM diagram shall be presented in a time-scaled graphical format for the Project as a whole.

6.2.7 Float Time

6.2.7.1 The total Float time within the overall schedule is for the exclusive use of the City. However, the City may approve the Contractor's use of Float time as needed to meet contract milestones and the Project completion date.

6.2.7.2 The Contractor shall not be allowed to sequence, hide, or reallocate Float time through such strategies as extending activity duration estimates to consume available Float, using preferential logic, or using extensive crew or resource sequencing. No time extensions will be granted nor delay damages paid until a delay occurs which extends the Work beyond the Contract Time.

6.2.7.3 Rain-Related Delays. In preparing the Project Schedule, The Contractor is required to take into account all relevant weather conditions, including normal rainfall and distribution. No additional Compensation shall be given for any rain-related delays or impacts on the Work or the Project Schedule. The burden of documenting normal rainfall, excessive rainfall, and the impact on Critical Path activities is on the Contractor.

6.3 Final Completion and Final Acceptance

6.3.1 Unless otherwise expressly agreed to in writing by the City, Final Completion must be obtained by no later than Three hundred sixty-five (365) calendar days after the date of Notice to Proceed. Failure to timely obtain Final Completion will be a material breach of the Contract.

6.3.2 Upon receipt of written notice that the Work is ready for final inspection and Acceptance, the City and the Contractor will jointly inspect to verify that the remaining items of Work have been completed. There shall be no partial acceptance. Final Acceptance shall not be issued, and Final Completion shall not occur until all items of Work, including punch list items, have been completed to the City's satisfaction as reflected in the written Final Acceptance.

6.3.3 Final Payment under Section 8.2 below shall not be due, owing, or paid by the City until the Final Completion is obtained.

6.4 Liquidated Damages

6.4.1 The Contractor acknowledges and agrees that if the Contractor fails to obtain Final Completion of the Work within the Contract Time, the City will sustain extensive damages and serious loss as a result of such failure. The exact amount of such damages will be extremely difficult to ascertain. Therefore, the City and the Contractor agree that if Contractor fails to achieve Final Completion of the Work within the Contract Time, the City shall be entitled to retain or recover from the Contractor, as liquidated damages and not as a penalty, the applicable dollar sum amount in Subsection 108.9 of the 2016 City of San Luis Supplement to the 2015 MAG Uniform Standard Specification for Public Works Construction per calendar day, commencing from the Completion Date required under the Contract until the actual date of the Final Completion of the Work.

6.4.2 The City may deduct liquidated damages described in this Section 6.4 from any unpaid amounts then or thereafter due Contractor under this Contract. Any liquidated damages not so deducted from any unpaid amounts due to the Contractor shall be payable to the City at the demand of the City, together with interest from the date of the demand at the highest lawful rate of interest payable by the Contractor.

6.4.3 Nothing herein shall be deemed to constitute a waiver of any other remedy available to the City in the event of Contractor's default under this Contract prior to the full performance of the Work, including, as applicable, specific performance or completion of the Work on behalf of Contractor, the cost and expense of which shall be offset against any monies then or thereafter due to Contractor (if any) and otherwise immediately reimbursed to City by Contractor.

SECTION 7 - CONTRACT PRICE

7.1 Fixed Price Contracts The Contract Price shall be the amount set forth in the Contract.

7.2 City Sales Tax The Contractor is required to pay Sales Taxes on any contracting activity done for the City, and this cost shall be included in all Contract Prices.

SECTION 8 - PAYMENT

8.1 Payment for Construction Services

8.1.1 Monthly progress payments for certified work and material delivered to the Project site for the preceding month shall be paid on or before fourteen (14) business days after the estimate of the Work is

certified and approved. The submittal estimate shall be deemed certified and approved for payment after seven (7) days from the date of submission unless the City's Project Manager issues a written finding setting forth items not approved for payment.

8.1.2 The City shall retain ten percent (10%) of all progress payments as insurance of proper performance of the Contract or, at the option of the Contractor, a substitute security may be provided by the Contractor in an authorized form approved by the City. The Contractor is entitled to all interest from any such substitute security.

8.1.3 When the Contract is fifty percent (50%) completed, one-half of the amount retained or securities substituted shall be paid to the Contractor upon the Contractor's request, provided the Contractor is making satisfactory progress on the Contract. There is no specific cause or claim requiring a greater amount to be retained. After the Contract is fifty percent (50%) completed, no more than five percent (5%) of the amount of any subsequent progress payments made under the Contract shall be retained, providing the Contractor is making satisfactory progress on the Project. If at any time the City determines satisfactory progress is not being made, ten percent (10%) retention shall be reinstated for all progress payments made under the Contract subsequent to the determination.

8.1.4 . Unless the City Project Manager delivers specific written findings of deficiencies and expected cost to cure, any retention shall be paid, or substitute security shall be returned to the Contractor within sixty (60) Days after Final Completion and Acceptance of Work under the Contract. The City may withhold an amount from the progress payment sufficient to pay the expenses the City's Project Manager reasonably expects to incur in correcting the deficiency set forth in the written finding.

8.1.5 The Contractor, and all Subcontractors, shall pay to Subcontractors or material Suppliers within seven (7) days of receipt of each progress payment unless otherwise agreed in writing by the parties, the respective amounts allowed the Contractor or Subcontractor on account of the Work performed or materials delivered to the extent of each such Subcontractor's or material Supplier's interest therein. No agreement for construction may materially alter the rights of any Contractor, Subcontractor, or material Supplier to receive prompt and timely payment as provided under this Section. These monthly progress payments to Subcontractors or material Suppliers shall be passed on payments received pursuant to this Section. Any diversion by the Contractor or Subcontractor of payments received for Work performed or failure to reasonably account for the application or use of such payments constitutes grounds for disciplinary action by the Registrar of Contractors. The Subcontractor or material Supplier shall notify the Registrar of Contractors and the City in writing of any payment less than the amount or percentage approved for the class or item of work as set forth in this Section. The Subcontractor may notify the City's Project Manager in writing, requesting that the City notify the Subcontractor in writing within five (5) days from payment of each progress payment made to the Contractor. The Subcontractor's request remains in effect for the duration of the Subcontractor's work on the Project.

8.1.6 Nothing in this Section 8.1 prevents the Contractor at the time of application/certification to the City from withholding application or certification to the City for payment to the Subcontractor or material Supplier for unsatisfactory job progress, defective work, or materials not remedied, disputed

work or materials, third party claims filed or reasonable evidence that claim will be filed, failure of a Subcontractor to make timely payment for labor, equipment and materials.

8.2 Final Payment Subject to all of the City's rights to withhold or offset payment and other rights under the Contract, Final Payment, including remaining retainage, shall be paid only after:

- (i) The Work has been fully completed (including completion of all incorrect or incomplete work items), and the City has issued the written Final Acceptance;
- (ii) necessary operating manuals, any excess materials and supplies necessary for matching materials and supplies incorporated into the Work, and complete "as-built" drawings (including the Building Information Model, if required by the Contract Documents), plans, and specifications have been delivered to City;
- (iii) full and unconditional lien waivers and releases by Contractor and any person performing labor or supplying material, machinery, fixtures, or tools for the Work have been delivered to the City;
- (iv) all conditions and requirements imposed by the City or any financing entity for the corresponding disbursement have been met; and
- (v) the Contractor delivers to the City a Contractor Payment Request Form requesting Final Payment.

8.3 The City's Right to Withhold Payment The City may withhold payment to such extent as may be necessary in the City's opinion to protect the City from loss for which the Contractor is responsible, including, without limitation:

- (i) Defective Work not remedied;
- (ii) Third-party claims filed or reasonable evidence indicating probable filing of such claims unless Contractor provides security acceptable to the City;
- (iii) Failure of Contractor to make payments properly to Subcontractors or for labor, materials, or equipment;
- (iv) Reasonable evidence that the Work cannot be completed for the unpaid balance of the Contract Price;
- (v) Damage to the City or another Contractor or any third party for which the Contractor may have an obligation under Article 12 of the General Conditions;
- (vi) Reasonable evidence that the Work will not be completed within the Contract Time and that the unpaid balance would not be adequate to cover actual or liquidated damages for the anticipated delay; or
- (vii) Persistent failure to carry out the Work in accordance with the Contract Documents.

8.4 Joint/Direct Checks Payments to the Contractor may be made by checks payable jointly to the Contractor and its employees, agents, Subcontractors, and Suppliers, or any of them. When in the sole opinion of the City, it is advisable, payments may be made directly to the Contractor's Subcontractors. Any amount so paid shall be deducted from the amounts owed to the Contractor under this Contract.

8.5 Payment Not A Waiver No payment (nor use or occupancy of the Project by the City) shall be deemed Acceptance or approval of the Work or as a waiver of any claims, rights, or remedies of the City.

8.6 Liens and Bond Claims The Contractor shall make all payments, in the time required, of all labor and materials furnished to the Contractor in the course of the Work and shall promptly furnish evidence of such payments as the City may require. The Contractor shall pay when due all claims arising out of the performance of the Work covered by this Contract for which a lien may be filed either against the real estate or leasehold interest of City, or against payments due from City to Contractor, or for which a claim may be made against any payment or performance bond or both. To the fullest extent permitted by law, Contractor agrees that no liens or other claims in the nature of a lien against the real estate, leasehold, or other interest of City, against payment due from City to Contractor, or against any payment or performance bond, shall be filed or made in connection with the Work by any party who has supplied professional services, labor, materials, machinery, fixtures, tools, or equipment used in or in connection with the performance of this Contract. The Contractor agrees to remove or to cause to be removed any such liens or claims in the nature of a lien or bond claim within ten (10) days upon receiving notice or obtaining actual knowledge of the existence of such liens or claims. In addition, the Contractor agrees to defend, indemnify, and hold harmless the City from and against any and all such liens and claims. This paragraph does not apply to claims and liens of Contractor due to non-payment for work performed by Contractor. The obligations under this Section 8.4 survive termination of this Contract.

8.7 Financial Record Keeping and City's Audit Right

8.7.1 Records for all Contracts between the City and the Contractor shall, upon reasonable notice, be open to inspection and subject to audit, scanning, and/or reproduction during normal business working hours. The City or its designee may conduct such audits or inspections throughout the term of this Contract and for a period of three years after Final Payment or longer if required by law.

8.7.2 The City, its authorized representative, and/or the appropriate agency reserve the right to audit the Contractor's records in compliance with local, state, or federal policies, statutes, or at the City's discretion within three (3) years of Final Acceptance of the Work.

SECTION 9 - CHANGES TO THE CONTRACT

9.1 Extra Work/Changes in the Work

9.1.1 The City reserves the right to make such changes in the plans and specifications for the Work as it may deem appropriate. Any such change as set forth in a written Change Order or Extra Work Order shall be deemed a part of this Contract as if originally incorporated into this Contract.

9.1.2 The Contractor shall not be entitled to payment for additional work unless a written Change Order or Extra Work Order, in form and content prescribed by the City, has been executed by the City prior to starting the additional work.

9.1.3 Any agreement that modifies the terms of the Contract (including Change Orders) shall be approved in writing by the Project Manager and approved by the San Luis City Council if necessary. Once

properly executed by both Parties, these modifications to the Contract shall have the same effect as if they had been included in the original Contract.

9.2 Accuracy of Change Order Pricing Information Signature by the contracting Parties shall constitute full accord and satisfaction between the City and the Contractor for all costs, damages, and expenses of whatever kind of nature, including delay, impact, or acceleration damages, which may be occasioned by a Change Order or other modification of the Contract, the Parties agreed to in writing.

SECTION 10 - TERMINATION

10.1 Termination by the City for Cause

10.1.1 If, for any reason, the Contractor fails to fulfill in a timely and proper manner its obligations under the Contract Documents, or if the Contractor violates any of the covenants, agreements, or stipulations of this Contract, the City shall thereupon have the right to terminate the Contract by giving written notice to the Contractor of such termination and specifying the effective date of the termination. In such event, all finished or unfinished site or structural improvements, as well as all materials or equipment acquired or stored by the Contractor under this Contract, shall, at the option of the City, become the City's property. The Contractor shall be entitled to receive just and equitable compensation for any Work satisfactorily completed under this Contract.

10.1.2 Notwithstanding Section 10.1.1, the Contractor shall not be relieved of liability to the City for damages sustained by the City by virtue of any breach of this Contract by the Contractor, and the City may withhold any payments to the Contractor for the purpose of set-off until such time as the exact amount of damages due the City from the Contractor is determined.

10.2 Termination by the City for Convenience The City may also terminate the Contract at any time for its convenience upon seven (7) business days' written notice to the Contractor specifying the termination date. In the event of termination, which is not the fault, in whole or in part, of the Contractor, the City shall pay to the Contractor only such compensation, including reimbursable expenses, due for Work properly performed on the Project prior to the termination date. Upon any termination of the Contract, no further payments shall be due from the City to the Contractor.

10.3 A.R.S. § 38-511 and Other Statutory Requirements This Contract is subject to and may be terminated by the City in accordance with the conflict provisions of A.R.S. § 38-511. The Contractor certifies, to the extent permitted by law, that it is not currently engaged in and agrees that for the duration of this Contract, it will not engage in a boycott of Israel, as that term is defined in A.R.S. § 35- 393. The Contractor certifies, to the extent permitted by law, that it does not currently, and agrees for the duration of this Contract, it will not use the forced labor of the ethnic Uyghurs in the People's Republic of China, nor use any goods or services produced by them, nor use any Contractors, Subcontractors, or Suppliers that use them. If the Contractor becomes aware during the term of this Contract that the Contractor is not in compliance with this certification, it shall follow the notice procedures in A.R.S. § 35- 393.

10.4 Non-Appropriation The City is a government agency that relies upon the appropriation of funds by its governing body to satisfy its obligations. If the City determines that it does not have funds to meet its

obligations under the Contract, the City shall have the right to terminate the Contract without penalty on the last day of the fiscal period for which funds were legally available for the Project.

10.5 Limited Liability Under no circumstances shall the City have any liability for any costs, expenses, overhead, or profits in relation to any work not actually performed or for any future or anticipated profits, recovery, damages, expenses, or losses.

SECTION 11 - BONDS

11.1 Bonds and Other Performance Security

11.5.1 Prior to the execution of the Contract, the Contractor shall provide a Performance Bond and a Payment Bond, each in an amount equal to the full amount of the Contract Price.

11.5.2 Each such bond shall be executed by a surety company or companies holding a Certificate of Authority to transact surety business in the State of Arizona, issued by the Director of the Arizona Department of Insurance. A copy of the Certificate of Authority shall accompany the bonds.

11.5.3 The bonds shall be made payable and be acceptable to the City. The bond forms for the performance and payment bonds shall be in the forms required under A.R.S. § 34-221, et seq.

11.5.4 All bonds submitted for this Project shall be provided by a company that has been rated AM Best rating of B++6 or better for the prior four (4) quarters by the latest edition of the *Results Best's Key Rating Guide (Property/Casualty)* published by the A.M. Best Company.

11.5.5 Personal or individual bonds are not acceptable.

SECTION 12 - INDEMNIFICATION

12.1 To the fullest extent permitted by law, the Contractor, its successors, and assigns shall defend, indemnify, and hold harmless the City and its elected officials, officers, employees, and agents from all demands, proceedings, suits, actions, claims, damages, or losses relating to, arising out of, resulting from or alleged to have resulted from the performance of the Work or failure to comply with Contractor's obligations under the Contract Documents or any laws, regulations, or legal requirements. The Contractors' duty to defend, indemnify, and hold harmless the City and its agents, representatives, officers, elected officials, and employees shall arise in connection with all demands, proceedings, suits, actions, claims, workers' compensation claims, unemployment claims, damages, losses or expenses (including but not limited to attorney's fees, expert fees, court costs, and the cost of appellate proceedings) that are attributable to personal or bodily injury, sickness, disease, death or injury to, impairment or destruction of property including loss of use resulting therefrom, caused by any act or omission of Contractor, a Subcontractor, anyone directly or indirectly employed by them or anyone for whose acts they may be liable.

12.2 The Contractor shall also defend, indemnify, and hold harmless the City, any jurisdiction or agency issuing permits for any work involved in the Project and their consultants and each of their officers, officials, employees, representatives, directors, and agents from and against all losses, expenses, damages (including damages to the Work itself), attorney's fees and other costs including costs of defense, which any of them may

incur with respect to the failure, neglect, or refusal of Contractor to faithfully perform the Work and all of the Work and all of Contractor's obligations under the Contract. Such costs, expenses, and damages shall include all costs, including attorney's fees, incurred by the indemnified parties in any lawsuit to which they are a party.

12.3 The indemnified party shall have the right to approve the legal counsel selected by the Contractor or the insurer of the liability, which approval shall not be unreasonably withheld.

12.4 The defense, indemnification, hold harmless provisions, and City's Liability Insurance set forth herein shall survive any termination of the Contract.

SECTION 13 - DISPUTE RESOLUTION

13.1 Informal Dispute Resolution The Parties to the Contract agree that time is of the essence in relation to the performance of the Contract and completion of the Project. Therefore, any and all disputes in relation to the Contract will initially be referred to the City Project Manager and Contractor Project Manager, as applicable to the dispute, for immediate resolution. If, after good faith efforts to reach a resolution, none is reached, any party to the dispute may submit the dispute to the Dispute Resolution Representative ("DRR") process set forth below, which is intended to be an expedited process.

13.2 Dispute Resolution Representative (DRR) Process 1.2.1 The Parties under the Contract agree that all claims and disputes in relation to the Project that are not resolved in the ordinary course of the Project ("Claim or Claims") shall, as a prerequisite to any mediation or litigation of the Claim, first be submitted for resolution between the designated Dispute Resolution Representatives of the Parties as set forth herein (the "DRR Process").

13.2.2 The DRR Process shall be initiated through the service of a DRR Notice as set forth below:

- (i) For claims by the Contractor, the DRR Process shall be initiated by the party asserting the claim serving written notice on the City setting forth in detail:
 - (a) the basis for the claim;
 - (b) the effect of the Claim upon the construction of, and/or Project Schedule for, the Project;
 - (c) the specific relief requested, the amount thereof, and how such was calculated;
 - (d) the parties involved in the Claim and how they are involved;
 - (e) the specific contract provisions in the Contract Documents (including, if applicable, drawings and specifications) which apply; and
 - (f) efforts made to date to resolve the Claim.
- (ii) For claims by the City, the DRR process will be initiated by the City providing written notice to the other parties of the basis and amount of its claim, the parties involved in the Claim, and how they are involved, the provisions in the Contract Documents that apply, and the relief requested.
- (iii) The DRR Notice shall be hand-delivered and e-mailed to the other parties' designated Dispute Resolution Representatives.

13.2.3 The other parties shall respond in writing to the DRR Notice (“DRR Response”) within ten (10) calendar days of receipt of the DRR Notice, setting forth those items set forth in the DRR Notice that they agree with, dispute, and/or have questions concerning. The DRR Response shall be hand-delivered and e-mailed to the other parties’ Dispute Resolution Representatives.

13.2.4 The designated Dispute Resolution Representatives for the parties to the claim shall then meet as soon as possible and, in any event, within twenty (20) calendar Days of submission of the DRR Notice (regardless of whether a DRR Response has been submitted by all parties involved in the dispute), at a mutually agreed upon time and place, to attempt to resolve the Claim based upon the DRR Notice and DRR Response.

13.2.5 At any time after the first meeting required above, either party may terminate the DRR Process by written notice to the other party.

13.2.6 The parties may agree, in writing, to extend or modify the time limits or other provisions of the DRR process in relation to a specific pending Claim.

13.2.7 Unless otherwise designated in a written notice to the other parties, the Project Manager, the representatives of the Contractor, and of the Design Professional shall act as the parties’ designated Dispute Resolution Representatives.

13.2.8 If a resolution of the Claim is reached, that resolution shall be set forth in writing. The resolution shall be signed by the Parties’ designated Dispute Resolution Representatives. If the resolution involves a change in any Contract Documents, the Contract Price, the Project Schedule, or any other change requiring a written Change Order or Amendment, the parties shall execute an appropriate written Change Order or Amendment pursuant to the terms of the Contract Documents.

13.3 Mediation

13.3.1 Unless extended by written agreement of the parties involved in the dispute, any Claim not resolved through the DRR process set forth above within five (5) calendar days after the meeting required under 13.2.4 or after the DRR is terminated pursuant to 13.2.5 above, whichever is earlier, shall be submitted to mediation as a condition precedent to litigation by either party.

13.3.2 The mediation shall be commenced by written demand upon the other party for mediation. If the parties cannot agree upon a mediator within ten (10) calendar Days of the written demand, either party may make a request to the Civil Presiding Judge of the Yuma County Superior Court to appoint a mediator. The mediation shall occur within forty (40) calendar Days of the written demand for mediation unless the parties agree, in writing, to a longer period of time.

13.3.3 The qualifications for the mediator shall be that the mediator be:

- (i) an experienced mediator, arbitrator, or litigator of construction disputes; and
- (ii) having engaged a significant portion of their time involving and/or resolving construction disputes for at least the past five (5) years.

13.3.4 Each party shall provide to the other party and the mediator all of the information and documentation required under 13.2.2 and 13.2.3 above, together with any additional information and documentation that the party believes relevant. In addition, the parties shall exchange and provide to the mediator such additional memoranda, information, and/or documentation, as the mediator may request, and in the form and at such times as the mediator may direct.

13.3.5 The parties shall share the mediator's fee and any filing fees equally. The mediation shall be held in San Luis, Arizona unless another location is mutually agreed upon. Agreements reached in mediation shall be specifically enforceable in any court having jurisdiction over the dispute.

13.4 Arbitration

13.4.1 If the mediation is unsuccessful, the parties shall submit the dispute and/or claim to be resolved through binding arbitration conducted according to the then-current Construction Industry Arbitration Rules of the American Arbitration Association ("AAA") but not administrated or conducted by the AAA. The arbitration shall be held in Yuma County, Arizona, utilizing a single arbitrator selected by the parties unless the parties agree, in writing, to an alternative arbitration procedure.

13.4.2 If: (a) the parties cannot agree on a single arbitrator within two (2) weeks of the demand for arbitration; or (b) the parties at any time prior to the arbitrator being appointed or before the arbitrator has accepted the appointment, cannot agree upon any significant aspect of the arbitration, not already addressed herein, either party may submit the Claim directly to the AAA to select the arbitrator, and thereafter the arbitration shall be administered by the AAA.

13.4.3 The arbitrator shall be an attorney with at least fifteen (15) years of experience in construction-related practice and whose practice, for at least the last five (5) years, consists of at least 50% construction law.

13.4.4 At the request of either party, the arbitration may include as parties, through joinder, consolidation, or otherwise, additional persons or entities involved in the Project, involving claims and/or disputes with common issues and/or facts. The arbitrator shall promptly rule upon any request for joinder or consolidation.

13.4.5 In relation to claims in which the amount in controversy is less than \$250,000, no discovery other than the exchange of documents, designation of witnesses, and detailed disclosure of claims and defenses (including specifically a detailed basis for calculating all claims) and no more than three (3) depositions and one (1) expert per issue per side, shall be allowed, subject to disclosure of such other information as approved by the arbitrator. Otherwise, discovery shall be allowed and/or limited as decided by the arbitrator.

13.4.6 The prevailing party in any arbitration or court proceeding under this Contract shall be entitled to an award of its attorneys' fees, costs, and expenses (including expert witness fees) incurred.

13.4.7 A demand for arbitration shall be made within the time limits specified in the Contract Documents as applicable, and in other cases within a reasonable time after the Claim has arisen, and in

no event shall it be made after the date when the applicable statute of limitations would bar institution of legal or equitable proceedings based on such Claim.

13.4.8 The Parties agree to participate as a party, by joinder and/or consolidation, in any arbitration, litigation, or other dispute resolution involving as an issue, claim, or defense, any action, inaction, or service provided under this Contract or in relation to the Project or the Work, or any defect or deficiency in the Work.

13.4.9 The party filing a notice of demand for arbitration, or a counterclaim, must assert in the demand or counterclaim all Claims then known to that party on which arbitration is permitted to be demanded.

13.4.10 Any award by the arbitrator shall not include any consequential or punitive damages.

13.4.11 The award entered by the arbitrator shall be a reasoned award.

13.4.12 The award entered by the arbitrator shall be final, and judgment may be entered upon the award in the Arizona Superior Court.

SECTION 14 - MISCELLANEOUS PROVISIONS

14.1 Assignment Neither the Contractor nor the City shall, without the written consent of the other, assign, transfer, or sublet any portion of this Contract or part of the Work or the obligations required by the Contract Documents. Any such assignment will be void, will transfer no rights to the purported assignee, and would be a material breach of the Contract.

14.2 Governing Law and Venue. In the performance of the Contract, Contractor shall abide by and conform to any and all laws of the United States, State of Arizona, Yuma County, and the City, including but not limited to federal and state executive orders providing for equal opportunities, the Federal Occupational Safety and Health Act and any other federal, state, county, or local laws applicable to the Contract. This Contract shall be governed by and construed in accordance with the substantive and procedural laws of the State of Arizona, including choice of law and conflict of laws and principles. Exclusive jurisdiction and venue for any action brought to enforce or construe any provision of this Contract shall be proper in the Superior Court of Yuma County, Arizona. Both Parties consent to jurisdiction and venue in such court for such purposes. The Party prevailing in any such action or other proceeding to resolve a dispute shall be paid all reasonable costs, reasonable expert services fees, and reasonable attorney's fees by the other Party. In the event any judgment is secured by said prevailing Party, all such costs, expert fees, and attorney's fees shall be included in the judgment, such fees to be set by the court and not by jury.

14.3 San Luis Business License The General Contractor and sub-contractors shall obtain a San Luis Business License before commencing Work.

14.4 Survival All warranties, representations, and indemnifications by Contractor shall survive the completion or termination of this Contract.

14.5 No Waiver The failure of either Party to enforce any of the provisions of the Contract Documents or to require the performance of the other Party of any of the provisions under this Contract shall not be construed

to be a waiver of such provisions, nor shall it affect the validity of the Contract Documents or any part of them, or the right of either Party to thereafter enforce each and every provision. Unless otherwise specifically agreed to in writing by both Parties, any consent to delay in the Contractor's performance of its obligation is applicable only to the particular transaction to which it relates and is not applicable to any other obligation or transaction.

14.6 Project Communications

14.6.1 All communications concerning the performance of the Work or the Project shall be provided to the designated Project Manager and Contractor's Representative set forth in Article 1 of the Contract.

14.6.2 Project communications may be exchanged by e-mail upon the written agreement of the Project Manager and Contractor Representative. However, e-mail communications are not binding upon the City. E-mail communications cannot change the terms of the Contract or the scope of work or effectuate any change that requires a written change order. The use of e-mails is for information only, and e-mails will have no legal or binding effect.

14.7 Independent Contractor The parties intend that this Contract will create an independent contractor relationship and not an employer-employee relationship. The City is interested only in the results to be achieved, and the conduct and control of the performance of the services contemplated under this Contract will be solely with the Contractor. Contractor's employees, agents, and Subcontractors shall not be considered to be employees or agents of the City for any purpose. They shall not be entitled to any of the benefits the City provides for its employees. The Contractor shall furnish at its own expense all materials and equipment necessary to carry out the terms of this Contract.

14.8 No Partnership Nothing in this Contract constitutes a partnership, joint venture or similar arrangement between the Parties. Neither Party is the principal or agent of the other.

14.9 No Third-Party Beneficiaries There are no third-party beneficiaries to this Contract and no person or entity, not a Party, shall have any right or cause of action under this Contract.

14.10 Force Majeure If the Contractor or the City or both are prevented or materially restricted from performing any of their obligations under this Contract by an event of *force majeure*, then the obligations of each Party shall be suspended or reduced to the extent made necessary by the event. As used in this section, "*force majeure*" means any act or cause not reasonably within the control of the Party whose ability to perform is impaired and which that Party could not have prevented by the exercise of reasonable diligence. *Force majeure* events include but are not limited to natural disasters, fire, flood, explosions, strikes (or labor disputes) over which the affected Party has no control, sabotage, riots, civil commotion, acts of civil or military authority, wars, public health emergencies, or material changes in applicable business laws (including but not limited to through statutes, regulations, executive orders, or emergency declarations and proclamations).

14.11 Notices The notices under this Contract shall be validly given and fully received when in compliance with all of the following:

- (i) In writing,
- (ii) Delivered or refused delivery,
- (iii) By personal delivery, or by major commercial delivery courier service which requires a signature of the recipient, or by registered or certified United States Postal Service mail, return receipt requested with the signature of the recipient, postage prepaid to the addresses in the first paragraph of this Contract.

14.11.2 Either Party may designate in writing and deliver notice of a different address in the same way as above. Any such change of address notice shall be delivered at least ten (10) Days before the date on which the change is to become effective.

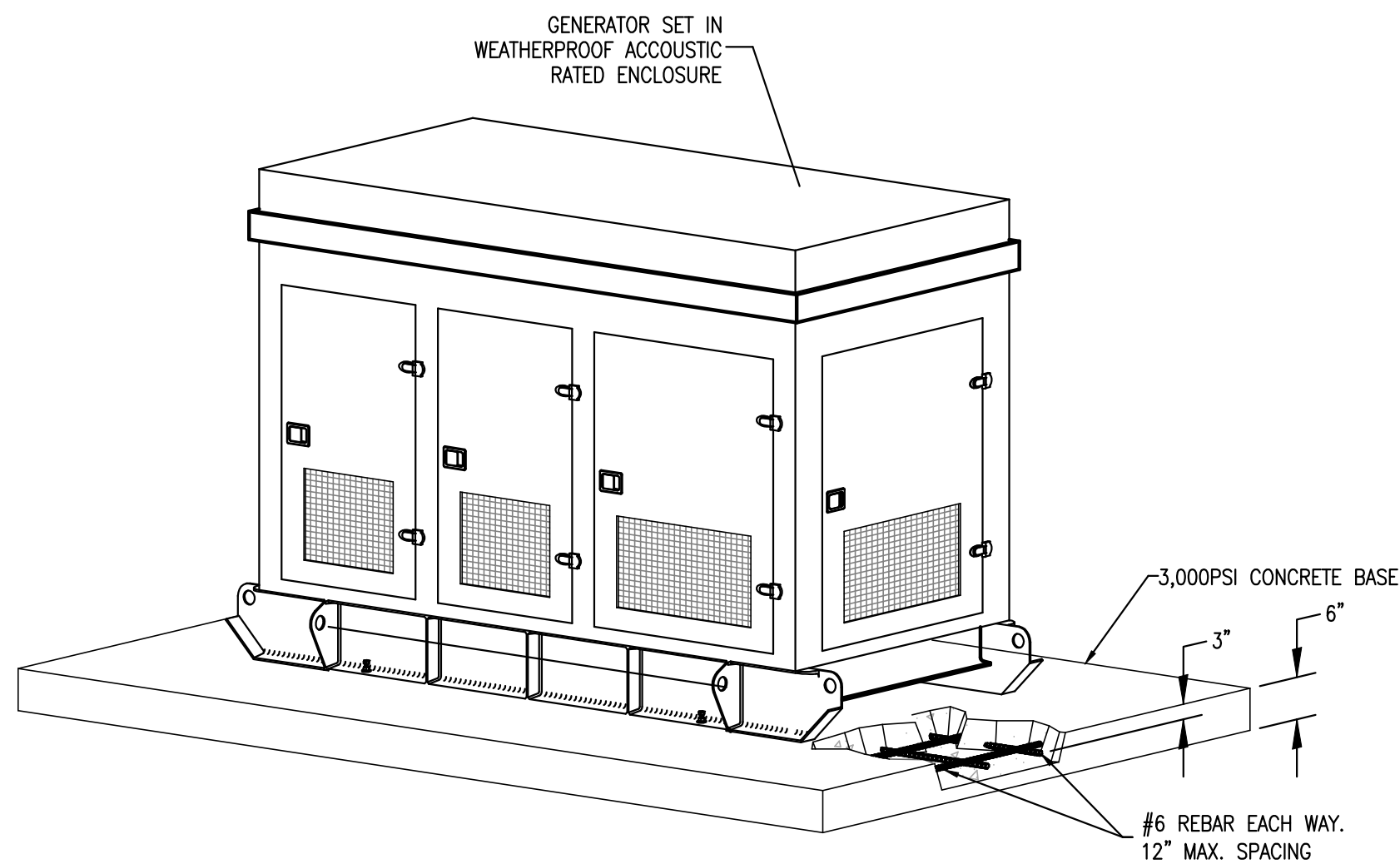
14.11.3 Notices for delivery to the City shall be to the attention of the Public Works Director, copies to the City Manager, City Attorney, and City Clerk.

14.12 Severability If any terms, parts, or provisions of this Contract are for any reason invalid or unenforceable, the remaining terms, parts, or provisions are nevertheless valid and enforceable.

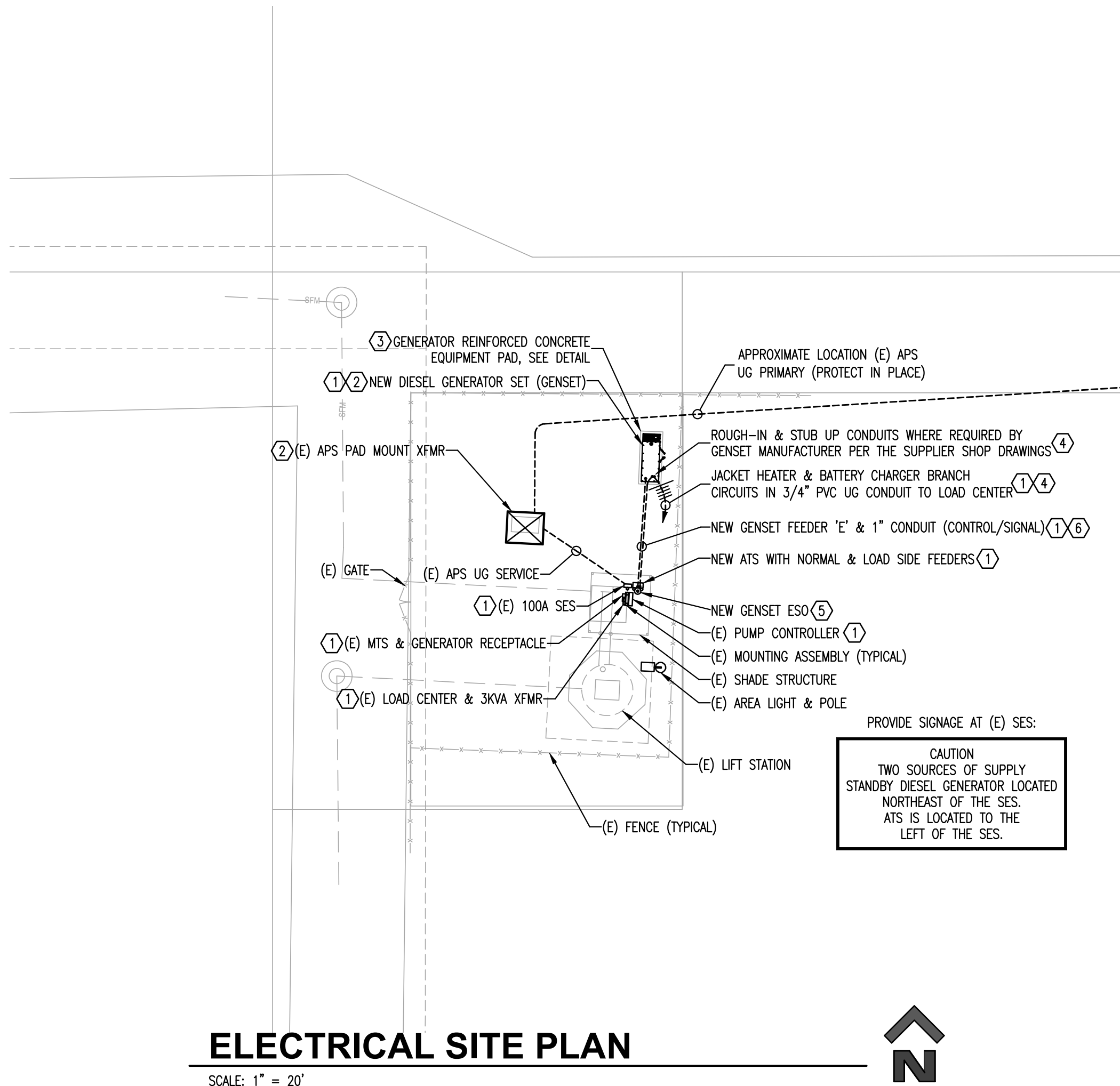
14.13 Entire Agreement This Contract (including the incorporated documents) contains the entire agreement between the Parties, and no oral or written statement, promise, or inducement made by either Party or its agents not contained or specifically referred to in this Contract is valid or binding. All modifications to this Contract must be in writing, signed, and endorsed by the Parties.

14.14 Headings The headings of this Contract are solely for the convenience of the Parties and shall not be used to explain, modify, simplify, or aid in the interpretation of the provisions of this Contract.

14.15 Further Acts Each of the Parties shall execute and deliver all such documents and perform all such acts as reasonably necessary, from time to time, to carry out the matters contemplated by this Contract.

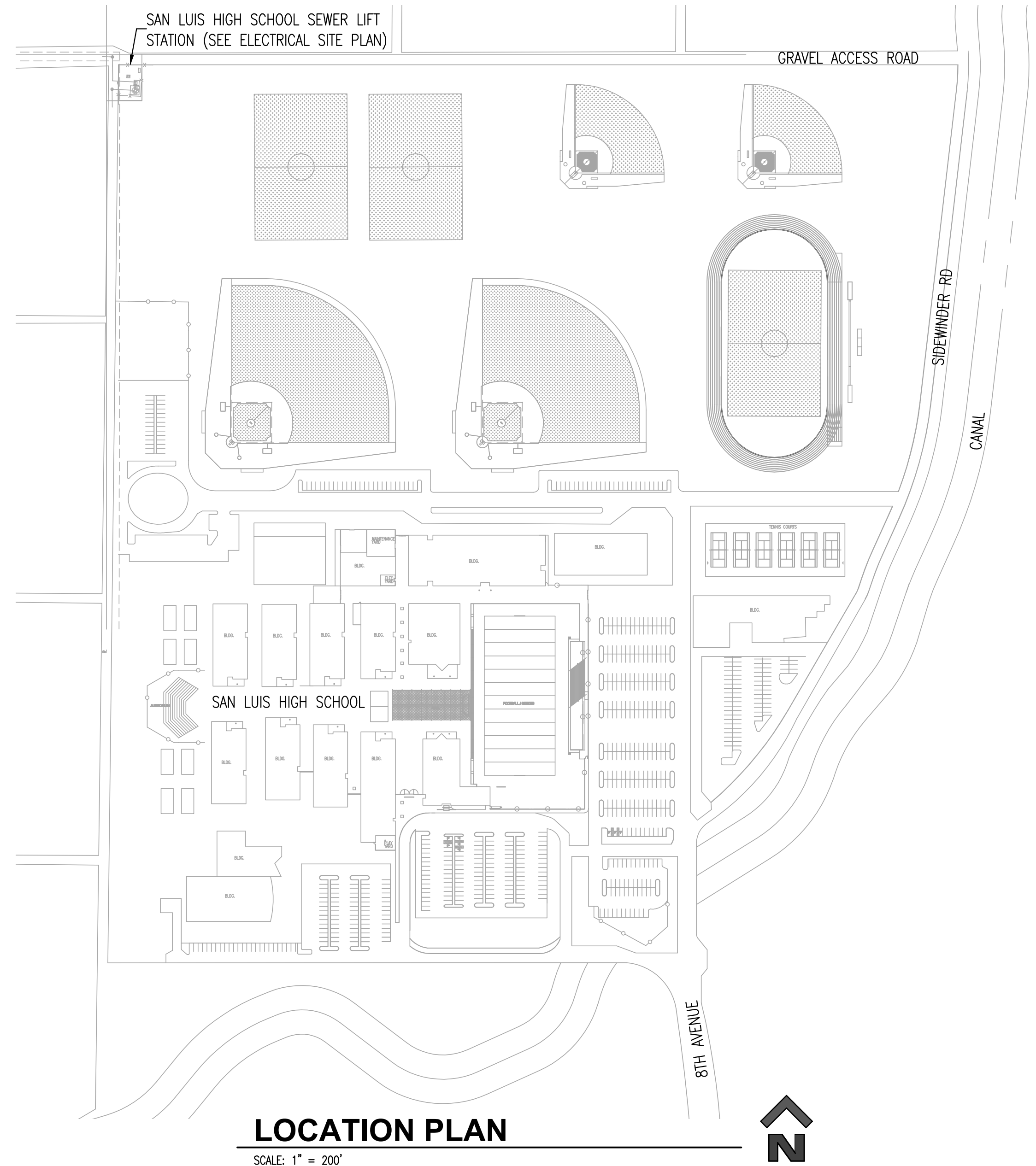


1
E-1
NTS
GENERATOR SUPPORT & HOUSEKEEPING PAD



ELECTRICAL SITE PLAN

SCALE: 1" = 20'



LOCATION PLAN

SCALE: 1" = 200'

ELECTRICAL SYMBOLS & ABBREVIATIONS:

- AFC AVAILABLE FAULT CURRENT.
AIC AMPS INTERRUPTING CAPACITY.
APS ARIZONA PUBLIC SERVICE.
ATS AUTOMATIC TRANSFER SWITCH.
CWP COLD WATER PIPE.
(E) EXISTING EQUIPMENT.
GFI GROUND FAULT CIRCUIT INTERRUPTER.
MBJ MAIN BONDING JUMPER.
MCB MAIN CIRCUIT BREAKER.
MLO MAIN LUG ONLY.
MTS MANUAL TRANSFER SWITCH.
SES SERVICE ENTRANCE SECTION, SIZED AS SHOWN.
XFMR TRANSFORMER.
UG UNDERGROUND.
JUNCTION BOX, MOUNT AS SHOWN.
NUMBER OF WIRES IN CONDUIT, LONG SLASH DENOTES GROUND WIRE, SHORT SLASH DENOTES NUMBER OF CURRENT CARRYING CONDUCTORS & NEUTRALS, HALF SLASH DENOTES SWITCHED LEG.
FUSED OR NONFUSED DISCONNECT SAFETY SWITCH, SIZE & TYPE AS SHOWN.
NEMA MOTOR STARTER, SIZE AS SHOWN.
UNDERGROUND CONDUIT.
ABOVE GROUND CONCEALED CONDUIT.

KEY NOTES:

- SEE ELECTRICAL ONE-LINE DIAGRAM.
COORDINATE WITH APS AND LOCATE & PROTECT EXISTING APS EQUIPMENT & UG UTILITIES IN VICINITY OF NEW WORK. MAINTAIN 20' SEPARATION BETWEEN NEW GENERATOR SET WITH DIESEL FUEL TANK & EXISTING APS XFMR. SEE ELECTRICAL GENERAL NOTE 6.
GENERATOR SET SUPPORT & HOUSEKEEPING PAD PER DETAIL 1/E-1.
COORDINATE WITH GENERATOR SUPPLIER AND PROVIDE ALL WIRE, CONDUIT, BRANCH CIRCUIT BREAKERS, AND ACCESSORIES AS REQUIRED TO CONNECT ALL SUPPLIER FURNISHED GENERATOR ACCESSORIES.
REMOTE STOP/EMERGENCY SHUT OFF (ESO) SWITCH, LOCATE WHERE REQUIRED BY AHJ AND OWNER.
CONTROL/SIGNAL CABLING AS REQUIRED BY GENERATOR SET/ATS SUPPLIER.

NOTES:

- ALL ELECTRICAL WORK SHOWN IS NEW UNLESS OTHERWISE NOTED.
SEE ELECTRICAL ONE-LINE DIAGRAM AND/OR PANEL SCHEDULES FOR BRANCH CIRCUIT WIRE SIZING UNLESS INDICATED OTHERWISE.
EXISTING ELECTRICAL NOT INDICATED TO BE REMOVED OR REPLACED SHALL BE PROTECTED DURING CONSTRUCTION & LEFT IN PLACE. CLEAN/REPAIR/RESTORE THIS EXISTING ELECTRICAL TO SERVICEABLE CONDITION PRIOR TO COMPLETION OF WORK.
FIELD VERIFY ALL EXISTING CONSTRUCTION & DIMENSIONS PRIOR TO WORK.

THIS DRAWING IS A LEGAL DOCUMENT ONLY WHEN SEALED AND SIGNED BY ENGINEER OF RECORD. COPYRIGHT INFRINGEMENT LAWS DO APPLY. USE OF THESE PLANS, SPECIFICATIONS, OR ANY DETAILS CONTAINED HEREIN SHALL BE RESTRICTED TO THE ORIGINAL DESIGN FOR WHICH THEY WERE PREPARED.

**CITY OF SAN LUIS
SAN LUIS HIGH SCHOOL LIFT STATION
NEW STANDBY GENERATOR INSTALLATION
1250 N. 8TH AVENUE, SAN LUIS, AZ 85349**

ELECTRICAL SITE PLAN

JOL ENTERPRISES, INC.
7839 JAMES R. ADLER
720 E. 35th Place, Suite 6
Yuma, Arizona, 85365
Office: (928) 783-0922
Fax: (928) 783-3854
www.jolenterprises.com

SCALE: AS SHOWN
DATE: DEC 2025
DES. BY: J.R.A.
DRAWN BY: Y.A.
JOB. No.: 25-058

SHEET
E-1
1 OF 3

Call at least two full working days before you begin excavation.
ARIZONA 811
Arizona Blue Stake, Inc.
Dial 8-1-1 or 1-800-STAKE-IT (782-5348)
In Maricopa County: (620) 263-1100

CERTIFICATE NO. 27839
JAMES R. ADLER
Date Signed: 11/11/25
Expires: 03/31/27



CITY OF SAN LUIS

AGREEMENT FOR THE CONSTRUCTION OF CITY OF SAN LUIS San Luis High School Lift Station Generator

This agreement ("Contract") is made on Wednesday, September 23, 2026, by and between:

Lightday Solar, Inc.
1298 E. Carob Dr.
Gilbert, AZ 85298

C Corporation ("Contractor") and

City of San Luis
1090 East Union Street [physical address]
P.O. Box 7740 [mailing address]
San Luis, Arizona 85349

an Arizona municipal corporation ("City" or
"City of San Luis")

The Contractor and City may be referred to individually as the "Party" and collectively as the "Parties." All defined words in the document titled "General Conditions of the Contract" ("General Conditions"), which was provided in the City's Request for Proposals ("RFP"), San Luis High School Lift Station Generator, 2027-RFB-00000003, shall have the same meaning in this Contract unless otherwise specified in this Contract. Any term defined in the General Conditions and used in this Contract shall be interpreted as per the definition provided in the General Conditions.

WHEREAS, the Scope of Work requires the Contractor to furnish any and all labor, materials, equipment, transportation, utilities, services, and facilities required to perform all work for the City of San Luis – San Luis High School Lift Station Generator ("Project"), per the Contractor's bid of September 3, 2026 ("Proposal") and to completely and totally remove and install the materials therein for the City, in a good workmanlike and substantial manner and to the satisfaction of the City through its engineers ("ENGINEERS"), or the ENGINEERS' properly authorized agents and strictly pursuant to and in conformity with the plans and specification prepared by the ENGINEERS, and with such modifications of the same and other documents that the City may make through the ENGINEERS or the ENGINEERS' properly authorized agents, as provided herein; and

WHEREAS, San Luis City Council, at a properly noticed open meeting, awarded the bid to the Contractor on September 23, 2026;

NOW, THEREFORE, the above recitals are incorporated into this Contract. In consideration of the City paying the sum of \$109,644.90 to the Contractor and the Contractor constructing the San Luis High School Lift Station Generator and other work incidental in the manner and at the time provided

in this Contract, and in consideration of the other mutual benefits and obligations contained in this Contract, the Parties agree as follows:

ARTICLE 1 - PARTICIPANTS AND PROJECT

CITY:	Jenny Torres, City Manager City of San Luis, Arizona Telephone: (928) 341-8520 E-mail: jtorres@sanluisaz.gov
CITY PROJECT MANAGER:	Jorge Perez, Assistant Director of Public Works City of San Luis Telephone: (928) 341-8577 E-mail: jperez@sanluisaz.gov
CONTRACTOR:	Lightday Solar, Inc. 1298 E. Carob Dr. Gilbert, AZ 85298 Telephone: (480) 254-4244 E-mail: sales@lightdaysolar.com
CONTRACTOR MANAGER:	Michael Lee Lightday Solar, Inc. Telephone: (480) 254-4244 E-mail: sales@lightdaysolar.com
PROJECT ENGINEER / DESIGNER:	James R. Adler, P.E. JOL Enterprises, Inc. Telephone: (928) 783-0922 E-mail: jolenterprises@earthlink.net
PROJECT DESCRIPTION:	City of San Luis, San Luis High School Lift Station Generator
PROJECT LOCATION:	The Project is located in Yuma County, Arizona. The proposed work is located within the limits of the City of San Luis, Arizona.

ARTICLE 2 - CONTRACT DOCUMENTS

The Contract between the City and the Contractor shall consist of the following items, collectively the "Contract Documents:"

1. Change Orders, written and properly executed (if any), as defined in the General Conditions;

2. Performance bond and payment bond (required by A.R.S. § 41-2574, also known as contract bond and labor & materials bond), warranty bond, bid bond, and other bonds;
3. Project specifications;
4. Construction Documents, as defined in the General Conditions;
5. General Conditions;
6. Special Conditions provided in the RFP Pages SP-1 through SP-8 (which amend Part 100 of the 2016 City of San Luis Supplemental to the 2015 MAG Uniform Standard Specifications);
7. 2016 City of San Luis Supplemental to the 2015 MAG Uniform Standard Specifications and Details for Public Works Construction and City of Yuma Construction Standard Detail Drawings, MAG Uniform Standard Specifications and Details for Public Works Construction, City of Yuma Construction Standard Detail Drawings – Edition 2019;
8. Bid documents {including but not limited to the advertisement for bids, bid schedule, addenda (if any), additive bid items (if any), and the Proposal;
9. Certificates of Insurance;
10. Notice to Proceed, as defined in the General Conditions; and
11. Project Schedule, as defined in the General Conditions

By this reference, the above Contract Documents are incorporated into and made a part of this Contract to the same extent as if set forth in full here.

In the event of a conflict of language between the items listed above, they shall govern in the order listed. The Contract Documents shall govern in all other matters not otherwise specified by the Contract between the Parties. All previous contracts between the Contractor and City are not applicable to this Contract or other resultant contracts.

ARTICLE 3 - CONSTRUCTION SERVICES

4-1 General.

4-1.01 The Contractor agrees, at its own cost and expense, to do all Work (as defined in the General Conditions) necessary and required to fully, timely, and properly complete the construction of the Project in strict accordance with the Contract Documents in a good and workmanlike manner, free and clear of all claims, liens, and charges whatsoever, in the manner and under the conditions specified, within the Project Schedule.

4-1.02 The Contractor shall provide all the labor and materials and perform the Work in accordance with Section 4 of the General Conditions, including but not limited to the following major components of the construction services and the corresponding subsections of Section 4 of the General Conditions.

4-1.03 At all times relevant to this Contract and performance of the Work, the Contractor shall fully comply with all laws, regulations, or legal requirements applicable to the City, the Project, and the Contract, including, without limitation, those set forth in the General Conditions.

4-1.04 The Contractor shall perform the Work under this Contract using only those firms, team members, and individuals designated by Contractor consistent with the Contractor's accepted bid, or otherwise, approved by the City pursuant to the General Conditions. No other entities or individuals may be used without the prior written approval of the Project Manager.

4-1.05 The Contractor shall comply with all terms and conditions as set forth within the General Conditions.

4-1.06 The terms of this Contract shall govern in the event of a conflict between it and the General Conditions including any exhibit to the Contract or appendix to the General Conditions.

4-1.07 For purposes of this provision, "Work Product" shall include all designs, drawings, plans, specifications, ideas, renderings, and other information or matter in whatever form created (e.g., electronic or printed) and in all media now known or in the future created. All Work Product shall be considered Work Made for Hire as defined in the United States Copyright Act 17 U.S.C. § 101 (Copyright Act). If, for any reason, any such Work is found not to be a Work Made for Hire, the Contractor, by entering into this Contract, transfers and assigns ownership of the copyright in such Work to the City. Notwithstanding anything to the contrary in this Contract, all Work Product prepared or otherwise created in connection with the performance of this Contract, including the Work, are to be and remain the property of the City. The rights in this Section are exclusive to the City in perpetuity.

4-2 The Contractor's Pre-Contract and Pre-Work Deliverables. The Contractor shall provide the deliverables in accordance with Section 4.2 of the General Conditions.

4-3 Pre-Construction Conference. The Contractor shall attend the pre-construction conference in accordance with Section 4.3 of the General Conditions.

4-4 Performance of the Work (Including Field Measurements, Subcontractors, and Suppliers). The Contractor shall control and maintain the Project site in accordance with Section 4.4 of the General Conditions.

4-5 Control of the Project Site. The Contractor shall control and maintain the Project site in accordance with Section 4.5 of the General Conditions.

4-6 Project Safety. The Contractor shall implement and enforce Project safety in accordance with Section 4.6 of the General Conditions.

4-7 Materials Quality, Substitutions, and Shop Drawings. The Contractor shall provide materials testing and submit substitute materials and shop drawings in accordance with Section 4.7 of the General Conditions.

4-8 Project Record Documents. The Contractor shall maintain and make available the Project Record Document in accordance with Section 4.8 of the General Conditions.

4-9 Warranty and Correction of Defect Work. The Contractor shall provide warranties and correct defective Work in accordance with section 4.9 of the General Conditions.

ARTICLE 4 - CITY'S RESPONSIBILITIES

The City shall have the responsibilities and provide the information specified in, and subject to, the conditions set forth in Section 5 of the General Conditions.

ARTICLE 5 - CONTRACT TIME

6-1 Contract Time.

The Contract Time shall start with the Notice to Proceed and end with Final Acceptance, as set forth in Section 6-4 below. The Notice to Proceed cannot be issued prior to the City's approval and acceptance of the Contractor's bid.

6-1.01 The Contract Time shall be as set forth in the Project Schedule. The Contractor agrees that it will commence the performance of the Work and complete the Project within the Contract Time.

6-1.02 Time is of the essence of this Contract, for the Project, and for each phase and designated milestone of the Contract.

6-1.03 Failure on the part of the Contractor to adhere to the approved Project Schedule will be deemed a material breach and sufficient grounds for the City to terminate this Contract.

6-2 Project Schedule. The Project Schedule, as required by Section 6.2 of the General Conditions, shall be updated and maintained throughout the Contractor's performance under this Contract in accordance with Section 6.2 of the General Conditions.

6-3 Final Completion and Final Acceptance.

6-3.01 The Parties expressly agree by this writing that Final Completion (as defined in Section 2.14 of the General Conditions) must be obtained by **no later than June 30, 2027**. Final Completion will be determined, and Final Acceptance will be issued pursuant to Sections 6.3 and 6.4 of the General Conditions.

6-4 Liquidated Damages.

6-4.01 The Contractor acknowledges and agrees that if the Contractor fails, neglects, or refuses to obtain the Final Completion of the Work within thirty (30) days, the City will sustain extensive damages and serious loss as a result of such failure. The Contractor agrees to pay the City liquidated damages for delay in the sum of **\$490.00** for each consecutive calendar Day after the thirty (30) days have expired and the Final Completion of Work is not achieved. The Parties agree that the stated liquidated damages are reasonable to compensate the City and not as punitive damages. (The sum of \$490.00 per day is consistent with Section 6.4 of the General Conditions and its reference to Subsection 108.9 of the 2016 City of San Luis Supplement to the 2015 MAG Uniform Standard Specification for Public Works Construction.)

6-4.02 The City may deduct liquidated damages described in Subsection 6-4.01 from any unpaid amounts then or thereafter due to the Contractor under this Contract. Any liquidated damages not so deducted from any unpaid amounts due the Contractor shall be payable to the City at the demand of the City, together with interest from the date of the demand at the highest lawful rate of interest payable by the Contractor.

6-4.03 Nothing in this Contract shall be deemed to constitute a waiver of any other remedy available to the City in the event of the Contractor's default under this Contract prior to full performance of the Work, including, as applicable, specific performance or completion of the Work on behalf of the Contractor, the cost and expense of which shall be offset against any monies then or thereafter due to Contractor (if any) and otherwise immediately reimbursed to City by the Contractor

ARTICLE 6 - CONTRACT PRICE

7-1 Contract Price.

7-1.01 In exchange for the Contractor's full, timely, and acceptable performance and construction of the Work under this Contract, and subject to all of the terms of this Contract, the City will pay the Contractor the Contract Price (as defined by Section 2.6 of the General Terms), which is \$109,644.90.

7-1.02 The Contract Price is all-inclusive and specifically includes all fees, costs, insurance and bond premiums, and taxes of any type necessary to fully, properly, and timely perform and construct the Work.

ARTICLE 7 - PAYMENT

Payments shall be made to the Contractor in accordance with Section 8 of the General Conditions.

ARTICLE 8 - CHANGES TO THE CONTRACT

Changes to the Contract may be made in strict accordance with Section 9 of the General Conditions.

ARTICLE 9 - TERMINATION

The Contract may be terminated in accordance with Section 10 of the General Conditions.

ARTICLE 10 - INSURANCE AND BONDS

11-1 The Contractor shall provide Insurance as provided in the Insurance Requirements and in accordance with Section 11.1 of the General Conditions. The Contractor shall provide proof of such Insurance and all required endorsements in forms acceptable to the City prior to commencing any Work under this Contract.

11-2 The Contractor shall provide performance, payment, and warranty bonds to the City in accordance with Section 11.2 of the General Conditions and A.R.S. § 34-222.

11-3 The Contractor's failure to provide proof of insurance and the required endorsements, or the required bonds, in forms acceptable to the City will be a material breach and grounds for termination for cause under this Contract.

ARTICLE 11 - INDEMNIFICATION

The Contractor shall have and assume the indemnity obligations set forth in Section 12 of the General Conditions.

ARTICLE 12 - DISPUTE RESOLUTION

Any claims or disputes relating to this Contract shall be resolved according to the dispute resolution process set forth in section 13 of the General Conditions.

ARTICLE 13 - MISCELLANEOUS PROVISIONS

14-1 The miscellaneous provisions set forth in section 14 of the General Conditions shall apply to this Contract.

14-2 The Contractor and any subcontractors or agents of the Contractor shall abide by the federal regulations prohibiting discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity, national origin, or for inquiring about, discussing, or disclosing compensation, and take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, sexual orientation, gender identity or national origin.

ARTICLE 14 - COUNTERPARTS

This Contract may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The signature pages from one or more counterparts may be removed from such counterparts. Such signature pages may all be attached to a single instrument so that the signatures of all Parties may be physically attached to a single document. Parties shall submit their original, wet ink signature of this document to the San Luis Clerks Office for recording purposes.

ARTICLE 15 - AUTHORITY

Each Party represents and warrants to the other Party: (i) that such Party is duly organized and validly existing under the laws of the State of Arizona and has full corporate power and authority to enter into this Contract and to carry out the provisions of this Contract; (ii) such Party is duly authorized to execute and deliver this Contract and to perform its obligations under this Contract; (iii) the person executing this Contract on such Party's behalf has been duly authorized to do so by all requisite corporate action, and (iv) this Contract is a legal and valid obligation binding upon the Parties and enforceable in accordance with its terms.

The Parties have executed and made effective this Contract in Yuma County, Arizona, on the day and year set forth below, which is the day the last Party signed this Contract. The original Contract will be filed with the City of San Luis Clerk.

Attest:

City of San Luis, Arizona

SIGNATURE

Sonia Cornelio, City Clerk

FULL NAME, TITLE

DATE SIGNED

SIGNATURE

Nieves Riedel, Mayor

FULL NAME, TITLE

DATE SIGNED

Approved As to Form

SIGNATURE

Joseph D. Estes, City Attorney

FULL NAME, TITLE

DATE SIGNED

General Contractor

SIGNATURE

Michael Lee

FULL NAME

DATE SIGNED



AGENDA ITEM REVIEW FORM

Regular City Council Meeting

7. D.

Meeting Date: 09/23/2026

Department Head: Nigel Reynoso, Chief of Police, Police Department

Submitted By: Michelle Boucher, Police Administrator, Police Department

Action Requested: Motion
Order

ITEM:

Discussion and possible action on any and all matters regarding Order No. 2026-08. An Order of the Mayor and City Council of the City of San Luis, Arizona, approving and adopting the Intergovernmental Agreement between the City of San Luis and Gadsden Elementary School District #32 (GESD #32) for funds supporting the San Luis Police Department's participation in the School Resource Officer assignment at San Luis Middle School and Southwest Junior High School. **(Damian Miller, Lieutenant)**

SUMMARY:

The San Luis Police Department is requesting to renew the approval of the Intergovernmental Agreement between the City of San Luis and GESD #32 for a School Resource Officer assignment at San Luis Middle School and Southwest Junior High. The term of this agreement shall be from the date of effectiveness, as set forth by GESD #32 upon approval by its governing board, through the end of fiscal year 2027, ending on June 30, 2027. The agreement provides funding for Arizona Peace Officer Standards and Training Board (AZPOST) sworn personnel of the San Luis Police Department to assume the role of a School Resource Officer during 180 school days for 8 hours per day or as funding allows, for any time over the 8-hour workday upon request of the Principal or the Principal's Designee.

RECOMMENDATION / SUGGESTED MOTION:

I MOVE TO APPROVE AND ADOPT ORDER NO. 2026-08 AS PRESENTED.

Fiscal Impact

IS THERE FISCAL IMPACT ASSOCIATED WITH THIS ITEM:	Yes
CITY/STATE/FEDERAL FUNDS:	State
TOTAL:	\$176,504.00
BUDGETED AMOUNT:	YES
AVAILABLE AMOUNT TO TRANSFER:	See fiscal impact statement
ACCT NAME & GL#/REMAINING BALANCE BEFORE PURCHASE:	250-181-500000.111 Salaries - Gadsden School District #32/ \$176,504.00

FISCAL IMPACT STATEMENT (IF THIS IS A BUDGET TRANSFER, YOU MUST ATTACH THE BUDGET ADJUSTMENT FORM):

The \$176,504.00 is a reimbursement amount to the San Luis Police Department for SRO hours worked under the SRO IGA with GESD #32. Funds will be released through Special Revenue funds under salaries line 250-181-50000.111 Salaries - Gadsden School District #32

Funds were budgeted accordingly in FY 2026 and FY 2027.

Attachments

Order No. 2026-08

Intergovernmental Agreement GESD



Order

OFFICE OF THE
MAYOR
CITY OF SAN LUIS

No. 2026-08

AN ORDER OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SAN LUIS, ARIZONA, AUTHORIZING AND DIRECTING THE CITY OF SAN LUIS POLICE DEPARTMENT TO RECEIVE FUNDING FOR HOURLY PAY AND EMPLOYEE RELATED EXPENSES BY APPROVING AND AUTHORIZING THE EXECUTION OF AN INTERGOVERNMENTAL AGREEMENT WITH GADSDEN ELEMENTARY SCHOOL DISTRICT #32 AND THE CITY OF SAN LUIS, ARIZONA, THROUGH THE SAN LUIS POLICE DEPARTMENT FOR TWO (2) SCHOOL RESOURCE OFFICERS.

WHEREAS, the City of San Luis desires to increase police presence within the San Luis Middle School and Southwest Junior High School grounds through the assignment of School Resource Officers, which brings a broader awareness of the school's safety needs and concerns while given the assigned officers greater experience working a school environment; and

WHEREAS, the Gadsden Elementary School District #32 has approved an Intergovernmental Agreement to enhance school safety and education throughout San Luis Middle School and Southwest Junior High School; and

WHEREAS, the Gadsden Elementary School District #32 has prepared an Intergovernmental Agreement which provides for all the funds including that these funds shall not be used to supplant other funding of the San Luis Police Department no related to this IGA; and

[Intentionally left blank. Signature page follows]

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of San Luis, Arizona, as follows:

SECTION 1: That it is deemed in the best interest of City of San Luis and its residents that an Intergovernmental Agreement titled "SCHOOL RESOURCE OFFICER BETWEEN THE CITY OF SAN LUIS AND GESD #32." is approved.

SECTION 2: That a true copy of said Intergovernmental Agreement is incorporated herein as Exhibit "A" as though fully set forth again in full.

SECTION 3: That the Mayor or City Manager and/or his designee are hereby authorized and directed to execute this Intergovernmental Agreement on behalf of the City of San Luis and to take any and all actions as may be necessary to put the agreement into effect.

SECTION 4: That the San Luis City Clerk and/or her designee is authorized and directed to maintain this Intergovernmental Agreement in the official files of the City Clerk and to deliver it to Yuma County, Arizona.

PASSED, ADOPTED AND APPROVED by the Mayor and City Council of the City of San Luis, Yuma County, Arizona, this ____ day of September 2026.

Nieves Riedel, Mayor

ATTEST:

APPROVED AS TO FORM:

Sonia Cornelio, City Clerk

Joseph Estes, City Attorney

AGREEMENT NO. [2]

INTERGOVERNMENTAL AGREEMENT

This intergovernmental agreement ("Agreement") is entered into as of the last date of execution _____ day of _____ 2026, (the "Effective Date"), by and between the City of San Luis, a municipal corporation duly organized and existing under the laws of the State of Arizona, through its Police Department (the "City"), and Gadsden Elementary School District, a political subdivision of the State of Arizona (the "District").

RECITALS

WHEREAS, the District has funding through the School Safety Program ("SSP") Grant from the Arizona Department of Education for the purpose of placing School Resource Officers ("SROs") on school grounds to contribute to safer school environments that are conducive to teaching and learning. SSP funded officers provide certain services and the City is willing to assign police officers to the District for such purposes in accordance with A.R.S. § 15-154, the School Safety Program Guidance Manual, and this Agreement; and

WHEREAS, the District is authorized by A.R.S. § 15-342(13), A.R.S. § 11-952, and the approval of its governing board to enter into this Agreement and the City is authorized by Ch. 2§ 2(i), Charter, City of San Luis A.R.S. § 11-952, and the approval of its City Council to enter into this Agreement; and

NOW, THEREFORE, In consideration of the mutual promises set forth herein, the parties agree as follows:

1. Assignment

- A. The City shall assign a total of two (2) police officers to the District seven (7) days prior to the commencement of the school year until the end of that school year to perform services as follows:

Two (2) assigned to the School Safety Program only to the following Schools: San Luis Middle School and Southwest Early College Academy, formerly known as Southwest Junior High School.

2. Term and Termination

- A. This Agreement shall commence on July 1, 2026 and shall continue until June 30, 2027 unless otherwise terminated in accordance with this Agreement. This Agreement may be terminated without cause by either party upon thirty (30) days' prior written notice.
- B. Gadsden Elementary School District's participation in this Agreement is subject to receiving funds from the School Safety Program Grant through the Arizona Department of Education. In the event sufficient funds are not received from the Grant or sufficient appropriations and authorization are not approved by the Gadsden Elementary School District's Governing Board, or if the Arizona Department of Education revokes authorization or appropriation of the Grant or the Gadsden Elementary School District's Governing Board revokes authorization or appropriation at any time, this Agreement shall terminate upon Gadsden Elementary School District's written notice to the City. The City shall accept Gadsden Elementary School District's decision about sufficient

appropriations and authorization, which shall be final.

3. Relationship of Parties

- A. The City shall have the status of an independent contractor for purposes of this Agreement. This Agreement is not intended to and will not constitute, create, give rise to, or otherwise recognize a joint venture, partnership, or formal business association or organization of any kind between the parties, and the rights and obligations of the parties shall only be those expressly set forth in this Agreement. The parties agree that no person supplied by the District to accomplish the goals of this Agreement is a City employee and that no rights under the City's civil service, retirement, or personnel rules accrue to such person.
- B. The SROs assigned to the District shall be considered employees of the City and shall be subject to its control and supervision. The San Luis Police Department police officers assigned as SROs will be subject to current procedures in effect for San Luis Police Department police officers, including but not limited to attendance to all mandated training and testing to maintain state peace officer certification. The assigned SROs shall fulfill their duties as law enforcement officers as certified by Arizona Police Officers Standards and Training Bureau ("AZ POST"). The District shall not interfere with the assigned SROs' duties as sworn law enforcement officers.
- C. The City understands that the District is responsible for the safety of students on campus during the school day. If the District receives information indicating that any police officer assigned to perform services for the District may have engaged in unprofessional, illegal, or immoral conduct, the District will immediately provide such information to the City. If the City receives information from any credible source indicating that any police officer assigned to perform services for the District may have engaged in unprofessional, illegal, or immoral conduct that would affect the officer's ability to safely and/or professionally perform duties for the District, the City will immediately provide such information to the District to the extent allowed by state law and city policy.
- D. If any alleged unprofessional, illegal, or immoral conduct might affect the police officer's ability to safely and/or professionally perform duties for the District, the City will immediately remove the officer from the District and reassign the officer in accordance with City policies and procedures to allow the City and/or the District to investigate the allegations. The City agrees to assign a replacement officer to provide services to the District under this Agreement. If a replacement officer cannot be provided, the District will be credited for each day an officer is not assigned to the campus. The District, at its sole discretion, may refuse the assignment to the District of any officer who has been previously removed from the District because of allegations of unprofessional, illegal, or immoral conduct.
- E. The City shall be responsible for the police officer's compensation on days schools are in session and the officer is not at the officer's assigned school unless the officer's absence is due to attendance at an off-campus activity at the school's request, activity stemming from action taken by the officer while in service of the District, including attendance at Court, or if the officer is working an alternative

work schedule as agreed upon by the City and the District.

4. Costs and Payment

- A. The District agrees to pay the City \$176,504, from the School Safety Grant funds, in consideration for the services provided by the City under this Agreement.
- B. SROs must seek approval from the Principal, or the Principal's Designee, and the appropriate San Luis Police Department supervisor before working on SRO-related overtime (*i.e.*, those matters pertaining to the school, its students, or its employees). The SRO and City shall make every reasonable effort to ensure that SROs do not incur overtime costs in any given week. Should overtime be approved:
 - 1. The District shall independently hire and pay one hundred percent (100%) of off-duty police related expenses for extracurricular school activities outside of the normal SRO job function (e.g. sporting events, dances, or other school functions).
 - 2. The City shall pay one hundred percent (100%) of any overtime on SRO criminal-related incidents (e.g., those matters pertaining to the school, students, or employees)
 - 3. The City shall pay one hundred percent (100%) of any SRO overtime that result from City-related activities (*i.e.*, those matters that do not involve the school, its students, or its employees).
- C. Payment to the City from the District is due within thirty (30) days of the District's receipt of a monthly itemized invoice. The City may charge, and the District agrees to pay interest ("late fees") in the amount of ten percent (10%) per annum on any balance that remains unpaid more than fifteen days after the due date. The City and the District understand that late fees will not be paid from School Safety Grant funds.
- D. Each party will establish and maintain a budget according to its established rules and regulations.

5. Compliance with the School Safety Program

- A. School Safety Program School Resource Officer Duties and Responsibilities
 - 1. The parties agree to participate in the School Safety Program as established by A.R.S. § 15-154 and as described more fully in the School Safety Program Guidance Manual.
 - 2. Each party agrees to assume the roles and responsibilities assigned to that party by the School Safety Program Guidance Manual.
 - 3. An officer assigned to the School Safety Program shall perform duties and activities within the three roles listed in the School Safety Program Guidance Manual:

Role #1) Law Enforcement Specialist

The Law enforcement specialists will act with the full authority of a law enforcement officer to provide safety and security by providing services such as:

- Investigate law violations
- Crime prevention
- Emergency Preparedness
- Risk & vulnerability assessment
- Threat assessments
- Crisis intervention
- First aid/CPR
- De-escalation
- Collaboration with local law enforcement
- Referrals for court, community resources, DCS
- Safety consultations
- Prevention training/lessons
- Community Policing
- Uniform and equipment

Role #2) Law-Related Educator

Law-Related Education is the teaching of rules, laws, and the legal system that actively involves students to prepare them for responsible citizenship. It also provides instructions in legal rights, responsibilities, and the role of the citizen and requires students to practice the application of LRE in potential real-life situations. The SSAPT uses the needs assessment data and priority focus areas to determine which LRE instruction will address those priority focus areas. Officers provide LRE instruction in three ways:

1. Universal LRE
2. Cohort LRE
3. Community/Teacher LRE

Role #3) Positive Role Model/Mentor

*As a positive role model for students and the school community, the SRO should be a role model for rules and expectations of individuals on school campuses. Reinforce and praise students who are meeting those expectations. *Rules and expectations may come up in your LRE Lessons or Character Education Lessons.*

- Be visible and approachable
- Build relationships
- Be an informal counselor or mentor
- Encourage responsibility
- Teach skills to build students' character and social skills

B. An officer assigned to the School Safety Program shall be responsible for other requirements indicated in the School Safety Program Guidance Manual such as:

1. Maintaining an activity log that tracks the activities the officer provides within the three roles (Law Enforcement Specialist, Law-Related Educator,

Positive Role Model/Mentor), other services the officer provides, and tracks the officer's time on campus.

2. Attend annual training provided by the Arizona Department of Education and the Arizona Foundation for Legal Services and Education.
3. As a member of the School Safety Program Team, the officer will collaborate with school personnel on school-wide safety strategies

C. An officer assigned to the School Safety Program for eleven (11) to twelve (12) month school year, in addition to the duties specified in subsection A and B, shall have additional duties when school is not in session that may include any of the following activities as mutually agreed upon in writing by the parties through an amendment to this Intergovernmental Agreement:

1. Plan school security improvements.
2. Prepare law-related education lessons.
3. Develop collaborations with community resources, identifying services offered that could benefit students.
4. Conduct school safety assessments.
5. Work with the school safety team to review and update the school safety plan, and conduct school wide exercises to test the plan.
6. Plan in-service training.
7. Collaborate with school administration to analyze criminal incident reports and disciplinary records as a means of identifying patterns and developing strategies to address problems.
8. Work with community-based and youth recreational and leadership development activities that complement and reinforce the School Safety Program.

D. School Safety Program School Administrator Responsibilities

1. The parties agree to participate in the School Safety Program as established by A.R.S. § 15-154 and as described more fully in the School Safety Program Guidance Manual.
2. Each party agrees to assume the roles and responsibilities assigned to that party by the School Safety Program Guidance Manual.
3. The school and administrators shall be responsible for implementing the School Safety Program as required in the School Safety Program Guidance Manual and support the officer by:
 - The parties agree that School Administration is solely responsible for student disciplinary matters.
 - The school shall conduct investigations of incidents for which suspension or expulsion may be considered under (School District)'s Code of Student Conduct, including the responsibility to consult with the appropriate agencies in situations where crime is involved, as required by law.
 - The school must ensure compliance with applicable state and federal laws such as the IDEA, FERPA, mandatory reporting laws,

- etc.
- The school must ensure they provide the officer with training, documentation, and expectations for the district's policies and procedures in areas that affect the SRO such as discipline, special education, emergency operation plans, etc.
- The school shall notify the officer of any special needs of students in order to assist the officer in recognizing and accommodating behaviors that may be manifestations of the student's disability.

E. School Safety Program School District Responsibilities

1. The parties agree to participate in the School Safety Program as established by A.R.S. § 15-154 and as described more fully in the School Safety Program Guidance Manual.
2. Each party agrees to assume the roles and responsibilities assigned to that party by the School Safety Program Guidance Manual.
3. The District will provide the police officers with an office at the officers' assigned school and supplies to fulfill their duties such as:
 - Equipment and office supplies as is necessary for performance of the officers' duties, including a desk, chair, telephone, computer
 - District e-mail address
 - Secured filing space (only accessible to the officer)
 - A copy of the IGA
 - A copy of the District or Charter's Student/Parent Handbook
 - A copy of the District or Charter's Student Code of Conduct
 - A copy of the School's Master Schedule (as appropriate)
 - A copy of the District or Charter's school calendar
 - School Organizational Chart with Contact Information
 - If available, secured wall locker (only accessible to the officer)
 - If available, Radio/walkie-talkie for two-way communication with officer/administration
 - Access Control:
 - a. Camera Access
 - b. Master Key Access/Alarm System Access or Codes
 - c. (If applicable) Access to apps such as Navigate 360 or Mutual Link 360
 - Access to student records as needed (compliant with FERPA)
 - Emergency Operations Plans

- F. Upon termination, all property or equipment used by the parties in the performance of their responsibilities under this Agreement shall remain the property of the party that purchased the property or equipment.

6. Time and Place of Performance

- A. The City will ensure that the police officers assigned to the District as SROs will be available for duty at their assigned school forty (40) hours each week that

school is in session during the term of this Agreement. The parties agree that officers assigned to the School Safety Program will serve a 11-12 month, full-time, forty (40) hour a week assignment as specified by the District's grant application. The assigned officers will wear uniforms as authorized by the applicable (Police Department) Operations Orders.

B. The officers' activities will be primarily performed at their assigned school grounds except for:

1. Home visits when needed as a result of school related problems.
2. In response to off campus, but school related, criminal activity.
3. Attendance at off-campus events or meetings in accordance with the SSP requirements.
4. Attendance at SSP training.
5. In response to emergency police activities in close proximity to the school.

C. Pursuant to the IGA, when school is not in session, the police officers assigned shall return to their law enforcement agency functions.

7. Status Meetings

By mutual agreement, the parties may meet from time to time for purposes of discussing the status and conduct of the work being performed under this Agreement, and addressing any problems that have come to the parties' attention and their views as to how such problems may be resolved, including amending the terms and conditions of this Agreement. All amendments to this Agreement must be in writing and approved by the City of (City Name) Law Department.

8. Entire Agreement; Modification

This Agreement constitutes the full and complete understanding and agreement of the parties. It supersedes and replaces any and all previous representations, understandings, and agreements, written or oral, relating to its subject matter. There shall be no oral alteration or modification of this Agreement; this Agreement and its terms may not be modified or changed except in writing signed by both parties.

9. Notices

Formal notices, demands and communication between the City and the District shall be deemed sufficiently given if hand delivered or dispatched by registered or certified mail, return receipt requested, postage prepaid, and addressed as follows:

CITY:

City Manager Jenny Torres
City of San Luis
P.O. Box 1170 (by United States Postal Service)
1090 East Union Street (by personal process or courier service)
San Luis, Arizona 85349

With copies to:

City Attorney
City of San Luis
P.O. Box 1170
San Luis, Arizona 85349

Chief of Police
City of San Luis
P.O. Box 1170
San Luis, Arizona 85349

DISTRICT:

Superintendent Lizette Esparza
Gadsden Elementary School District #32
P.O. Box 6870 (by United States Postal Service)
1350 E. Cesar Chavez Blvd. (by personal process or courier service)
San Luis, Arizona 85349

10. Fingerprinting and Background Check

The City represents and warrants that it will ensure that each officer assigned to perform services on District property pursuant to this Agreement will be fingerprinted and successfully complete a background check performed by the City before such assignment.

11. Legal Worker Requirements

The parties warrant their respective compliance with all federal immigration laws and regulations relating to their respective employees and each party respectively warrants its respective compliance with Arizona Revised Statutes § 23-214, subsection A. Any breach of the warranties under this paragraph will be deemed a material breach of the Agreement and is subject to penalties up to and including termination of the Agreement.

12. Resolution of Disputes

In the event a dispute for any reason arises and pursuant to A.R.S. § 15-154(F), the parties shall meet and discuss within three (3) business days. Any dispute not resolved by mutual agreement of the parties shall be decided in accordance with the applicable Arizona laws.

13. Cancellation

The City and the District acknowledge that this Agreement is subject to cancellation by either party pursuant to the provisions of A.R.S. § 38-511.

14. Nonappropriation

Each party recognizes that the performance by either party under this Agreement may be dependent upon the appropriation of funds to or by that party. Should either party fail to

appropriate the necessary funds, that party may terminate this Agreement as stated herein without further duty or obligation. Each party agrees to give notice to the other party as soon as reasonably possible after the unavailability of funds comes to the party's attention.

15. Compliance with Applicable Laws

Each party shall comply with all applicable laws, ordinances, Executive Orders, rules, regulations, standards, and codes of federal, state and local governments whether or not specifically referenced in this Agreement.

16. Indemnification

Each party (as "Indemnitor") agrees to the extent permissible under Arizona law to indemnify, defend, and hold harmless the other party (as "Indemnitee") from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorneys' fees) (collectively referred to as "Claims") arising out of bodily injury of any person, including death, or property damage, but only to the extent that such Claims which result in vicarious/derivative liability to the Indemnitee are caused by the act, omission, negligence, misconduct, or other fault of the Indemnitor, its officers, officials, agents, employees, or volunteers.

17. Workers' Compensation

An employee of either party shall be deemed to be an "employee" of both public agencies while performing pursuant to this Agreement solely for purposes of A.R.S. § 23-1022 and the Arizona Workers' Compensation laws. The primary employer shall be solely liable for any workers' compensation benefits, which may accrue. Each party shall post a notice pursuant to the provisions of A.R.S. § 23-1022 in substantially the following form:

"All employees are hereby further notified that they may be required to work under the jurisdiction or control or within the jurisdictional boundaries of another public agency pursuant to an intergovernmental agreement or contract, and under such circumstances they are deemed by the laws of Arizona to be employees of both public agencies for the purposes of worker's compensation."

18. FERPA Compliance

Both parties will ensure that the dissemination and disposition of educational records complies at all times with the Family Educational Rights and Privacy Act of 1974 and any subsequent amendments thereto.

19. Applicable Law

This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona.

20. Public Record

Parties acknowledge, accept, and agrees that both Parties are subject to the Arizona Open Meeting Law, Arizona Revised Statutes (A.R.S.) §§ 38-431 through 38-431.09 and the Arizona Public Records Act, A.R.S. §§ 39-121 through 39-161, as amended from time to time. Information provided may be subject to public record requests and may be disclosed and preserved as a public record when it is made or received by a governmental agency in pursuance of law or in connection with the transaction of public business and preserved by the agency or its legitimate successor as evidence of the organization, functions, policies, decisions, procedures, operations, or other activities of government.

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SIGNATURES FOLLOW

CITY OF SAN LUIS, a municipal corporation
Jenny Torres, City Manager

Date: _____

City Clerk

Date: 8/28/2020

City Attorney

Attorney for District