COUNCIL INFORMATION PACKET

Council Meeting

Monday

May 10th, 2021

6:00 p.m. MDT

Executive Session at 5:30 p.m.

TOWN OF COLORADO CITY
MEETING NOTICE

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Colorado City Town Council and to the general public that the Town Council will hold a meeting open to the public on Monday, May 10th, 2021 at 6:00 p.m. MDT at the Colorado City Town Hall, 25 South Central Street, Colorado City, Arizona.

AGENDA:
Executive Session at 5:30 p.m.

1. Call to Order
2. Roll Call
3. Minutes of Previous Meeting(s)
4. Public Comments / Informational Summaries
5. a Motion for Executive Session to be held June 14th, 2021 at 5:30 p.m. for Discussion and Consultation with Legal Counsel for Legal Advice in Accordance with § A.R.S. 38-431.03. (A) (3) & (4) (item 6 below)
6. Pending or Contemplated Litigation, Claims and Demands
7. Boards, Commissions and Department Reports
8. Consider Zoning map Amendment Parcel 404-53-580 from RE1-A Residential Estate/One Acre to R1-20 Single Family Residential
9. Consider Resolution Entering into Flood Control IGA with Mohave County
10. Consider Acceptance of Financing from Water Infrastructure Finance Authority (WIFA) of Arizona for Wells 4 & 22 Rehabilitation
11. Consider Intergovernmental Agreement with Mohave County Agencies for Arizona Department of Administration, Grants and Federal Resources (ADOA-GFR) Arizona 911 Grant Program
12. Ratify Financing with PACCAR Financial for ASLC Roll-off Truck
13. Discussion on Possible Town Lobby/Office Remodel
14. Consider Health Insurance Renewal Options
15. Notice of Intent to Adopt Natural Gas Tariff
16. Consider Tuition Reimbursement Policy for the Town of Colorado City
17. Budget Report and Order to Pay Due Claims
18. Adjournment

Agenda items and any variables thereto are set for consideration, discussion, approval or other action. All items are set for possible action. The Town Council may, by motion, recess into executive session, which will not be open to the public, to receive legal advice from the Town's attorney(s) on any item contained in this agenda pursuant to ARS § 38-431.03 (A) (3)(4), or regarding sensitive personnel issues pursuant to ARS § 38-431.03 (A) (1), or concerning negotiations for the purchase, sale or lease of real property; ARS § 38-431.03 (A) (7). One or more Council members may be attending by telephone. Agenda may be subject to change up to 24 hours prior to the meeting. Persons with a disability may request a reasonable accommodation by contacting the Town Clerk at 928.875.2646 as early as possible to allow sufficient time to arrange for the necessary accommodations. Town of Colorado City Council Meeting Agenda.

Town of Colorado City

COUNCIL MEETING AGENDA
STAFF SUMMARY REPORT
May 10th, 2021 Monday

6:00 p.m.

---

3. Minutes of prior meetings **Page 1**

Presented are the minutes of the prior meetings that need to be reviewed and approved by the Council.

RECOMMENDATION
Motion to approve the minutes of the April 12th, 2021 meeting.

---

4. Public Comment

The chairperson of the meeting should outline the rules of comment and the time limit imposed according to the following guidelines:

Anyone from the public is invited to make a comment at this time. Please step up to the podium and state your name for the record. There is a standard time limit of three minutes per person. Although we welcome and invite your comments, no discussion or response from the Council is required and individuals should not anticipate any.

According to Arizona law (A.R.S. § 38-431.01(G) the only action that may be taken as a result of public comment will be limited to directing staff to study the matter or scheduling the matter for further consideration and decision at a later date.

---

5. Motion for Executive Session to be Held Monday, June 14th, 2021 at 5:30 p.m. MDT for Discussion and Consultation with Legal Counsel for Legal Advice in Accordance with ARS 38-431.03.

RECOMMENDATION
Motion to set an Executive Session in advance on pending or contemplated litigation, claims and demands to be held Monday, June 14th, 2021 at 5:30 p.m. MDT in Accordance with ARS 38-431.03(A)(3)(4) for Discussion and Consultation with Legal Counsel for Legal Advice and/or for negotiations.

---

6. Pending or Contemplated Litigation, Claims and Demands.
Presenter: Vance Barlow, Town Manager

No Council action needed at this time

---

7. BOARDS, COMMISSIONS & DEPARTMENT REPORTS Page 9

1. Airport Manager & Advisory Committee – LaDell Bistline Jr.
2. Building Department-- Andrew Barlow
3. Marshals Department/ Dispatch – Rob Radley
4. Public Works/ Landfill– John T. Barlow
5. Utility Department – Weston Barlow
6. Administration Department – Vance Barlow
7. Magistrate Court -- Barbara Brown

Department reports should be treated like public comment and limited to clarifying questions directing staff to study the matter or scheduling the matter for further consideration and possible action at a later date.

---

8. Consider Zoning Map Amendment Parcel 404-53-580 from RE-1A Residential-Estate/One Acre to R1-20 Single Family Residential Page 23

Presenter: Vance Barlow, Town Manager

Gary Ivory has applied for a zoning map amendment for parcel 404-53-580 located on the corner of Central Street and Cherry Avenue. Gary desires to split the lot into two half acre lots one for himself and one for his brother.

A preliminary utility access assessment is included in the packet.

This proposal was considered at the May 3, 2021 Planning Commission meeting after discussion on the type of development and the location the Planning Commission unanimously recommended the proposed amendment.

Staff is recommending conditional approval that the lot split with utilities, etc. be completed and recorded within a set time, such as 12 months, or the zoning reverts back to RE-1A Residential.

The following from the Town Code §152.090 Zoning Map Amendments gives some guidelines for consideration on rezone applications.

(D) *Issues for consideration.* In determining whether to approve, approve with conditions, or deny proposed official zoning map amendments, issues for consideration shall include but not be limited to:

(1) Consistency (or lack thereof) with the general plan, and other adopted plans;

(2) Compatibility with the present zoning and conforming uses of nearby property and with the character of the neighborhood;

(3) Suitability of the subject property for uses permitted by the proposed zoning district;

(4) Suitability of the subject property for uses permitted by the existing district; and

(5) Availability of sewer and water facilities.

RECOMMENDATION

Motion to adopt Ordinance 2021-__ approving the proposed amendment to the zoning map of the Town of Colorado City of Parcel 404-53-580 from RE-1A Residential-Estate/One Acre to R1-20 Single Family Residential

9. Consider Resolution Entering into Flood Control IGA with Mohave County
Presenter: Vance Barlow, Town Manager **Page 29**

This is an annual process to obtain the Town's share of the funds collected by the Mohave County Flood Control District for use in flood control projects. The IGA will provide the Town with $18,776. With this funding there will be $65,255.63 in the flood control fund.

The IGA exhibit "A" identifies the funds will be used for extending curb and drainage controls on Garden Avenue from Central Street east to Hildale Street. This project is critical to controlling the erosion that occurs on the street during heavy rainstorms and brings mud and debris onto Central Street creating a traffic hazard.

The Flood Control fund was not expended last year as the Town wanted to have enough funding in order to complete the project. Based on the historic cost of projects it is estimated that the complete project for curb and water ways will be approximately $60,000 and we are planning to do the curb project on the South side of Garden Avenue from Hildale Street to Central Street this season and plan on doing the chip seal in the fall of this season or in the spring of 2022.

Historically the flood control funding has been used for engineering and materials such as concrete and/or asphalt, with the Town contributing the dirt work, road-base, grading, etc., to get the projects completed.

The proposed IGA has being reviewed by the Town Attorney with no issues.

RECOMMENDATION
Motion to adopt Resolution 2021-__ authorizing the Mayor to execute the Flood Control IGA with Mohave County Flood Control District.

10. Consider Acceptance of Financing from Water Infrastructure Finance Authority (WIFA) of Arizona for Wells 4 & 22 Rehabilitation **Page 40**
Presenter: Vance Barlow, Town Manager

on February 16, 2021 the Town Council authorized the staff to apply for financing from the Water Infrastructure Finance Authority (WIFA) of Arizona for Wells 4 & 22 Rehabilitation.

On April 28 WIFA approved the financing in the amount of $460,000 with forgivable principal in the amount of $212,500 and the remaining $247,500 to be amortized over 20 years. The loan will be paid with water sales revenues.

The loan documents are currently being reviewed by the Town's legal counsel and we expect them to approve without concerns.

RECOMMENDATION

Motion to approve the financing from the Water Infrastructure Finance Authority (WIFA) of Arizona for Wells $ & 22 Rehabilitation in the amount of $460,000 and authorize the staff to sign the necessary documents.

11. Consider Intergovernmental Agreement with Mohave County Agencies for Arizona Department of Administration, Grants and Federal Resources (ADOA-GFR) Arizona 911 Grant Program **Page 140**
Presenter: Robb Radley, Chief Marshal

Presented for Council consideration is an IGA with the other municipalities in Mohave County and the Mohave County Sheriffs Office to administer the funds received by Mohave County under the ADOA-GFR Arizona 911 Grant Program for maintenance and operation of all PSAPs in Mohave County.

The State 911 office has requested that Colorado City join in the IGA with the other agencies in Mohave County and after careful consideration the staff reached out to the other agencies and began the process of updating the IGA to include the Town.

The Towns rotation to administer the IGA will be in years 27-28.

This IGA has been reviewed by the Towns legal council and they have given their approval.

RECOMMENDATION
Motion to approve Intergovernmental Agreement with Mohave County Agencies for Arizona Department of Administration, Grants and Federal Resources (ADOA-GFR) Arizona 911 Grant Program

---

12. Ratify Financing with PACCAR Financial for ASLC Roll-off Truck **Page 148**
Presenter: Vance Barlow, Town Manager

The Board of Directors of the Arizona Strip Landfill Corporation (ASLC) authorized the staff to proceed with purchasing & financing a new roll-off truck to use in the landfill operations. Due to some cash flow issues and a temporary reduction in revenues for the last few years the Landfill Corporation was unable to secure financing.

As the Town is the majority holder in the ASLC the decision was made to proceed with the purchase and financing in the name of the Town as the truck was critical to the ongoing operations of the Landfill. The Town was approved for a municipal lease by PACCAR Financial.

The 2005 KW roll-off truck has suffered from a multitude of mechanical issues and needs to have some time in the shop and then be used as a backup truck, it had a turbo failure on May 6 which put it out of commission for several days and so the decision was made to pick up the new roll-off and get it into operation prior to the Town Council meeting.

The truck will be paid for with funds from the Arizona Strip Landfill Corporation operations.

RECOMMENDATION

Motion to ratify the financing with PACCAR Financial for a 2021 Peterbilt Roll-off truck.

---

13. Discussion on Possible Town Lobby/Office Remodel **Page 166**
Presenter: Vance Barlow, Town Manager

The Town staff have long desired to remodel the public access lobby to make it more inviting to the public but have not had sufficient funding available to do so. With the Cares

Act funding the staff feel that now would be a good time to address this need.

In the packet are concept drawings of the remodel that the staff would like to do.

The remodel is proposed as four distinct parts.

1. Redo the lobby installing a wall with service windows about midway of the lobby area and removing the interior glass door and windows and removing the interior walls of the office area on the west side of the area behind the service counter. This would have the effect of making the stairwell area part of the public access lobby and would also create more usable staff workspace inside the secure area.

2. Remodel the “breakroom” in the dispatch center, converting the “quiet room” into a restroom that is accessed from the foyer of the Dispatch center and then remodel the “breakroom” into a functional kitchen and break/lunchroom for the dispatch & admin staff. Then convert the small kitchen/break room on the south side of the admin area into a small office.

3. Add a secure courtyard on the Southeast area of the dispatch center, this would provide greater security to the dispatch center as well as an area where staff could eat lunch or meet outdoors if they desired.

4. Remove a wall in the Multipurpose room in the basement of the Dispatch center, this would have effect of making the multipurpose room a bit larger and facilitate access into the large storage room.

This item is for discussion and direction from the Council. If the Council is supportive of the concept, then the costs will be incorporated into the upcoming budget and the staff would proceed with construction drawings and move forward with the project.

I am anticipating a budget for this remodel project of approximately $150,000.

RECOMMENDATION

The Council could make a motion to formally approve all or portions of the remodel proposal and direct staff to proceed with the process.

---

14. Consider Health Insurance Renewal Options **Page 171**
Presenter: Rosie White, Town Clerk

We received insurance quotes from several different companies but they were not competitive in any way to what we have. One of the options that we had our agent quote was a PPO Plan with Co-pays. The PPO plan with the copay is a little more expensive and employees could “buy up” to this plan if they preferred it over the HSA coverage. With the PPO option there are copays for many services and then the insurance covers the coinsurance amounts, however, an employee will forfeit their HSA option as the IRS will not allow them to pay that coinsurance or copay pretax.

National General is our current insurance company and their initial quote had a 6.69% increase. After working with the underwriters they sent us a revised renewal with an increase of .6%. They also quoted the PPO plan as stated above. There is one other quote from EMI which seemed to be somewhat competitive but in order to get the competitive premium, the deductible will increase to $4,000 instead of the $3,500 we would have with National General. In order to renew with the .6% National General is

requesting the renewal be completed by May 21st. As the only other quote would increase the deductible to the employee, staff is recommending the renewal with National General with the “buy up” option for those who would prefer it.

Guardian gave us a 2 year rate guarantee last year so we did not shop out the dental/vision/life this year. We will need to do that again in 2022.

RECOMMENDATION
Motion to renew with option 1) National General/ Allied Benefits for medical insurance coverage and remain with Guardian for Dental/Vision/Life.

---

15. Notice of Intent to Adopt Natural Gas Tariff **Page 173**
Presenter: Vance Barlow, Town Manager

The Town is preparing to be able provide natural gas to the metered gas customers of the Town in the near future and the rates will need to be adopted prior to providing the commodity.

Arizona State Statutes require the Town to give a 60-day notice prior to adopting a new fee or increasing an existing fee. The proposed meeting for adopting the rates will be the July 12, 2021 meeting.

In the packet are copies of the proposed notice and the rate structure that has been prepared by the Utility staff.

RECOMMENDATION
Motion to approve posting the notice of intent to Adopt Natural Gas Tariff for the Town of Colorado City.

---

16. Consider Tuition Reimbursement Policy for the Town of Colorado City Page 176
Presenter: Vance Barlow, Town Manager

Staff has been working on a formal policy proposal for tuition reimbursement for the employees of the Town who desire to continue their education.
In the packet is a proposed policy that has been modeled after a policy that Flagstaff Arizona provides.
If the Council feels to approve this policy it will have a budgetary impact that will vary based on the amount of use. An estimated amount would need to be incorporated into the budget.
The policy would have an upper cap which would be equivalent to the Dixie State University resident rates currently $2,340 per semester for a full time undergraduate student.

RECOMMENDATION
Motion to approve the Tuition Reimbursement Policy for the Town of Colorado City.

---

17. Budget Report and Order to Pay Due Claims **Page 180**
Presenter: Rosie White, Town Clerk/Treasurer

---

18. Adjournment

SUMMARIZED MINUTES OF THE TOWN OF COLORADO CITY COUNCIL MEETING HELD MONDAY, APRIL 12, 2021, AT 25 SOUTH CENTRAL STREET, COLORADO CITY, ARIZONA

Meeting was called to order at 6:00 p.m. by Mayor Joseph Allred.

Roll call showed present: Mayor Joseph Allred and Councilmembers Alma Hammon, Joanne Shapley, Nathan Burnham, Thomas Holm, and Jeffery Jessop. Donald Richter entered the meeting at 6:50 pm.

MINUTES
The minutes of the March 15, 2021 meeting were presented, with minor corrections noted.

Motion was made by Nathan Burnham to approve the corrected minutes of the March 15, 2021 regular meeting and executive session. There was a second from Joanne Shapley, and all voted in favor.

PUBLIC COMMENT/INFORMATIONAL SUMMARIES
Reuben Barlow addressed the Council and stated that he is a skate park advocate and can help with fundraising and design.

MOTION FOR EXECUTIVE SESSION TO BE HELD MONDAY, MAY 10, 2021 AT 5:30 P.M. FOR DISCUSSION AND CONSULTATION WITH LEGAL COUNSEL FOR LEGAL ADVICE IN ACCORDANCE WITH ARS 38-431.03.

Nathan Burnham made a motion to set an executive session in advance to discuss pending or contemplated litigation, claims and demands to be held Monday, May 10, 2021, at 5:30 p.m. MDT in Accordance with ARS 38-431.03(A)(3)(4) for discussion and consultation with legal counsel for legal advice and/or for negotiations. The motion was seconded by Joanne Shapley and passed unanimously.

PENDING OR CONTEMPLATED LITIGATION, CLAIMS AND DEMANDS
None

CDBG PUBLIC HEARING NO. 2- INPUT ON COMMUNITY DEVELOPMENT AND PROPOSED SELECTION

The regular meeting was closed, and the Public Hearing opened at 6:12 pm.

Building Official Andrew Barlow spoke, and said that a public hearing was held on March 16, 2021 to receive public input on community development and housing needs. From the public participation meeting, a list of potential projects has been assembled, and now a final selection will need to be made.
Andrew reviewed the list of potential projects and noted that the only one that could be applied for this year is the street improvements on the south end of Central St. from where the sidewalks end,

near Warren Avenue to SR 389 as the environmental review for this project is completed. Discussion was held on the various other projects that were presented.

Mayor Allred made a call for additional comments from the public and there were no further comments.

The Public Hearing was closed at 6:30 pm., and the regular meeting reconvened.

CONSIDER RESOLUTION SELECTING CDBG PROJECT AND AUTHORIZING SUBMISSION OF CDBG SSP APPLICATION

Andrew explained that CDBG grant projects must either be for community wide benefit to meet low to moderate income thresholds, or a neighborhood income survey has to be conducted by the Town.

It was noted that this application was for a SSP project which is a very competitive statewide grant. The SSP activities are limited to projects that have an environmental review completed or projects that do not need an environmental review. He also explained that eligible activities must be ready to begin implementation within 30 days of execution of a grant agreement. It is important to note that any project requiring an environmental review record (ERR) would not be eligible for an SSP grant this year if the ERR is not already completed.

The Council agreed that the Central St. project would fill a critical need, plus the environmental review is already in place.

Andrew noted that we may want to begin the environmental review for some of the other projects so that they will be ready for a future application.

There was a motion made by Nathan Burnham with a second from Alma Hammon to adopt Resolution 2021-08 authorizing submission of the 2020 CDBG-Special Projects grant application for the Street improvements on the Central Street connection to SR 389 for the SSP project. There was unanimous approval.

DEPARTMENT REPORTS

Airport

Ladell Bistline Jr. addressed the Council and said that they had a visit from Congressman Paul Gosar. The Congressman said he would ask about the land patent which has been languishing in the BLM system.

Ladell reported on the fencing project and said that there were some problems with the bidding, and it will have to be rebid and he was working with the consultants on moving the process forward.

One of the Council commended Ladell for defining the acronyms used in his report and requested that all the departments do so.

Building Department
Building Official Andrew Barlow reported that he has been very busy with lots of potential projects. He reported that seven building permits were issued in March. He is currently working on the SSP application. He noted that in 2022 the RA grant will become available.

Police Department/ Dispatch
Police Chief Robb Radley reported that the new dispatchers are moving along in their training and some will begin working at the console in the next week or so. He reported that several of the officers are now certified in background investigations for the state of Arizona. Chief Radley and Sgt. Wilkinson also attended the Chief's conference in St. George.
He also reported that there was a music festival scheduled for Maxwell Park in Hildale and also a special events permit application had been received for a fly in at the Colorado City Municipal Airport..
The Mayor reminded everyone that in order to qualify for grant funds for the airport, it is required that a mask mandate be in place at the airport per federal requirements and signs will need to be posted.

Public Works
Public Works Director John T. Barlow reported that the crew is still finishing the prep on the roads in the Pioneer Trailer Court in anticipation of the upcoming chip-seal season. They have been using the crusher heavily in making road base. He also reported that they recently acquired some shipping containers with a building in between which they are setting up to use as an office and storage for the Parks Department.
John reported that the floodplain map updates have been submitted to FEMA and having this in place will help us when we apply for funding.

For the Landfill, John reported that the spring cleanup effort the first week of April was a success. They did it a little differently this year than in previous years. This year they stationed several large dumpsters in different locations, and people could bring their bulky garbage and load it into these dumpsters, instead of having our crew go from house to house gathering it up. He said they are having issues with the roll-off truck and need to purchase a new one.

Utilities
Utility Operations Manager Weston Barlow reported that the replacing of wells 4 & 22 should be completed by the middle of June. He noted that Mitch Jessop has received his wastewater certification, and Nathan Fischer has received his water treatment certification.
This summer their crew will be working on a line upgrade on Canyon St. for a block and a half.

Administration
Town Manager Vance Barlow reported that he had attended the grand opening of Bee's Marketplace, and Councilmember Alma Hammon represented the Town at that occasion.

Vance said they are looking at some one-time funding that is available to the Town. We have several large items that have been pushed back for want of funding that we would like to apply this funding to. One is a major radio upgrade for the police units. Another is a remodel of the

Town Office lobby that will make the public feel more welcome and at the same time provide a more secure workspace for the employees. This will include removing the second door and installing a glass partition with windows in it at which to serve the public. He commented that this type of project is exactly what the funding is for, to make a safer environment for everyone. Staff is currently working on the cost estimates of these projects and will be bringing them forth as part of the budget discussions.

Vance also reported that Governor Ducey has proposed some tax cuts for Arizona that if approved will have a negative impact on the Town's ongoing funding. There is very serious discussion going on between the League and the legislatures on the negative fiscal impacts to the municipalities in Arizona, and we will be watching to see how this legislation will affect the Town.

FISCAL YEAR 2019-2020 FINANCIAL AUDIT PRESENTATION

David Wittwer with HintonBurdick addressed the Council and reviewed the audit findings and financial statements of the Town. The Town received the final audit statements on April 1, 2021. He noted that there were no significant issues, but there were several adjustments made in order to be in compliance with accounting standards. Law enforcement was over budget, but the Town as a whole was under budget.

CONSIDER ZONING MAP AMENDMENT PARCEL 404-53-501FROM RE-1A RESIDENTIAL-ESTATE/ONE ACRE TO R-2 SMALL LOT RESIDENTIAL

Town Manager Vance Barlow presented an application from Marion Barlow for a zoning map amendment for parcel 404-53-501from RE-1A Residential-Estate/One Acre to R-2 Small Lot Residential. This Parcel is located on the southwest corner of Mohave Avenue and Hammon Street. Marion's proposed use is to build 4-plex units on the property. With the R-2 zoning, the developer would be able to build three 4-plex units on the property.

At the April 3, 2021 Planning Commission meeting, after discussion on the type of development and the location, the Planning Commission unanimously recommended the proposed amendment.

Marion Barlow addressed the Council and stated that he is planning to put one 4-plex unit as soon as possible, and if it does well, then he will add the others.

There was a motion from Nathan Burnham with a second from Alma Hammon to adopt Ordinance 2021-07 approving the proposed amendment to the zoning map of the Town of Colorado City of parcel 404-53-501from RE-1A Residential-Estate/One Acre to R-2 Small Lot Residential.

Roll Call Vote:	
Alma Hammon	**Y**
Joanne Shapley	**Y**
Nathan Burnham	**Y**
Joseph Allred	**N**
Donald Richter	**Y**
Thomas Holm	**Y**
Jeffery Jessop	**Y**

With one "no" vote and six "yes" votes, the motion carried.

CONSIDER ZONING MAP AMENDMENT PARCEL 404-27-112 FROM AG AGRICULTURAL TO C-2 COMMUNITY COMMERCIAL DISTRICT

Town Manager Vance Barlow presented an application from Ross Gregerson for a zoning map amendment for parcel 404-27-112 from AG Agricultural to C-2 Community Commercial District.

This proposal was considered at the April 3, 2021 Planning Commission and the Planning Commission unanimously recommended the proposed amendment to the zoning map as it was felt that the property is better suited to commercial than agricultural.

Ross Gregorson addressed the Council and said that it has been an immense project to clean the property up and get it ready for use. He stated that his plan was to develop it into a primarily long term stay RV park with the necessary amenities. He noted that he has installed a 16" culinary water well on the property which will provide all the culinary water for the proposed development and could possibly assist in adding water to the Town's water system.

There was some discussion held on this, and it was expressed that some people prefer the rural feel of the community.

Motion was made by Nathan Burnham with a second from Thomas Holm to adopt Ordinance 2021-08 approving the proposed amendment to the zoning map of the Town of Colorado City of parcel 404-27-112 from AG Agricultural to C-2 Community Commercial District.

Roll Call Vote:

Alma Hammon	**Y**
Joanne Shapley	**N**
Nathan Burnham	**Y**
Joseph Allred	**N**
Donald Richter	**Y**
Thomas Holm	**Y**
Jeffery Jessop	**N**

With three "no" votes and four "yes" votes, the motion carries.

REVIEW SITE PLAN FOR WATER CANYON RV PARK

Town Manager Vance Barlow presented and stated that at the November 18, 2019 meeting the Town Council approved a conditional use permit for an RV park on the Colorado City industrial lot #27, with a request to "see the plans again when a final design is completed." The developer has gone through the necessary steps to get the proper zoning and lot line adjustments to do the final design.

The final design is presented here for the Council's edification. These designs have had a preliminary review by the staff and appear to meet the development standards for an RV park and that a detailed review will be completed prior to the issuing of permits.

SECOND READING OF ORDINANCE 2021- 05 ADOPTING AMENDMENTS TO THE TOWN CODE TITLE XV CHAPTER 152 ZONING CODE

Town Manager Vance Barlow reported that at the March 15, 2021 Town Council meeting, Ordinance 2021-05 amending Town of Colorado City Zoning Code Title XV Chapter 152 had a first reading, by title only, in the adoption process. He noted that there was no changes from the first reading and the ordinance is ready for a second reading, by title only, in the adoption process. He also noted that the Court monitor has reviewed the proposed amendments with no recommendation for changes.

Motion was made by Donald Richter with a second from Alma Hammon to read by title only Ordinance 2021-05 amending Town of Colorado City Zoning Code Title XV Chapter 152. All voted in favor.

Town Clerk Rosie White then read Ordinance 2021-05 by title only.

CONSIDER ADOPTION OF ORDINANCE 2021- 05 ADOPTING AMENDMENTS TO THE TOWN CODE TITLE XV CHAPTER 152 ZONING CODE

Vance said after Ordinance 2021-05 amending Town of Colorado City Zoning Code Title XV Chapter 152 has had the second reading by title only, it will be ready for adoption by the Town Council. The effective date for the Ordinance will be thirty days after adoption which will be May 12, 2021.

There was a motion made by Nathan Burnham with a second from Jeffery Jessop to adopt Ordinance 2021-05 amending Town of Colorado City Zoning Code Title XV Chapter 152. It was approved unanimously.

SECOND READING OF ORDINANCE 2021- 06 ADOPTING AMENDMENT TO THE TOWN CODE TITLE XV CHAPTER 153 LAND DIVISION

Town Manage Vance Barlow reported that at the March 15, 2021 Town Council meeting Ordinance 2021-06 amending Town of Colorado City Land Division Ordinance Title XV Chapter 153 had a first reading, by title only, in the adoption process. He also noted that there have been no changes to the ordinance since the first reading and that the ordinance is ready for a second reading, by title only, in the adoption process.

He also noted that the Court monitor has reviewed the proposed amendments with no recommendation for changes.

There was a motion from Alma Hammon with a second from Jeffery Jessop to read by title only Ordinance 2021-06 amending Town of Colorado City Land Division Ordinance Title XV Chapter 153. There was unanimous approval.

Town Clerk Rosie White then read Ordinance 2021-06 by title only.

CONSIDER ADOPTION OF ORDINANCE 2021- 06 ADOPTING AMENDMENT TO THE TOWN CODE TITLE XV CHAPTER 153 LAND DIVISION

Vance explained that after Ordinance 2021-06 amending Town of Colorado City Land Division Ordinance Title XV Chapter 153 has had the second reading by title only, it will be ready for adoption by the Town Council. The effective date for the Ordinance will be thirty days after adoption which will be May 12, 2021.

Motion was made by Nathan Burnham with a second from Donald Richter to adopt Ordinance 2021-06 amending Town of Colorado City Land Division Ordinance Title XV Chapter 153. All voted approval.

CONSIDER APPOINTMENT TO THE AZ STRIP LANDFILL BOARD OF DIRECTORS

Mayor Joseph Allred presented and stated that on October 1, 2020 Winford Barlow resigned from the Arizona Strip Landfill Board which has created a vacancy on the Board.

At the March 15, 2021, this item was discussed by the Town Council and was tabled to allow the various applications to be included in the packet and ensure that all persons who had submitted an application were notified of the meeting and had the opportunity to attend.

There was some discussion on the applicants, and appreciation was expressed for those who had shown their commitment by attending the council meetings.

Motion was made by Mayor Allred with a second from Nathan Burnham to appoint David Lane to the Arizona Strip Landfill Corporation Board of Directors, to serve at the pleasure of the Council. All voted in favor.

CONSIDER POSTING FOR DEPUTY TOWN CLERK POSITION

Town Manager Vance Barlow presented a need to hire an additional person in the administrative offices and presented a proposal to hire for a Deputy Town Clerk position. He noted that this would be a full time, benefits eligible position and with an estimated wage of $18.50 per hour the cost to the Town would be $50,960 per year.

This position would work under the immediate supervision of the Town Clerk and assist as needed with all the functions currently being done in the Clerk's office, including helping with minutes, elections, payroll, HR, payables, etc.

There was some discussion on the proposal, and how the hiring process should be handled. The recommendation was made to allow Vance and Rosie to handle the entire hiring process, as they are the ones who will be directly involved.

There was a motion from Nathan Burnham with a second from Joanne Shapley to authorize posting for and hiring a Deputy Town Clerk for the Town of Colorado City. Approval was unanimous.

BUDGET REPORT AND ORDER TO PAY DUE CLAIMS
The Council reviewed the budget report and a detailed report of the due claims. We are at 75% of the fiscal year.

Motion was made by Nathan Burnham to pay the due claims as they become due and as funds become available. It was seconded by Joanne Shapley, and all voted in favor.

Meeting adjourned at 8:30 p.m.

CERTIFICATION
I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the regular meeting of the Town Council of Colorado City held on the 12th day of April 2021. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 10th day of May 2021.

_____
Town Clerk

DRAFT

TOWN OF COLORADO CITY
P. O. Box 70 ✳ Colorado City, Arizona 86021
Phone & TDD: 928-875-2646 ✳ Fax: 928-875-2778

AIRPORT MANAGER'S REPORT

May 6, 2021

April flying activity was still high although a little lower than March's. Flying may get a little bit unpleasant as the temperature continues to rise and the density altitude falls. Most traffic is still transient and based instructional traffic, but those counts are touch-and-go (pun intended) throughout the year. We saw approximately 520 operations in April. Sometimes we get tourists stopping in for a visit (pictured below) of some of what nature has to offer in our area. Congressman Gosar visited us on April 1st (also pictured below). He offered to call the agencies involved with the land patent to see what is holding it up. We did get the patent, or at least we will when the BLM hands it to us on May 19th. That is exciting news!

Project and Maintenance activity throughout April:

- Land Acquisition: We will have the patent in hand on May 19th. The timing is helpful, as it may give us some options in our fencing project. This is an airport milestone, as we have been pursuing this patent for 20+ years, being stuck in an everlasting environmental loop. We did get a FONSI three or four years ago which gave us the go ahead with purchasing the private land and start the federal patent process. The private land was purchased except for a piece in the fields to the east in which we had to settle for an easement. Now we have the federal land.
- Fencing Project: Re-bidding of the project will not happen for a few months. We are going to wait for steel prices to come down, for migratory bird nesting season to end, and for our ACIP meeting in which we will make some adjustments to the project. The project will just have to remain in a holding pattern until then.
- Other Project/Maintenance Items: Based aircraft updates, cleaning up the grounds, and renewing the AWOS NADIN/WMSCR annual agreement were amongst the maintenance items completed last month.

Thank you,

LaDell Bistline Jr.

FONSI – Finding **o**f **N**o **S**ignificant **I**mpact
ACIP – **A**irport **C**apital **I**mprovement **P**lanning
AWOS – **A**utomated **W**eather **O**bservation **S**tation
NADIN – **N**ational **A**irspace **D**ata **I**nterchange **N**etwork
WMSCR – **W**eather **M**essage **S**witching **C**enter **R**eplacement

Congressman Gosar

Tourists getting into the courtesy car

Colorado City Municipal Airport Advisory Committee Meeting Summarized Minutes

April 6, 2021 12:00 PM – via Zoom, Colorado City, AZ

1. Call to Order

Daniel Barlow Jr called the meeting to order at 12:00 PM.

Advisory Committee Members attending were Daniel Barlow Jr., Jeffery Jessop Sr., Jacob Jessop, and Paul Black. A quorum was present.

Others attending: LaDell Bistline Jr. and Sr., Vance Barlow, and Dane Hurst.

2. Public Comments

There were no public comments.

3. Minutes of March 2, 2021 Meeting

Paul Black moved, and Jeffery Jessop Sr. seconded that the minutes be approved with several corrections. Motion passed unanimously.

4. Airport Manager's Report

LaDell Bistline Jr. gave the following report: We have been working on the NDB; the frequency seems to wander just a bit. We renewed our DBT contract which transmits our AWOS data out to WMSCR and NADIN. We got a call from ADOT offering the Phase II Fence project moving forward but could only pay $140,000 toward the project. I told them we would hold off on that project. There was some discussion concerning the fencing projects, both Phase I and Phase II. The Taxiway Project would be pushed away quite a bit if we cannot finish the Fencing Project with state funds. The Business Airport magazine wants to do an article on our airport; I told them it was just too early to try to do it right now. We are still coordinating the land leases for private hangar development trying to maximize the use of our land. We met with Congressman Gosar and had an interesting discussion with him. There was some discussion concerning previous legislative involvement helping us with airport development issues. The congressman will help us with our land patent issue. LaDell Sr. finished sealing the hangar roof with solar seal and cloth. The roof sheeting

wasn't installed really well when it was installed back in the early 90's. There was some discussion concerning hangar maintenance. LaDell Sr. also fixed the couch for the back room and completed some repair work on the manlift. We hurried and scraped a little snow that fell before it melted. LaDell passed around the weekly maintenance reports. We ordered a timer that will reset the self-service system every night. Most fuel is being sold through the self-service system. Most jet fuel is being sold through the truck.

5. Review Inspection, Repair, and Maintenance Logs

The inspection and maintenance logs were passed around for committee review.

6. FBO (Fixed Base Operator) Report

Fuel	Gallons	Fuel (approximate)	Gallons
100LL Avgas sold in March	700	100LL Avgas on hand	~3500
Jet A sold in March	1270	Jet A on hand	~4700
Total fuel sold in March	1970	Total fuel on hand	~8200

420 gallons of Avgas and 26 gallons of Jet A were sold out of the self-service system. LaDell Sr. reported that he has been cleaning the shop and preparing to annual two Cessna 172's.

7. Arizona Airports Association Spring Conference

The Conference will be a virtual conference held May 3 – 4.

8. Projects

Fencing Project: Dane Hurst gave the report. Three bids were submitted, and the apparent low bidder had complications in their bid, so the second lowest bidder became the new apparent low bidder. They had a negligible complication in their bid, but ADOT and us (and our consultants) agreed that the project could still be rewarded to them. The highest bidder filed a bid protest. The highest bid was too high, way beyond the project budget, so the project could not be awarded to them either way. ADOT does not want us changing the project scope. When the bid protest was filed, the new apparent low withdrew their bid. This bidding phase was too messy, so we have decided to re-bid and change a few things such as the project clock (doubling the time they have to do the project) and perhaps a few other items that should make contractors more comfortable. There was some discussion concerning this project. LaDell

mentioned that he wanted to see if he could find another sub-contractor for the new apparent low bid contractor and talk to them seeing if they would be comfortable doing the project still. There was more discussion concerning the project. Dane has had to spend a lot of time on this project battling with these issues.

Land Acquisition: LaDell reported that Congressman Gosar is going to talk to the US Department of Justice and see what is holding up their signature. There was some discussion concerning past efforts that required a congressman to intervene.

9. Next Month's Meeting Date: May 4, 2021

10. Committee Members Open Discussion

Earlier it was mentioned that the Fly-In will be held on June 19th, and there was some discussion concerning the fly-in event. There is a list of responsibilities that needs to be written up before we can advertise for a committee member. There was some discussion concerning this. They must express some interest in the airport.

11. Adjournment

The meeting was adjourned at 1:02 P.M.

AAC/ljb jr

Colorado City Municipal Airport Advisory Committee Meeting Summarized Minutes

May 4, 2021 12:00 PM – via Zoom, Colorado City, AZ

Pending - Subject to Approval

1. Call to Order

Daniel Barlow Jr called the meeting to order at 12:02 PM.

Advisory Committee Members attending were Daniel Barlow Jr., Jeffery Jessop Sr., Jacob Jessop, and Paul Black. A quorum was present.

Others attending: LaDell Bistline Jr. and Sr., Vance Barlow, and Dane Hurst.

2. Public Comments

There were no public comments.

3. Minutes of April 6, 2021 Meeting

Jeffery Jessop Sr. moved and Paul Black seconded that the minutes be approved with several corrections. Motion passed unanimously.

4. Airport Manager's Report

LaDell Bistline Jr. gave the following report: There were many distractions throughout the month, so it was not really productive; also, I took a little time off. There was some discussion between Jacob Jessop and LaDell Jr. concerning a T-hangar rental payments, and between Dane Hurst and LaDell Jr. concerning an invoice. We cleaned up the grounds a little filling a dumpster with trash from around the airport grounds. There was a grant for coronavirus compliance, and I installed mask signs and the cleaning crew installed hand sanitizer stations. LaDell Jr. passed around the weekly summary reports and the ADOT based aircraft report. He also reported that the ACIP meeting is coming up and we will be working with the state concerning the fencing project. One of the Cessna 150's will be coming off the based aircraft report. There were approximately 520 operations in April.

5. Review Inspection, Repair, and Maintenance Logs

The inspection and maintenance logs were passed around for committee review.

6. FBO (Fixed Base Operator) Report

Fuel	Gallons	Fuel (approximate)	Gallons
100LL Avgas sold in April	760	100LL Avgas on hand	~3200
Jet A sold in April	1240	Jet A on hand	~4670
Total fuel sold in April	2000	Total fuel on hand	~7870

520 gallons of Avgas and 0 gallons of Jet A were sold out of the self-service system. LaDell Sr. reported that he has been cleaning the shop and doing aircraft maintenance, which is being done under Westwing Aviation.

7. Arizona Airports Association Spring Conference

The AzAA Conference is in session right now (May 3rd and 4th), and the FAA's report was going on during the airport meeting. LaDell Jr. gave a report concerning AzAA topics so far as follows: Don Kriz had given the ADOT report, mentioning that the FAA will be doing 100% grants again this year. There was some discussion concerning our projects and future grants. Don had reported that because of the 100% grants, 5 million more was available for State/Local grants. With Arlando Teller's legislative boost of 20 million (which was slashed to 10 million) and the existing SL budget of 10 million, 25 million is available for State/Local Grants. He also mentioned there is 8 million available for APMS and 1 Million for planning and other smaller projects. He also mentioned that we are in the middle of an economic impact study, and that all of us airports will need to respond to that by Thursday or so. Don also mentioned that after July 21, ADOT will match FSL (Federal/State/Local) change orders with preapproval, and he stressed the importance of preapproval. Other conference topics included SAF (Sustainable Aviation Fuels), Airport waste management requirements, UAS (Unmanned Aircraft Systems), electric aircraft, and vertiports (electric air taxi ports).

8. Projects

Fencing Project: Dane Hurst and LaDell Jr. gave a report. We are waiting for several things: steel prices to come down, bird nesting season to end, and the ACIP meeting so we can talk about adjusting the fence location. We are going to re-bid, but we just want to be effective with it. We are adjusting the specifications, taking out the buy American requirements, and extending the construction time. There was some discussion between Dane, LaDell Jr., and Daniel.

Pending - Subject to Approval

Land Acquisition: LaDell Jr. reported that the patent will be delivered by the BLM to us on May 19th. LaDell Sr. asked if Congressman Gosar helped make the difference. We do not know, and by reading the email strings, it looks like it went through normally. Vance Barlow mentioned that they will be coming on the 19th and that it will be a newsworthy event. There was some discussion. We need the patent before the ACIP meeting.

9. Hangar Rent Discussion

LaDell Jr. asked how much we want to increase the hangar rent, and there was quite a bit of discussion. Vance recommended that we check out Fair Market Value and the rates at nearby airports and then have a discussion with that data before we present something to the council. The rent is too low. We need to make the adjustments before we try to build new T-hangars. There is a waiting list, but it needs updated. Many on the list are in surrounding communities from Apple Valley and Cane Beds to St. George and a few out even farther than that.

10. Airport Committee Members Discussion

We need to go through the process and obtain another committee member. LaDell asked the committee about the qualifications that should be listed. There were several suggestions given from the committee, such as willing to attend regular meetings, interested in aviation, wanting to give public service, an interest in development in the area, having some aviation education and knowledge, and an interest in airport growth. Vance recommended that we use previous board member selection advertisements to help guide the process.

11. Next Month's Meeting Date: June 1, 2021

12. Committee Members Open Discussion

There was no additional discussion.

13. Adjournment

The meeting was adjourned at 1:01 P.M.

AAC/ljb jr

Pending - Subject to Approval

Colorado City Marshal's Office
Hildale City Police Department
Courage-Compassion-Integrity

Robbins A. Radley
Chief Marshal

Dispatch (928) 875-9170

Marshal's Office Report:

Patrol:

Recently we have had two cases of sexual assaults/rapes. Both suspects have been arrested and one is pending additional charges.

Human remains were found by a hiker near Indian Box Canyon. BLM was advised so the NAGPRA process could be followed.

The Colorado CIty Music Festival went well. We had one male who had consumed too much alcohol and was escorted out of the park and taken home by friends.

Dispatch:

The new battery back up is installed and up and running.
The State Of Arizona Office on 9-1-1 gave us notice we will receive $173,144.00 this coming year as opposed to the $73,000.00 we received for this year's budget.

Administration:

We are still waiting to hear on three other grants we applied for through the state of Arizona.

This coming week Sgt. Wilkinson and I will attend a training to get started on the accreditation of the department.

Tuesday the 27th we will have Stop the Bleed training provided for and paid for by the Arizona Attorney General's Office.

Public Works Report

May 07, 2021

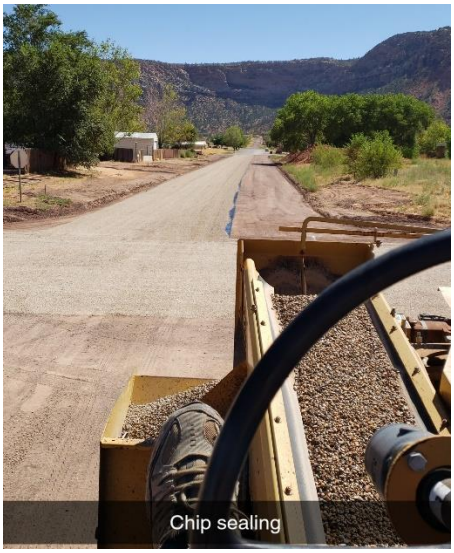
We have been operating the crusher plant as needed. We made the rest of the material from the pit by Fredonia into chip. We are making some cinder chip for first layer. We are bringing in some raw materials. The Crusher take a lot of maintenance to keep operating.

We have been working in the Pioneer Trailer Park. We be ready to chip. We are planning to start chipping roads on the 18th of May. The equipment has been gone through and are ready to go.

There has been a lot of maintenance and repair of the equipment.

We have done some sign repairs etc. Always lots to do.

Thanks for the opportunity to help improve our community.


Chip sealing

Public Works Director

HCC UTILITY DEPARTMENT

MAKING CONNECTIONS

Utility Manager's Report

April 2021

-

Hildale-Colorado City Utility Department

320 East Newel Avenue, Hildale UT 84784

Mr. Chairman and Board Members:

Operations Summary

Sewer Department:

At the sewer plant the ponds are in the spring turnover event. (Typical for lagoons to turnover when the season changes to warmer conditions.) This has brought a odiferous situation. We checked on the option of running aerators, we found that the wiring that runs to the motors has deteriorated and has shorted out. One of the large purchases is for replacement wire.

We have processed the annual recalculations for the sewer billing. The total billing has gone up a little, nevertheless it is still below what it was in 2013-4. However, most of our customers are at the minimum of $64 per month, average is $74.

Water Department:

Well replacement project, project is underway. Well 4 conductor casing is installed. Well 22 casing is projected to be installed by end of April. WIFA has approved our loan, with 215,500 forgivable principle.

At the water plant, we are looking to replace the controls for the flow control valves on the west side. Still researching replacement filter media

With a few cold days this month we have stayed off water restrictions, so far.

Gas Department:

We installed a loop line connecting the Utah Ave. line to the Canyon street line, connecting the two 2" lines together. We still must move several meters in preparation for the sidewalk project.

Fiber Optic Department:

Working on getting the communication to the well sites back up.

Yours to serve,

Weston Barlow

Utility Manager

320 East Newel Ave
Hildale, UT 84784

HCC UTILITY DEPARTMENT

MAKING CONNECTIONS

Administration Operations Manager's Report

April 2021

Number of accounts billed for **March 2021**:
Water base rate: 946
Sewer base rate: 883
Gas base rate: 736
Fiber base rate: 12
Water Penalties: 257
Gas Penalties: 197
# of shut off notices printed April 15, 2021: 130
# of final billed accounts with final bill date is: 26
# of new connect accounts is: 23

Hildale-Colorado City Utility Department

320 East Newel Avenue, Hildale UT 84784

HCC UTILITY DEPARTMENT
MAKING CONNECTIONS

Operations Summary

Happy Birthday Mitch Jessop!

The Office closed early on April 12 so that staff could attend the Washington County Fair kick-off parade.

Staff continues to exhibit excellence in their respective roles within the office.

Customer Update

The number of water, sewer and gas customers has increased by approximately 7.5% compared to April 2020.

The number of shut-off notices mailed April 2021 was approximately 33% lower than April 2020.

359 customers are currently set-up on autopay.

222 customers are currently enrolled in the paperless billing system.

Marketing materials for these services are available and will be promoted this month for those customers that may not be aware of that these are offered.

Customer Service

Customer concerns regarding dumpster services have taken up a lot of staff time. A lack of customer education or indifference of the safety measures that must be taken when emptying dumpsters has created quite a lot of conflict and/or confusion. Discussions have begun on an educational campaign and possible service to provide reminders to customers about pick-up days/rules.

Water Conservation

Although there have not been any restrictions yet, officially, water conservation efforts are in full effect. Customers were provided with a flyer with water conservation tips as well as information on the different restriction levels to prepare them.

Please note that as of May 5, 2021 Stage 1 Water Restrictions were declared

Municode Website Update

We have been working with Municode – in conjunction with Hildale City - on updating our website and meeting process. Municode specializes in Website Design, Meeting Management, and Codification Services. This should make a more user-friendly platform, on both our end and the customer end. Customers will have the ability to fill forms out and submit them online. In addition, the process of creating and posting the agendas and minutes for the meetings will much more convenient.

320 East Newel Ave
Hildale, UT 84784

TOWN OF COLORADO CITY

P. O. Box 70 ✳ Colorado City, Arizona 86021

Phone & TDD: 928-875-2646 ✳ Fax: 928-875-2778

May 7, 2021

Town Manager Report to the Council

Honorable Mayor & Council

During the last month a lot of time has been spent on budget related issues and discussions, guidance on the American Rescue Plan Act funding has been very slow in coming. I have also been trying to keep up with the AZ Legislatures funding and tax processes there is still a push to change the income tax structure in AZ and the proposals as they currently stand would be detrimental to the municipalities.

The ceremony to receive the land patent from the Department of the Interior Bureau of Land Management was rescheduled from April 29th to May 19, 2021 at 10:00 MDT at the Colorado City Municipal Airport Terminal members of the Council and Public are invited to attend.

The Town participated in a jobs fair that was sponsored by the Uzona Chamber of Commerce at the end of April. The Town was represented by the Marshals Department and Streets & Roads.

A lot of time is spent with planning & zoning questions and meeting with developers, etc. We are still working on getting the land use modules of Cityinspect up and running.

A fair amount of time has been used in meetings dealing with water and infrastructure development and funding options, etc. The Town was approved for WIFA funding and the well replacement projects are in process.

The Town also facilitated purchasing a new roll-off truck for the landfill operations.

I want to express my gratitude for the Department Heads who are taking an active role in overseeing and managing their departments and budgets as well as all the Staff and Employees that are making the Town work and providing municipal services to the citizens of the area.

Thank You

Vance Barlow, CPM, MMC
Town Manager

ORDINANCE NO. 2021-__

AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE TOWN OF COLORADO CITY, ARIZONA, ADOPTING AMENDMENTS TO THE TOWN OF COLORADO CITY ZONING MAP

WHEREAS, The TOWN COUNCIL, is charged with making changes to the zoning map, and

WHEREAS, Any proposed change to the zoning map must meet certain requirements, and

WHEREAS, The TOWN COUNCIL has considered this change to the Town's zoning map,

THEREFORE, BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE TOWN OF COLORADO CITY, ARIZONA, that

The Zoning Map for the Town of Colorado City be amended as follows:

That parcel 44-53-580 be rezoned from RE-1A (one acre residential) to R1-20 (single-family residential 20000) on condition that the lot split with utilities be completed within 12 months of approval.

PASSED AND ADOPTED by the Town Council of Colorado City, Arizona, this __ day of _____ 2021.

ATTEST: TOWN OF COLORADO CITY

_____ _____

Town Clerk Mayor

APPROVED AS TO FORM:

_____

Mangum, Wall, Stoops & Warden, P.L.L.C.
Town Attorney

DRAFT

Town of Colorado City

25 S. Central St., Colorado City, AZ, 86021
Phone#(928) 875-2646, Fax#(928) 875-2778

Land Use Application

Today's Date: 3.20.21

Application is made for:

- ☐ Abandonment\Reversion to Acreage
- ☐ Conditional Use Permit
- ☐ Lot Line Adjustment
- ☐ Rezoning
- ☐ Sketch Plan
- ☐ Special Use Permit
- ☐ Subdivision Preliminary Plat
- ☐ Subdivision Final Plat
- ☐ Variance
- ☑ Zoning Map Change
- ☐ General Plan Amendment
- ☐ Land Use Verification/Other
- ☐ Development Review
- ☐ Other

Project Name: 20 w Cherry Split

Property Address / Location: 20 w cherry Avenue

Township: 41N | Range: 6W | Section: 6 | Quarter Section:

Assessor's Parcel Number: 404-53-580 | Gross Acres: 1.06 | Net Acres: 1.06

Number of Lots: 1 | Square Footage of Buildings on Property: 1687

Existing Use: 1 lot | Proposed Use: 2: 1/2 acre lots

Applicant

Name: Gary A Ivory
Company:
Address: 20 w Cherry P.O. 2766
City: Colorado City | State: AZ | Zip: 86021
Phone Number: 858-261-4357
Email: austin.ivory@iconcontracting.us

Project Engineer

Name:
Company:
Address:
City: | State: | Zip:
Phone Number:
Email:

Describe proposed project, and purpose of project, in detail below. (use additional sheets if necessary) :

We want to split this corner 1 acre lot into 2 1/2 acre lots, the second lot would go to my brother Alexander to build his home. we Both live and work in the Community and want to clean up this land and put nice homes on our respective 1/2 acres.

Attach all supplemental documentation, such as Letter of Intent, Record of Survey, Subdivision Plats, Parcel Maps, Assessor Info. etc.

I hereby certify that the information provided is correct and that I am authorized to file an application on said property.
I understand that all supplemental documentation and fees must be submitted before this application will be processed.

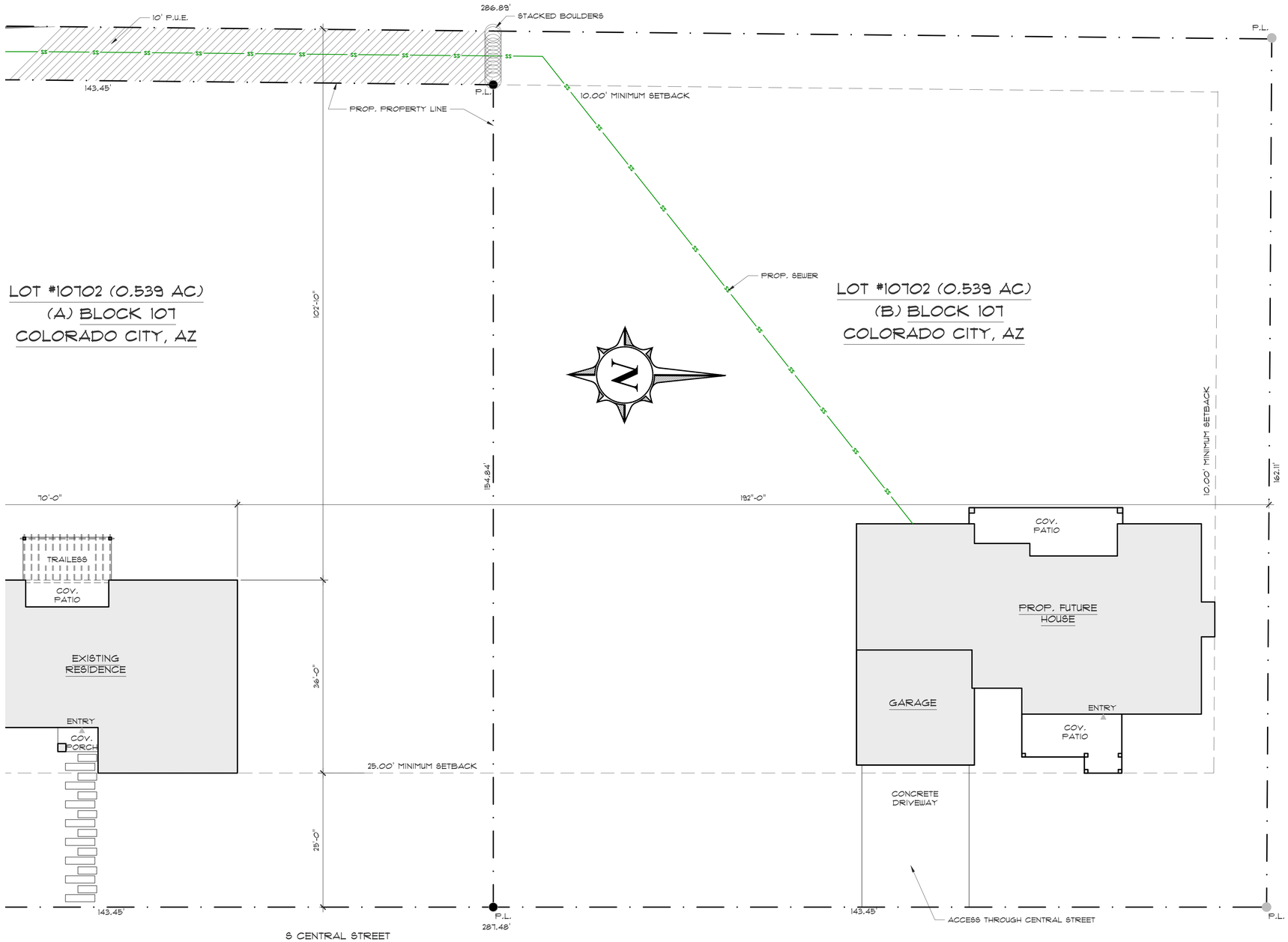
Signature of Applicant: Gary A. Ivory

Signature of Owner: Gary A. Ivory

Office Use Only

Date Received: | Filing Fee: | Project Number:

25 W APPLE AVE, COLORADO CITY
S. CENTRAL ST
AVE



PLOT PLAN

SCALE: 1" = 10'

RIOR	S.H.	SINGLE HUNG WINDOW	
NGTH	SQ.FT.	SQUARE FEET	
BER	STD.	STANDARD	
LINEN	T & G	TONGUE AND GROOVE	
USAN	TRANS.	TRANSOM	
IMUM	T.O.	TOP OF	
WAVE	TYP.	TYPICAL	
IMUM	W/	WITH	
EOUS	W.	WASHER	
CALE	W/D	WASHER / DRYER STACK	
NTER	W.H.	WATER HEATER	
INING	W.S.	WATER SOFTENER	
ADIUS			
ADIUS			
ATOR			

SYMBOLS LEGEND

- P.L. — P.L. — PROPERTY LINE
- W — PROPOSED WATER LINE
- GAS — GAS — PROPOSED GAS LINE
- P — PROPOSED POWER LINE
- SS — SS — PROPOSED SEWER LINE
- C — C — PROPOSED COMMUNICATIONS LINE

GENERAL NOTES

1. PROVIDE 5% MINIMUM SLOPE TO 10'-0" AWAY ON ALL SIDES OF HOUSE
2. PROPERTY IS SUBJECT TO MINIMUM SETBACKS AS FOLLOWS:
   - 25'-0" FRONT YARD
   - 10'-0" SIDE YARDS (AS SHOWN)
   - 10'-0" REAR YARD

DESIGN CRITERIA

2012	INTERNATIONAL RESIDENTIAL CODE (IRC)
2012	INTERNATIONAL PLUMBING CODE (IPC)
2012	INTERNATIONAL MECHANICAL CODE (IMC)
2011	NATIONAL ELECTRICAL CODE (NEC)
2006	IRC CHAPTER 11 - ENERGY EFFICIENCY

BUILDING AREAS

MAIN FLOOR LIVING AREA:	SQ. FT.
GARAGE AREA:	SQ. FT.
COVERED OUTDOOR AREA:	SQ. FT.

TIMPSON DRAFTING & DESIGN
245 S. CARLING ST.
COLORADO CITY, AZ 86021
phone: (928) 875-2429
raydtimpson@gmail.com

ALL RIGHTS RESERVED

PROPOSED SPLIT LOT FOR AUSTIN IVORY

LOT #10702 (1.078 ACRES)
BLOCK 107
COLORADO CITY, ARIZONA

ISSUE DATES:

DRAWN BY:
J.B.T.

PAGE #
1
PLOT PLAN

Vance Barlow

From: Weston Barlow
Sent: Wednesday, April 21, 2021 10:10 AM
To: TOCC Manager
Subject: RE: Land Use Application for Gary Austin Ivory

Vance,

I spoke with someone, a while ago concerning this idea. If were making a utility ally between the two properties, it would need to be accessible, a sewer main installed, a minimum of 6" with a connecting manhole and an end manhole. However when discussing this with them, we looked at going to Central Street and North. This would not have enough depth with required slope to flow to Cherry. We then calculated going from Apple Ave extending to Central and going South to the property, this option would work. We did not discuss making a utility ally.

Calculating from what they have shown appears to about 300ft house to main. The main in Cherry at the end is 7ft deep. If you started at 2ft deep to get under footings, you'd need 8ft so it would not flow at the required 2% slope as drawn.

Might be able to lower the main in Cherry Ave a few inches, depending on how far back they need to dig, as well as bring the end point at the house up a few inches. We'd need to see their engineering that shows that it would flow. (Or do a pressure sewer, which is not recommended.)

Regards,
Weston

From: TOCC Manager <Manager@tocc.us>
Sent: Wednesday, April 21, 2021 8:21 AM
To: Weston Barlow <weston@hildalecity.com>
Subject: FW: Land Use Application for Gary Austin Ivory

Weston
Have you reviewed this for utility access?
We are planning to have it on the May 3, 2021 planning commission meeting.

Thank You

Vance Barlow, CPM, MMC
Town Manager
Acting Planning & Zoning Director
-
Town of Colorado City
P.O. Box 70
Colorado City, AZ 86021
Office: 928-875-9160
Fax: 928-875-2778
Cell: 435-212-4230
manager@tocc.us

Disclaimer: To ensure compliance with Open Meeting Law, recipients of this message may reply to a staff member regarding this message, but they should not forward a copy of a reply to other members of the public body.

From: Austin Ivory <austinivory@iconcontracting.us>
Sent: Tuesday, April 20, 2021 8:47 PM
To: Planning TOCC <planning@tocc.us>; TOCC Manager <Manager@tocc.us>
Subject: Re: Land Use Application for Gary Austin Ivory

Here is also a plot plan that we just had done for this project. Please reach out if you have any questions or concerns, or if this has been added to the upcoming planning and zoning meeting. I would love to be in attendance.

On Mon, Mar 22, 2021 at 5:27 PM Austin Ivory <austinivory@iconcontracting.us> wrote:

> Here is the copy of the land use application that I turned in today. Thank you for your time and please let me know if there is any additional information you need from me. I have also included a photo of what we are wanting to do. We are looking to split the lot into 2 equal .5 acre lots and put 2 new homes on them (one of which is already under construction). The other lot would be going to my brother Alexander who is planning to immediately start construction on the other home.
>
> Best Regards,
>
> --
> Austin Ivory
> 858-261-4357

--
Austin Ivory
858-261-4357
Icon Contracting
Iconcontracting.us

ICON
CONTRACTING

MOHAVE COUNTY
FLOOD CONTROL DISTRICT
DEPARTMENT OF DEVELOPMENT SERVICES

P. O. Box 7000, Kingman, Arizona 86402-7000 3250 E Kino Ave, Kingman, AZ 86409 Telephone (928) 757-0925 FAX (928) 757-0912
www.mohavecounty.us

Paul Baughman, P.E., CFM
District Engineer

Timothy M. Walsh Jr., P.E.,
Development Services Director

April 13, 2021

CERTIFED MAIL

Vance Barlow, Town Manager
Town of Colorado City
P.O. Box 70
Town of Colorado City, AZ 86021

Subject: Mohave County Flood Control District Fund Allocation – Fiscal Year 2021

Dear Mr. Barlow:

We are pleased to start the process of distributing Mohave County Flood Control District funds to the incorporated Cities for Special Projects that are flood or drainage related. In order to expedite the processing of the Intergovernmental Agreement (IGA) between the Mohave County Flood Control District and your City, we have attached a draft conceptual IGA for your review and potential changes as to form. Please provide us with the following information, via email, as soon as you can.

- Provide any requested IGA form changes.
- Provide any name changes for City officials and authorized persons who will be responsible for signing the IGA;
- Provide Exhibit "A" Description of Projects (Proposed for Fiscal Year 2022);
- Provide Exhibit "B" Accounting of Prior Funding and Balance; and
- Send all information, via email to the Flood Control District, to the attention of Jon Ortman, Flood Control Technician Sp., at jon.ortman@mohavecounty.us.

Based on the data provided by you, the Flood Control District will complete the IGA and return it to you, via email, for approval by your City Council. Following approval by your City Council, please mail three original signed IGA's with attached resolutions, to the following:

Mohave County Development Services
Flood Control District
Attention: Jon Ortman
P.O. Box 7000
Kingman, AZ 86402

The completed IGA will also be presented to the County Board of Supervisors/Flood Control District Board of Directors for approval. Following their approval, and upon receipt of the three original signed IGA's, a recorded original will be mailed to you via certified mail.

We trust the above procedures and request meet your requirements and approval.

It is our pleasure to be of service to the Cities. Should you need any further information or have any questions, please contact Theresa Shell or the undersigned at (928) 757-0925.

Sincerely,

Timothy M. Walsh Jr., P.E.
Development Services Director
Flood Control District Chief Engineer

INTERGOVERNMENTAL AGREEMENT
BETWEEN THE MOHAVE COUNTY FLOOD CONTROL DISTRICT AND
THE TOWN OF COLORADO CITY, ARIZONA, FOR FLOOD CONTROL

THIS INTERGOVERNMENTAL AGREEMENT BETWEEN THE MOHAVE COUNTY FLOOD CONTROL DISTRICT AND THE TOWN OF COLORADO CITY, ARIZONA, FOR FLOOD CONTROL (the "**Agreement**") is entered into, effective this _____ day of _____, 2021, between the Mohave County Flood Control District, a political subdivision of the State of Arizona, (the "**District**") and the Town of Colorado City, a municipal corporation of the State of Arizona, (the "**Town**"). The District and the Town are sometimes collectively referred to as the "**Parties**" or individually as the "**Party**".

RECITALS

WHEREAS:

A. The Town is authorized to enter into this Agreement under Arizona Revised Statutes Section 11-952.

B. The District is authorized to enter into this Agreement under the Constitution of Arizona, Article XIII, Section 7, and other applicable laws including Arizona Revised Statutes, Title 48, Chapter 21.

C. The District administers the Federal Emergency Management Agency ("**FEMA**") Regulations under the National Flood Insurance Program.

D. The District and Town are within the geographical boundaries of Mohave County, a body politic and corporate of the State of Arizona, ("**Mohave County**" or the "**County**").

E. The District, Town, and County are separate and distinct political subdivisions, but each can provide for the benefit of the other(s), for the benefit of public health, safety and welfare, and other public purposes.

F. The District and Town desire to participate jointly in a flood control project as proposed by the Town (the "**Project**"), as described on **Exhibit "A"** attached hereto, to increase safety and protect public and private property and persons within the Town.

G. Among other things, the District receives tax proceeds as general funding for the planning, construction, and maintenance of flood control improvements.

H. Under the budgeting process for the District, a category of "Special Projects" has been established, setting aside monies that may be utilized by the various political subdivisions located within the boundaries of Mohave County, provided they are flood or drainage related, part of an overall plan, cost effective, a benefit to the County, District, and, as here, Town communities, and in accordance with FEMA Regulations.

I. The Town has prepared a budget for the Project that has been reviewed by the District, and upon which the District relies.

J. The Town has previously participated in flood control projects during prior fiscal years, for which it has received funds. A spread sheet showing an accounting for allocations received, monies spent, and account balances (if any) is attached hereto as **Exhibit "B"**.

K. The Town desires to receive District Special Projects funds (the "**Funding**") for the fiscal year, for part of the funds the Town anticipates projected as necessary for its current Project, which Funding is described on **Exhibit "C"** attached hereto.

L. Pursuant to the requirements of and powers granted by Arizona Revised Statutes ("**A.R.S.**") Title 11, Chapter 7, Article 3, Section 11-952; Title 48, Chapter 21, Article 1, Section 48-3603; and, Title 9, the Parties desire to enter into this Agreement.

M. Acting through its duly elected governing body, by Resolution, the District's Board approved the District entering into this Agreement, and authorized the District's Chairman as its representative to execute the same on behalf of the District.

N. Acting through its duly elected governing body, by Resolution, the Town's Council approved the Town to enter into this Agreement, and authorized the Town's Mayor as its representative to execute the same on behalf of the Town.

AGREEMENTS

NOW THEREFORE, for good and valuable consideration, including consideration of the mutual promises, terms and conditions hereinafter set forth, including the mutual promises and obligations to be performed by the Parties hereto, the Parties agree as follows:

1. INCORPORATION BY REFERENCE. The above Recitals shall be incorporated by reference as part of the Parties' agreements and/or as the basis of consideration for this Agreement.

2. COMMENCEMENT, DURATION, AND TERMINATION.

2.1 The effective date shall be set forth on page one (1) of this Agreement. Performance under this Agreement shall commence following the effective date and it shall continue in full force and effect until the completion of the Project, unless earlier terminated as provided hereinafter. This Agreement shall terminate of its own accord upon the satisfactory completion of all its terms and conditions, or upon one (1) year from its effective date, whichever is longer, unless extended by the Parties in writing.

2.2 Either Party may terminate this Agreement, with or without cause, by one Party serving upon the other, a thirty (30)-day prior written Notice of Termination.

2.3 This Agreement may be canceled in accordance with A.R.S. Title 38, Chapter 3, Article 8, Section 38-511.

2.4 Nothing to the contrary withstanding, the termination or cancellation of this Agreement does not terminate the responsibility for the Town's full accounting of Funding and its return of any then unused funds; the continuing obligations of legal compliance under Section 5; indemnification, hold harmless and defense obligations under Section 7; and the continuing of applicable terms of this agreement as to past matters including as to funds disbursed by the District to the Town as is herein otherwise set forth.

3. PURPOSES. The basic purpose of this Agreement is to set forth the terms and conditions of the Project, Project Work, and the financing of it regarding the Parties' roles therein.

4. RESPONSIBILITIES [INCLUDING FINANCING AND BUDGET]. The Parties shall be responsible as follows:

4.1 District. The District shall:

4.1.1 Review the request for proposal scope of work, drawings (plans), and specifications for this Project generally described on **Exhibit "A"** for comment, if the District, in its discretion, desires to make comment. Such review or comment that may occur does not place any responsibility or liability on the District for the integrity of the Project or its work (the "**Project Work**").

4.1.2 Review the budget prepared by the Town (**Exhibit "B"** hereto).

4.1.3 Provide Funding as available and appropriate upon the Town's application to the District, as provided on **Exhibit "C"**. The Funding shall be made available following the effective date of this Agreement. The Funding is to be included in the current Town Flood Control District Allocation balance or a total balance set forth on **Exhibit "C"**. Funding is to be used for the Project(s) in Fiscal Year, 2022.

4.1.4 Due to the shared benefit of the ALERT Flood Warning System, funding for the ALERT Flood Warning System, in the amount of $650,000, has been deducted from District revenues collected, prior to calculating the distribution amounts to the Cities and the District.

4.2 Town. The Town shall:

4.2.1 Provide Project design plan and specifications, in accordance with Town, District, State, and Federal standards, to the District for its review and approval.

4.2.2 Prepare and keep current a budget for the Project within which parameters the Town will fiscally generate for this Project and its completion, unless the Town provides any required additional funding.

4.2.3 Utilize properly Arizona licensed engineers and contractors for the Project and all the Project Work.

4.2.4 Properly bond the Project as required for Public Works' projects pursuant to A.R.S. Title 34, Chapter 2, Article 1, Section 34-201 and Article 2, Section 34-222.

4.2.5 Furnish the District with a written, notarized statement of the Project engineer, contractor, and Town to certify the completion of the Project Work and the Town's satisfaction with the Project Work.

4.2.6 Provide the District with proof of final payments to the engineer, contractor, subcontractors, and that no liens exist against the County, District, Town, or contractor in relation to the Project or the real property associated therewith.

4.2.7 As necessary, timely provide additional amounts beyond the Funding, for full funding of the full completion of this Project.

4.2.8 Establish a special account for the Funding to be received and spent on this Project.

4.2.9 Provide for an independent audit by a certified public accountant setting forth the use and/or status of the Project Funding, and forward a copy of the audit to the District.

4.2.10 Return to the District, any unused Funding (if any exist) within four (4) calendar weeks of completion, termination, or cancellation of the Project.

4.2.11 The Town shall contract directly for all Project Work, including its design, supervision, and construction, and be responsible for the proper disbursement of Funding paid by the Parties, pursuant to the express terms of this Agreement.

4.2.12 The Town, and not the District or the County, shall be directly responsible for maintaining the Project and/or the Project Work.

4.3 Jointly. The District and Town mutually agree:

4.3.1 To not incur legal liability for the actions of one another, other than under the terms and conditions of this Agreement. Each Party will be solely and entirely responsible for its own acts and the acts of its own Board or Council members, officials, agents, and employees during the performance of this Agreement.

4.3.2 Nothing to the contrary withstanding, the Parties recognize the funds to be used by both Parties pursuant to this Agreement are tax funds. The agreements herein for Funding are based upon actual real estate taxes received by the Mohave County Treasurer in Fiscal Year 2020. Should either Party be unable to provide some or all of the Funding set forth in this Agreement, following notice of same to the other Party, the Parties agree this Agreement automatically will be amended to reflect said change(s) without further action, without any claim of damages by either Party, and without penalty to either Party. The Parties acknowledge that the Agreement is subject to the availability of Funding, and the Parties reserve the right to terminate the Agreement as outlined herein if no Funding is available.

4.3.3 All Project Work is the sole responsibility of the Town, and not that of the District or County. All real property and its appurtenances (the "**Property**") upon which Project Work will occur, is owned or under the control of the Town and not owned or under the control of the District or County.

4.3.4 **Exhibits "D"** and **"E"** attached hereto are authenticated copies of the Resolutions of the County and Town, authorizing said Parties to enter into this Agreement.

4.3.5 This Agreement contains the written determinations of the attorneys for the Parties that this Agreement is in proper form and within the powers and authority granted to said Parties under the laws of the State of Arizona.

4.3.6 To act for the good faith implementation of this Agreement and its covenants, including full and complete timely performance.

5. LAWS. The Parties shall each be fully responsible for compliance with all statutes, ordinances, codes, regulations, rules, court decrees or other laws (hereinafter collectively "**Laws**") applicable to it as part of fully performing the Project with regards to their respective roles. This Agreement shall not relieve either Party of any obligation or responsibility imposed upon it by Laws.

6. NOTICE. Any notice that is necessary shall be in writing and given by telefax, personal delivery, by deposit with an overnight express delivery service such as Federal Express, or by deposit in the United States Mail, certified mail-return receipt requested, postage prepaid, addressed to a Party at the address set forth below, or such other address as a Party may designate in writing by prior notice. The date notice is given shall be the date on which the notice is delivered if notice is given by personal delivery or overnight express delivery service, or three (3) days from the date of deposit in the Mail, if the notice is sent through the United States Mail. Notice shall be deemed to have been received on the date on which the notice is delivered, if notice is given by personal delivery or overnight express delivery service, or three (3) days following the date of deposit in the mail, if notice is sent through the United States Mail.

DISTRICT:
Mail or Deliver To:
Tim M. Walsh Jr., P.E.
Flood Control Chief Engineer
Mohave County Flood Control District
P.O. Box 7000 or 3250 E. Kino Avenue
Kingman, Arizona 86402-7000 Kingman, Arizona 86409

Copy To:
Jeff Haws, County Attorney
Mohave County Attorney's Office
Attention: Mohave County Development Services
P. O. Box 7000 or 3250 E. Kino Avenue
Kingman, Arizona 86402-7000 Kingman, Arizona 86409

TOWN:
Mail or Deliver To:
Vance Barlow, Town Manager
The Town of Colorado City
PO Box 70
Town of Colorado City, AZ 86021

Copy To:
Mangum Wall, Town Attorney
The Town of Colorado City
PO Box 10
Flagstaff, AZ 86002

7. INDEMNIFICATION. To the fullest extent permitted by law, each Party (as "indemnitor") shall defend, indemnify and hold harmless the other Party (as "indemnitees") its officers, officials, employees, agents, volunteers, successors, and assigns ("Indemnified Group") for claims, damages, losses, liabilities and expenses of any nature whatsoever (including but not limited to reasonable attorneys' fees, court costs, the costs of appellate proceedings, and all claim adjusting and handling expense) relating to, arising out of, resulting from or alleged to have resulted from the indemnitor's acts, errors, mistakes or omissions relating to any action or inaction of this Agreement including but not limited to work, services, acts, errors, mistakes, or omissions in the performance of this Agreement by anyone directly or indirectly employed by or contracting with the indemnitor, or any person for whose acts and liabilities are the obligation of the indemnitor.

8. OTHER CONDITIONS OR PROVISIONS

8.1 Incorporation of Exhibits. All terms and conditions of the Exhibits not inconsistent herewith shall be and are incorporated herein by reference into this Agreement. The Exhibits to this Agreement are as follows:

Exhibit "A"	Project Description
Exhibit "B"	Accounting of Prior Funding and Balance
Exhibit "C"	Project Funding
Exhibit "D"	District Resolution
Exhibit "E"	Town Resolution

8.2 Severability. The terms of this Agreement are severable. Any waiver by the Parties of any provision herein shall not impair the right of any Party to enforce any other provision of the Agreement. Such provision of this Agreement shall be interpreted in a manner as to be effective and valid under applicable Laws. Such provision shall be ineffective solely to the extent of such prohibition of invalidity. Such prohibition or invalidity shall not invalidate the remainder of the provisions or any other provision.

8.3 Voluntary Execution. The Parties acknowledge having read the Agreement in its entirety and voluntarily sign the Agreement with the intended purpose that it be fully binding as set forth.

8.4 Arbitration. In the event of a dispute, the Parties agree to use arbitration only to the extent it is required by A.R.S. § 12-1518 or otherwise required by Arizona Rules of Civil Procedure. The Parties shall agree to fully exhaust administrative remedies before filing litigation.

8.5 Trust and Repose. The Town acknowledges the District places trust and repose in the Town, its council members, officials, officers, employees, and agents. The Town avows and warrants it will faithfully and fully perform under the terms of this Agreement, including obtaining and maintaining or having obtained and maintained any State of Arizona or local licenses or permits through the entire Project in order to perform or have properly, timely and fully performed the services and activities required. Therewith, the Town shall maintain all bonds and insurances required by Laws and herein.

8.6 Record Retention. Records for this Project shall be retained not less than five (5) years from the date of final completion.

8.7 Independent Parties. Each Party acknowledges, understands, and agrees that it undertakes its responsibilities and obligations independent of the other, and that neither Party nor its employees or agents shall be considered an employee of the other under this Agreement or the activities resultant therefrom.

8.8 No Implied Authority. This Agreement shall not be considered to imply authority to perform any tasks, accept any responsibility, or to do any other thing in relation hereto, not expressly set forth herein.

8.9 Equipment or Property. It is not contemplated that any Party to this Agreement will contribute equipment or property in furtherance hereof. To the extent there is a contribution, pursuant to the provisions of A.R.S. § 11-952(B)(4), and in the event of termination of this Agreement, any equipment or property contributed by either Party shall be returned to the respective Party.

IN WITNESS WHEREOF, the Parties have signed this Agreement on the dates set forth below. This Agreement shall be effective as of the date first above written, but without limitation, the District Board approving this Agreement, which the Board may or may not do, in its discretion.

THE TOWN OF COLORADO CITY, a municipal corporation of the State of Arizona

_____ By _____
Date Signed Joseph Allred, Mayor of the Town of Colorado City

MOHAVE COUNTY FLOOD CONTROL DISTRICT,
a political subdivision of the State of Arizona

_____ By _____
Date Signed Buster D. Johnson, Chairman of the District

REVIEWED AND RECOMMENDED:

MOHAVE COUNTY FLOOD CONTROL DISTRICT

_____ By _____
Date Signed Timothy M. Walsh Jr., P.E., Flood Control Chief Engineer

APPROVED AS TO FORM AND IN COMPLIANCE WITH A.R.S. § 11-952:

THE TOWN OF COLORADO TOWN ATTORNEY

_____ By _____
Date Signed Mangum Wall, Town Attorney

APPROVED AS TO FORM AND IN COMPLIANCE WITH A.R.S. § 11-952:

MOHAVE COUNTY ATTORNEY

_____ By _____
Date Signed Jeff Haws, County Attorney

ATTESTATION OF TOWN APPROVAL

I, Rosie White, Clerk of the Town of Colorado City, Arizona, hereby certify that the Town Council of the Town of Colorado City, Arizona, on the _____ day of _____ , 2021, approved on behalf of the Town of Colorado City, an Arizona municipal corporation, for the purposes stated, the foregoing Agreement.

_____
Rosie White, Clerk of the Town of Colorado City

(Seal)

ATTESTATION OF COUNTY APPROVAL

I, Ginny Anderson, Clerk of the Board of Supervisors of Mohave County, a body politic and corporate of the State of Arizona, sitting as the Directors of the Mohave County Flood Control District, a political subdivision of the State of Arizona, hereby certify that said Flood Control District on the _____ day of _____, 2021, approved on behalf of the Flood Control District for the purposes stated, the foregoing Agreement.

_____
Ginny Anderson, Clerk of the Mohave County Board of Supervisors

(Seal)

EXHIBIT "A"
TO

INTERGOVERNMENTAL AGREEMENT BETWEEN THE MOHAVE COUNTY FLOOD CONTROL DISTRICT AND COLORADO CITY, ARIZONA, FOR FLOOD CONTROL

PROJECT DESCRIPTION

The Flood Control Project for FY2022 is:

The current flood control will be extending curb and drainage controls on Garden Avenue from Central Street east to Hildale Street. This project is critical to controlling the erosion that occurs on the Garden Avenue during heavy rain storms and brings mud and debris onto Central Street creating a traffic hazard.

C:\DATA\IGAs\exhibit a.wpd

EXHIBIT "B"

TOWN OF COLORADO CITY
MOHAVE COUNTY FLOOD CONTROL IGA
FLOOD CONTROL SPECIAL PROJECTS FUND

FY-15-16	$22,021.00		$60,604.38	Flood Control Allocation June 2015
FY-15-16	$79.05		$60,683.43	Interest earned cy 2015
FY 16-17	$23,666.00		$84,349.43	Flood Control Allocation June 2016
FY 16-17		($25,546.50)	$58,802.93	Interstate Rock Academy & Willow
FY 16-17		($46,437.37)	$12,365.56	Richard Street Crossing Rebuild
FY 16-17	$207.93		$12,573.49	Interest earned CY 2016
FY 16-17		($12,573.49)	$0.00	engineering, etc. Richard St. & Willow and Academy
FY17-18	$25,982.00		$25,982.00	Flood Control Allocation June 2017
FY 17-18	$154.64		$26,136.64	interest earned CY2017
FY-18-19	$22,591.00		$48,727.64	Flood Control Allocation June 2018
FY 18-19	$453.57		$49,181.21	Interest earned CY2018
FY18-19		($49,181.21)	$0.00	Johnson Ave Curb project
FY 19-20	$23,517.00		$23,517.00	Flood Control Allocation July 2019
FY 19-20	$235.14		$23,752.14	Interest earned CY 2019
FY 20-21	$22,559.00		$46,311.14	Flood Control Allocation June 2020
FY20-21	$168.49		$46,479.63	
			$46,479.63	
			$46,479.63	

EXHIBIT "C"

TO

INTERGOVERNMENTAL AGREEMENT BETWEEN THE MOHAVE COUNTY FLOOD CONTROL DISTRICT AND THE TOWN OF COLORADO CITY, ARIZONA, FOR FLOOD CONTROL

PROJECT FUNDING PER FLOOD CONTROL RESOLUTION 2021-04

The Funding for the Project and Project Work is described as follows:

The District shall provide Eighteen Thousand Seven Hundred Seventy-Six Dollars ($18,776) following the effective date of the Agreement.

Said Funding shall be used as part of the City's share of Project and Project Work described within the Agreement.

EXHIBIT "E"

When recorded, return to:
Town Clerk of The Town of Colorado City, Arizona
PO Box 70
Town of Colorado City, Arizona 86021

RESOLUTION NO. 2021-09

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF COLORADO CITY, ARIZONA, AUTHORIZING THE MAYOR TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT WITH MOHAVE COUNTY FLOOD CONTROL DISTRICT FOR FLOOD CONTROL PURPOSES.

WHEREAS, as per A.R.S. Title 9, Chapter 1, Article 3, Section 9-137 and Title 11, Chapter 7, Article 3, Section 11-952, the Town of Colorado City is authorized to enter into intergovernmental agreements with other agencies, and

WHEREAS, in A.R.S. Title 11, Chapter 2, Article 4, Section 11-251(30), the State of Arizona has authorized the Mohave County Board of Supervisors to do that which is necessary to carry out its functions; and

WHEREAS, Mohave County has established the Mohave County Flood Control District, a political subdivision of the State of Arizona, to generate funding for flood control studies and improvements; and

WHEREAS, the Town Council desires to enter into the attached Intergovernmental Agreement with Mohave County Flood Control District to further flood control programs and implementation of the drainage and flood control project as described in the IGA; and

WHEREAS, the Town of Colorado City has made application for and is eligible for up to $18,776 for Flood Control Projects, and

NOW THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE TOWN OF COLORADO CITY, ARIZONA THAT:

The Mayor is hereby authorized to execute on behalf of the Town of Colorado City, an Intergovernmental Agreement with Mohave County Flood Control District relating to Flood Control District Funding.

PASSED AND ADOPTED by the Mayor and Council of the Town of Colorado City, Arizona, this 10th day of May 2021.

_____
Mayor

ATTEST:

_____
Town Clerk

DRAFT

Hi Eric and Vance!

Water Infrastructure Financing Authority (WIFA) of Arizona

Hildale/Colorado City Utility Department (HCCUD) Staff have been working with the WIFA staff over the past month to fill gaps in the request for a WIFA Water Loan for Well #4 and #22 Replacement.

At the regular WIFA Board of Directors Meeting on April 22nd the Board approved the Colorado City request for a $460,000.00 Loan. The second part of the meeting was for consideration of a Forgivable Principal (grant) for the Colorado City Loan request. The Board of Directors approved the WIFA staff recommendation of having 46% of the loan be forgivable principal for a reduction of $212,500. This leaves an actual loan amount of $247,500. The rough draft loan documents should be sent out this coming Friday or Monday for Colorado City to review. In that same email there will be instructions with what documents WIFA will need. With a tentative close date of May 14, 2021, the final loan documents with closing instructions will be sent out on May 12, 2021. On that day the loan percent rate will also be set.

RESOLUTION NO. 2021-04

A RESOLUTION OF THE TOWN OF COLORADO CITY OF MOHAVE COUNTY, ARIZONA TO AUTHORIZE THE APPLICATION FOR A DRINKING WATER STATE REVOLVING FUND LOAN FROM THE WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA.

WHEREAS, the Town of Colorado City of Mohave County has identified a need for a drinking water capital improvement project; and

WHEREAS, pursuant to Arizona Revised Statues A.R.S. § 9-571 , the Town of Colorado City may obligate the revenues generated by its Drinking water system to repay a loan from the Water Infrastructure Finance Authority of Arizona; and

WHEREAS, the Town of Colorado City of Mohave County certifies that the population of the community is under 150,000 in population as of the most recent U.S. Census data; and

WHEREAS, the Town of Colorado City population at the time of this request is 4,857, which meets the requirement under A.R.S. § 9-571; and

WHEREAS, it is in the Town of Colorado City's best interest to pursue and apply for financial assistance from the Water Infrastructure Finance Authority of Arizona of an amount not to exceed $460,000 for Well Rehabilitation and Replacement Project

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE TOWN OF COLORDO CITY, ARIZONA AS FOLLOWS:

Section 1. The Utility Director of the Town of Colorado City is hereby authorized to apply for Drinking Water State Revolving Fund financial assistance from the Water Infrastructure Finance Authority of Arizona.

Section 2. The Utility Director and the Town Manager of Town of Colorado City are each authorized to take such actions as are necessary to apply for financial assistance in an amount not to exceed $460,000 payable from revenues of the drinking water system.

Section 3. All actions of the officers and agents of the Town of Colorado City which conform to the purposes and intent of this resolution and which further the completion of the application as contemplated by this resolution, whether heretofore or hereafter taken, are hereby ratified, confirmed and approved. The proper officers and agents of the Town of Colorado City are hereby authorized and directed to do all such acts and things and to execute and deliver all such application documents on behalf of the Town of Colorado City as may be necessary to carry out the terms and intent of this resolution.

PASSED AND ADOPTED by the Town Council of the Town of Colorado City, Arizona, this 16th day of February 2021.

Joseph Allred
Mayor

ATTEST:

Josie Cuta
Town Clerk

TOWN OF INCORPORATED SEAL 1985 COLORADO CITY ARIZONA

Town of Colorado City and

Water Infrastructure Finance Authority of Arizona

Borrower – Table of Contents

Document	Tab
Town of Colorado City's Borrowing Resolution	1.
WIFA Board Resolution	2.
Loan Agreement	3.
Exhibit A of Loan Agreement: Financial Terms and Conditions	4.
Exhibit B of Loan Agreement: Technical Terms and Conditions	5.
Exhibit C of Loan Agreement: Reporting Requirements	6.
Exhibit D of Loan Agreement: Source of Repayment and Rate Covenant Provisions	7.
Exhibit E of Loan Agreement: Debt Service Reserve Provisions	8.
Exhibit F of Loan Agreement: Replacement Reserve Provisions	9.
Exhibit G of Loan Agreement: Form of Opinion of Local Borrower	10.
Exhibit H of Loan Agreement: Tax Compliance Certificate of Local Borrower	11.
Standard Terms and Conditions	12.
Payment Requisitions	13.
WIFA Disbursement Requisitions Procedures Manual	14.

Loan Resolution 2021-046 – Town of Colorado City

Water Infrastructure Finance Authority of Arizona

Section 1: Resolution

WHEREAS, the Water Infrastructure Finance Authority of Arizona (the "*Authority*") has received from Town of Colorado City (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 Executive 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 Executive 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.

Dated: April 28, 2021

By: **Pending Signature**
Chairman

Attest: **Pending Signature**
Executive Director

Section 2: Project Summary

2.1 Project Number(s)

DW 047-2021

2.2 Project Priority Data

PPL Rank	Funding Cycle	Population Served	Subsidy Rate
16	DW 2021	7,000	80%

2.3 Project Description(s)

The loan will fund the replacement of two wells directly adjacent to the existing wells.

WIFA Recommends up to $15,000 in Technical Assistance funding to contract with Western Arizona Council of Governments to provide compliance assistance with Davis-Bacon and related act requirements.

2.4 Previous Board or Committee Actions

None, Town of Colorado City is a first time WIFA borrower.

2.5 Project Finance Committee Recommendations

Not reviewed by Project Finance Committee

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

Financial Assistance Amount: $460,000 with $212,500 in forgivable principal

Primary Repayment Source: Water System Revenues

Secondary Repayment Source: None

Loan Term: 20 years

Frequency of Repayment: Semi-Annual

Loan Structure: Standard Governmental – Level 2; Disadvantaged Community

Debt Service Reserve Fund Requirements: Local, Separate Account

Repair and Replacement Fund Requirements: Local - Separate Account

Requirements Prior to Loan Execution:

Require Legal Opinion: Yes

Other: No Requirement

Requirements Prior to Construction: No Requirement

Requirement During Construction: No Requirement

Requirements Prior to Final Disbursements: No Requirement

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

Withholding Percentage: 10% (released after deliverables received)

Requirements Prior to Loan Execution: No Requirement

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: No Requirement

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: No Requirement

Requirements Prior to Releasing Withholdings:

Require Plan of Operation: Yes

Require Final Approval: Yes

Other: No Requirement

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

Loan Agreement

Water Infrastructure Finance Authority of Arizona
(the "Authority")

and

Town of Colorado City
(the "Local Borrower")

Evidencing a Loan from the
Authority to the Local Borrower

Dated as of **TBD**

Table of Contents

Article 1 Description of the Loan

Section 1.1 Name and Address of Local Borrower 1
Section 1.2 Authorized Officer(s) of Local Borrower 1
Section 1.3 Notices 1
Section 1.4 Loan Information 2

Article 2 Description of the Project

Section 2.1 Description of Project 2
Section 2.2 Description of System 2

Article 3 Loan to Local Borrower; Amounts Payable

Section 3.1 The Loan 2
Section 3.2 Disbursement of Loan Proceeds 3
Section 3.3 Amounts Payable 3
Section 3.4 Tax Covenants 3

Exhibit A Financial Assistance Terms and Conditions; Borrower Payment Instructions; and Loan Repayment Schedule

Exhibit B Technical Assistance Terms and Conditions

Exhibit C Reporting Requirements

Exhibit D Source of Repayment

Exhibit E Debt Service Reserve Requirements

Exhibit F Replacement Reserve Requirements

Exhibit G Form of Opinion of Counsel to Borrower

Exhibit H Tax Compliance Certificate of Local Borrower

Loan Agreement

This Loan Agreement (this "*Loan Agreement*") is made and entered into as of **TBD** by and between the Water Infrastructure Finance Authority of Arizona (the "*Authority*"), and Town of Colorado City (the "*Local Borrower*"), a political subdivision of the State of Arizona.

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

The Authority and the Local Borrower agree as follows:

Article 1 Description of the Loan

Section 1.1 Name and Address of Local Borrower.

Town of Colorado City
Attention: Weston Barlow, Field Operation Manager
320 East Newel Ave. P.O Box 840809
Hildale, Arizona 84784
Telephone: (435) 874-2323
Fax: N/A

Section 1.2 Authorized Officer(s) of Local Borrower.

Town of Colorado City
Attention: Vance Barlow, Town Manager
P.O. Box 70
Colorado City, Arizona 86021
Telephone: (928) 875-9160
Fax: N/A

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 and to the Authority at the following address:

Executive Director
Water Infrastructure Finance Authority of Arizona
100 North 7th Avenue, Suite 130
Phoenix, Arizona 85007
Telephone: (602) 364-1310
Fax: (602) 364-1327

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:

Exhibit A Financial Assistance Terms and Conditions; Borrower Payment Instructions; and Loan Repayment Schedule

Exhibit B Technical Assistance Terms and Conditions

Exhibit C Reporting Requirements

Exhibit D Source of Repayment

Exhibit E Debt Service Reserve Requirements

Exhibit F Replacement Reserve Requirements

Exhibit G Form of Opinion of Counsel to Borrower

Exhibit H Tax Compliance Certificate of Local Borrower

Prior to Loan Closing, the Local Borrower must deliver to the Authority the Opinion of Local Borrower Counsel in the form of Exhibit G and the Tax Compliance Certificate of 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 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 Waterworks 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 an amount listed in Exhibit A (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; provided, however, that (i) 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 (ii) 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 (i) the request for disbursements is in substantially the form provided by the Authority and is accompanied by the necessary certifications and documentation and (ii) 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 on or before the dates shown in Exhibit A, as the same may be adjusted as provided in the 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, if the Local Borrower provides to the Authority a bond counsel opinion to the effect that any action required under this Section 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 this Section and the covenants in this Section shall be deemed to be modified to that extent.

(c) Bond Counsel Opinion. For purposes of this Section, "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.

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.

Water Infrastructure Finance Authority of Arizona

By: _____
Dan Dialessi, Executive Director

Town of Colorado City

By:_____
Vance Barlow, Town Manager

Attest:

By: _____
Clerk

LOAN AGREEMENT ADDENDUM

Wage Rate Requirements for Compliance with P.L. 111-88

Water Infrastructure Finance Authority of Arizona

This document (this "Wage Rate Addendum") sets forth additional requirements applicable to state revolving fund Loans made by the Water Infrastructure Finance Authority of Arizona ("WIFA") that are subject to the requirements of federal 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 provisions in this Wage Rate Addendum are a part of the Loan Agreement. Capitalized terms not otherwise defined herein shall have the meanings given them in the Loan Agreement.

The parties acknowledge and agree that funds disbursed by WIFA to the Local Borrower will include funds made available to WIFA by the federal government under P.L. 111-88, and that the requirements of P.L. 111-88 include those set forth in this Wage Rate Addendum. 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 WIFA's obligation to make disbursements on the Loan and the Local Borrower being required to repay all amounts that have been disbursed by WIFA on the Loan, together with interest and fees as provided in the Loan Agreement.

Additional Requirement for Subrecipients that are not Governmental Entities:

Obtaining Wage Determinations - Under this Wage Rate Addendum, the non-governmental borrower must submit its proposed Davis Bacon wage determinations to WIFA for approval prior to including the wage determination in any solicitation, contract task orders, work assignments, or similar instruments to existing contractors. **THIS PARAGRAPH DOES NOT APPLY TO GOVERNMENTAL ENTITIES.**

Section 1. Wage Rate Requirements

The following language must be included in all Davis Bacon covered construction contracts and subcontracts. (29 CFR Part 5.5)

(a) 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 CWSRF or a construction project under the

DWSRF, 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:

(1) **Minimum wages**. (i) 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. 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 paragraph (a)(1)(iv) of this section; 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). 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 paragraph (a)(1)(ii) of this section) 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.wdol.gov.

(ii)(A) 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 WIFA award official shall approve an additional classification and wage rate and fringe benefits therefore only when the following criteria have been met:

(1) The work to be performed by the classification requested is not performed by a classification in the wage determination; and
(2) The classification is utilized in the area by the construction industry; and

(3) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.
(B) 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 WIFA award official. The WIFA 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 30 days of receipt and so advise the WIFA award official or will notify the WIFA award official within the 30-day period that additional time is necessary.
(C) 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 WIFA award official, to the Administrator for determination. The Administrator, or an authorized representative, will issue a determination within 30 days of receipt and so advise the contracting officer or will notify the contracting officer within the 30-day period that additional time is necessary.
(D) The wage rate (including fringe benefits where appropriate) determined pursuant to paragraphs (a)(1)(ii) (B) or (C) of this section, 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.
(iii) 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.
(iv) 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.

(2) **Withholding**. The Local Borrower shall upon its own action or upon written request of WIFA, EPA award official or an authorized representative of the Department of Labor withhold or 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.

(3) **Payrolls and basic records**. (i) 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.
(ii)(A) 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 WIFA 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 WIFA or EPA, if requested by EPA, WIFA, 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.
(B) 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:
(1) 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;
(2) 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;
(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.
(C) 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 paragraph (a)(3)(ii)(B) of this section.
(D) 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.
(iii) The contractor or subcontractor shall make the records required under paragraph (a)(3)(i) of this section available for inspection, copying, or transcription by authorized representatives of WIFA. 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 WIFA 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.

(4) **Apprentices and trainees** - (i) 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.

(ii) 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 than 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.
(iii) 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.

(5) **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.

(6) **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 by 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.

(7) **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.

(8) **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.

(9) **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, and7. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and the Local Borrower, WIFA, EPA, the U.S. Department of Labor, or the employees or their representatives.

(10) **Certification of eligibility**. (i) 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).
(ii) 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).
(iii) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001.

(b) **Contract Work Hours and Safety Standards Act**. The Local Borrower shall insert the following clauses set forth in paragraphs (b)(1), (2), (3), and (4) of this section 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 paragraph, the terms laborers and mechanics include watchmen and guards.

(1) 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 hours in such workweek.

(2) Violation; liability for unpaid wages; liquidated damages. In the event of any violation of the clause set forth in paragraph (b)(1) of this section 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 paragraph (b)(1) of this section, 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 paragraph (b)(1) of this section.

(3) 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 paragraph (b)(2) of this section.

(4) Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (b)(1) through (4) of this section 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 paragraphs (b)(1) through (4) of this section.

(c) In addition to the clauses contained in paragraph (b), 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 paragraph shall be made available by the contractor or subcontractor for inspection, copying, or transcription by authorized representatives of WIFA, EPA and the Department of Labor, and the contractor or subcontractor will permit such representatives to interview employees during working hours on the job.

Section 2. General Provisions.

(a) Binding Effect. This Wage Rate Addendum shall inure to the benefit of and shall be binding upon WIFA and the Local Borrower and their respective successors and assigns.

(b) Severability. In the event any provision of this Wage Rate Addendum 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 Wage Rate Addendum may not be amended, supplemented or modified without the prior written consent of WIFA and the Local Borrower.

(d) Execution in Counterparts. This Wage Rate Addendum may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(e) Applicable Law. This Wage Rate Addendum shall be governed by and construed in accordance with the laws of the State of Arizona.

(f) Captions. The captions or headings in this Wage Rate Addendum are for convenience only and shall not in any way define, limit or describe the scope or intent of any provisions of this Wage Rate Addendum.

(g) Further Assurances. The Local Borrower shall, at the request of WIFA, 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 Wage Rate Addendum.

(h) Arbitration. The parties hereto agree to use arbitration to the extent required by Section 12-1518 of the Arizona Revised Statutes.

(i) Notice Regarding A.R.S. § 38 511. To the extent applicable by provision of law, the parties acknowledge that this Wage Rate Addendum is subject to cancellation pursuant to A.R.S. § 38-511, the provisions of which are hereby incorporated herein.

WIFA and the Local Borrower are signing this Wage Rate Addendum to be effective as part of the Loan Agreement.

Water Infrastructure Finance Authority of Arizona

By: _____

Dan Dialessi, Executive Director

Town of Colorado City

By: _____

Vance Barlow, Town Manager

[Signature page to Wage Rate Addendum to Loan Agreement]

LOAN AGREEMENT ADDENDUM

American Iron and Steel Requirements for Compliance with Federal Law

Water Infrastructure Finance Authority of Arizona

This document (this "American Iron and Steel Addendum") sets forth additional requirements made applicable to state revolving fund Loans made by the Water Infrastructure Finance Authority of Arizona ("WIFA") by federal law. The provisions in this American Iron and Steel Addendum are a part of the Loan Agreement. Capitalized terms not otherwise defined herein shall have the meanings given them in the Loan Agreement.

The parties acknowledge and agree that funds disbursed by WIFA to the Local Borrower will include funds made available to WIFA by the federal government under federal law, and that the requirements of federal law include those set forth in this American Iron and Steel Addendum. 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 WIFA's obligation to make disbursements on the Loan and the Local Borrower being required to repay all amounts that have been disbursed by WIFA on the Loan, together with interest and fees as provided in the Loan Agreement.

Federal law requires that WIFA 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 WIFA by the federal government.

Section 1. **American Iron and Steel Requirements.** In accordance with federal law:

(a)(1) None of the funds made available to WIFA 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.

(2) In this section, 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.

(b) Subsection (a) 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—

(1) applying subsection (a) would be inconsistent with the public interest;

(2) iron and steel products are not produced in the United States in sufficient and reasonably available quantities and of a satisfactory quality; or

(3) inclusion of iron and steel products produced in the United States will increase the cost of the overall project by more than 25 percent.

(c) 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.

Section 2. General Provisions.

(a) Binding Effect. This American Iron and Steel Addendum shall inure to the benefit of and shall be binding upon WIFA and the Local Borrower and their respective successors and assigns.

(b) Severability. In the event any provision of this American Iron and Steel Addendum 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 American Iron and Steel Addendum may not be amended, supplemented or modified without the prior written consent of WIFA and the Local Borrower.

(d) Execution in Counterparts. This American Iron and Steel Addendum may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(e) Applicable Law. This American Iron and Steel Addendum shall be governed by and construed in accordance with the laws of the State of Arizona and applicable federal law.

(f) Captions. The captions or headings in this American Iron and Steel Addendum are for convenience only and shall not in any way define, limit or describe the scope or intent of any provisions of this American Iron and Steel Addendum.

(g) Further Assurances. The Local Borrower shall, at the request of WIFA , 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 American Iron and Steel Addendum.

(h) 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.

(i) 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.

(j) 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 American Iron and Steel Addendum under the law of the State of Arizona.

[SIGNATURE PAGE FOLLOWS]

WIFA and the Local Borrower are signing this American Iron and Steel Addendum to be effective as part of the Loan Agreement.

Water Infrastructure Finance Authority of Arizona

By: _____

Dan Dialessi, Executive Director

Town of Colorado City

By: _____

Vance Barlow, Town Manager

[Signature page to American Iron and Steel Addendum to Loan Agreement]

Exhibit A of Loan Agreement

Section 1: Financial Assistance Terms and Conditions
Town of Colorado City
03-May-21

Loan Number		920330-21
Closing Date		05/14/21
First Payment Period		01/01/22
Financial Assistance Terms and Conditions		
Original Loan Amount as of the Closing Date	$	460,000.00
Forgivable Principal Amount	$	212,500.00
Intended Repayment Amount	$	247,500.00
Loan Term		20
Combined Interest & Fee Rate		3.200%
Total # of Payment Periods within Loan Term		39

** Combined Interest and Fee Rate (CIFR) allocation: Fee = 1.5% (150 basis points); Interest = CIFR minus Fee.*

Principal Repayments		
Period Principal Repayments Begin		1
First Principal Repayment Date		07/01/22
Final Principal Repayment Date		07/01/41
Combined Interest and Fee Payment Dates		
First Combined Interest and Fee Payment Date*		01/01/22
Final Combined Interest and Fee Payment Date		07/01/41

* *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	$	16,945.02
Annual Amount	$	3,389.00
Reserve Funded by (Date)		07/01/26
Repair and Replacement Fund Requirement		
Begin Funding on (Date)		01/01/27
Annual Amount	$	3,389.00
Semi-Annual Deposit	$	1,694.50
Annual Payment		
Years 1 through 5	$	16,945.02
Years 6 through 10	$	16,945.02
Years 11 through 15	$	16,945.02
Years 16 through 20	$	16,945.02

Section 2: Loan Repayment Schedule
Town of Colorado City
03-May-21

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	01/01/22	3.200%	4,994.00		
1	2	07/01/22	3.200%	3,960.00	9,025.02	17,979.02
2	3	01/01/23	3.200%	3,815.60		
2	4	07/01/23	3.200%	3,815.60	9,313.82	16,945.02
3	5	01/01/24	3.200%	3,666.58		
3	6	07/01/24	3.200%	3,666.58	9,611.86	16,945.02
4	7	01/01/25	3.200%	3,512.79		
4	8	07/01/25	3.200%	3,512.79	9,919.44	16,945.02
5	9	01/01/26	3.200%	3,354.07		
5	10	07/01/26	3.200%	3,354.07	10,236.88	16,945.02
6	11	01/01/27	3.200%	3,190.29		
6	12	07/01/27	3.200%	3,190.29	10,564.44	16,945.02
7	13	01/01/28	3.200%	3,021.25		
7	14	07/01/28	3.200%	3,021.25	10,902.52	16,945.02
8	15	01/01/29	3.200%	2,846.82		
8	16	07/01/29	3.200%	2,846.82	11,251.38	16,945.02
9	17	01/01/30	3.200%	2,666.79		
9	18	07/01/30	3.200%	2,666.79	11,611.44	16,945.02
10	19	01/01/31	3.200%	2,481.01		
10	20	07/01/31	3.200%	2,481.01	11,983.00	16,945.02
11	21	01/01/32	3.200%	2,289.28		
11	22	07/01/32	3.200%	2,289.28	12,366.46	16,945.02
12	23	01/01/33	3.200%	2,091.42		
12	24	07/01/33	3.200%	2,091.42	12,762.18	16,945.02
13	25	01/01/34	3.200%	1,887.23		
13	26	07/01/34	3.200%	1,887.23	13,170.56	16,945.02
14	27	01/01/35	3.200%	1,676.50		
14	28	07/01/35	3.200%	1,676.50	13,592.02	16,945.02
15	29	01/01/36	3.200%	1,459.03		
15	30	07/01/36	3.200%	1,459.03	14,026.96	16,945.02
16	31	01/01/37	3.200%	1,234.60		
16	32	07/01/37	3.200%	1,234.60	14,475.82	16,945.02
17	33	01/01/38	3.200%	1,002.98		
17	34	07/01/38	3.200%	1,002.98	14,939.06	16,945.02
18	35	01/01/39	3.200%	763.95		
18	36	07/01/39	3.200%	763.95	15,417.12	16,945.02
19	37	01/01/40	3.200%	517.29		
19	38	07/01/40	3.200%	517.29	15,910.44	16,945.02
20	39	01/01/41	3.200%	262.72		
20	40	07/01/41	3.200%	262.72	16,419.58	16,945.02
				92,434.40	247,500.00	339,934.40

Exhibit B

Technical Terms and Conditions

Section 1
Budget

Uses by Budget Item	**Amount Budgeted**
Planning……..	$0.00
Design & Engineering…….	$10,000.00
Legal/Debt Authorization……	$0.00
Financial Advisor……	$0.00
Land/System Acquisition……	$0.00
Equipment/Materials……...	$162,300.00
Construction/Installation/Improvement……...	$201,700.00
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……	$86,000.00
Total Budget……...	$460,000.00

Section 2
Project Description

The loan will fund the replacement of two wells directly adjacent to the existing wells.

WIFA Recommends up to $15,000 in Technical Assistance funding to contract with Western Arizona Council of Governments to provide compliance assistance with Davis-Bacon and related act requirements.

Section 3
Estimated Observation and Disbursement Schedule

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

Additional Observations – A WIFA representative may perform additional observations based on information provided in the projects status reports included in each Local Borrower disbursement requisition form.

Withholding Percentage: 10% (released after deliverables received)

Section 4
Requirements Prior To Construction

Section 4.1 **Construction Bids.** 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 Article 9 of the Standard Terms and Conditions.

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 Article 9 of the Standard Terms and Conditions.

Section 4.6 **Signs**. 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.

Section 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.

Section 6
Requirements Prior To Final Disbursements

Section 6.1 **Plan of Operation**. After construction is 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

Section 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.

Section 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.

Section 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.

Section 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.

Section 5. **Disadvantaged Business Enterprise (DBE) Program.** The Local Borrower must report DBE participation to the Authority based on guidance from the Authority.

Section 6. **Notice of Default**. Promptly after becoming aware thereof, Local Borrower shall give notice to the Authority of (i) the occurrence of any Event of Default under the Loan Agreement or (ii) 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.

Section 7**.** **Notice of Construction Commencement**. The Local Borrower shall promptly notify the Authority immediately upon commencement of construction activities.

Section 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.

Section 9. **Notice of Environmental Litigation**. Without limiting the provisions of Section 8 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.

Section 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.

Section 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.

Section 12. **Additional Reporting Requirements.** The Local Borrower shall submit the following information:

Exhibit D Source of Repayment: System Revenues

Section 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 obligations having a lien payable from Net Revenues of the System on a parity with the Loan Agreement which may hereafter be issued by the Local Borrower (or any financing conduit acting on behalf of the Local Borrower) in compliance with the terms in Section 3.

"Administrative Expenses" shall mean the reasonable cost or value of all services rendered by the Local Borrower and its various departments with respect to the System.

"Fund" shall mean the fund or funds into which the Local Borrower shall deposit the Revenues of the System.

"Net Revenues" shall mean that portion of the Revenues remaining after deducting sufficient funds for the Operation and Maintenance Expenses of the System.

"Operation and Maintenance Expenses" shall mean all costs reasonably incurred in connection with the operation, use and maintenance of the System, including (i) repairs necessary to keep the System in efficient and economical operating condition, (ii) the payments of premiums for insurance hereinafter required to be carried on the System, (iii) payments of reasonable Administrative Expenses and (iv) generally all expenses of the System except depreciation, interest expense related to the Loan Agreement, any Outstanding Parity Obligations, any Additional Parity Obligations, and interest expenses on any obligations subordinate to such obligations.

"Outstanding Parity Obligations" shall mean obligations issued and outstanding having a lien payable from Net Revenues of the System on a parity with the Loan Agreement.

"Revenues" shall mean and include all income, moneys and receipts to be received by the Local Borrower, directly or indirectly, from the ownership, use or operation of the System including any waste material or by-products of the System, and also including investment income.

Section 2 Source of Repayment and Rate Covenant Provisions

1. 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 Net Revenues of the System as hereinafter provided. The Net Revenues are hereby pledged by the Local Borrower to the payment of all amounts due under the Loan and the repayment of such amounts shall be secured by a lien on and pledge of the Net Revenues on parity with the pledge and lien granted by the Local Borrower for the payment and security of Outstanding Parity Obligations and Additional Parity

Obligations. The amounts due under this Loan Agreement and any Outstanding Parity Obligations and Additional Parity Obligations (exclusive of the Local Borrower's repayment obligations with respect to those reserve fund credit instruments in connection with this Loan and any Additional Parity Obligations which shall be secured on a subordinate basis), shall be equally and ratably secured by said pledge and lien without one having priority over the other. The Local Borrower intends that this pledge shall be a prior and paramount lien on and a first pledge of the Net 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 the Net 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 Net Revenues of the System.

2. The Local Borrower covenants and agrees that it will establish and maintain schedules of rates, fees and charges for all services supplied by the System which, after making reasonable allowance for contingencies and errors in estimates, shall produce Revenues in each fiscal year that are sufficient, (a) to pay the Operation and Maintenance Expenses of the System, (b) to produce an aggregate amount of Net Revenues equal the sum of (i) one hundred twenty percent (120%) of the aggregate of the debt service or comparable payments payable on the Loan, the Outstanding Parity Obligations, and any Additional Parity Obligations in such fiscal year, and (ii) one hundred percent (100%) of the aggregate of the debt service on comparable payments, separately payable and secured on a basis subordinate to the Loan by Net Revenues, and (c) to maintain all necessary fund balances required under the resolutions or agreements of the Local Borrower authorizing the Loan, the Outstanding Parity Obligations, and Additional Parity Obligations.

Section 3 Additional Parity Obligations

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 Net Revenues having priority over the Loan.

It is understood and agreed that Additional Parity Obligations having a lien upon and payable from the Net 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 Outstanding Parity Obligations and Additional Parity Obligations, to refund Outstanding Parity Obligations and 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 Outstanding Parity Obligations, 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 Outstanding Parity Obligations and Additional Parity Obligations or the Loan;

(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 Outstanding Parity Obligations and Additional Parity Obligations; and

(d) The Reserve Requirement (as defined in Exhibit E), as computed for the amount of Additional Parity Obligations to be issued, shall be available in the Reserve Fund (as defined in Exhibit E) in one of the following ways: (i) Additional Parity Obligation proceeds shall be immediately deposited to the Reserve Fund, 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; or (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 four 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 Net Revenues of the System for the last full fiscal year immediately preceding the issuance of such Additional Parity Obligation, 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 one hundred twenty percent (120%) of the highest year's debt service or comparable payments on all of the Outstanding Parity Obligations, the Loan, and the Additional Parity Obligations then to be issued, and (ii) not less than one hundred percent (100%) of the aggregate of amounts payable in such fiscal year and secured on a subordinate basis by such Net Revenues 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 the obligations described in (i).

For the purposes of the subparagraph (e), additional amounts may be added to the Net Revenues as shown on the accountant's certificate or report in the following circumstances:

(1) If the Revenues have been increased as a result of construction of additions or acquisitions to the System made prior to the issuance of such Additional Parity Obligations but during either the fiscal year in which the Additional Parity Obligations are to be issued or in the preceding fiscal year, such increased Revenues may be treated as if such additions to the System were completed on the first day of the fiscal year used for purposes of computation. The Revenues derived from such additions and acquisitions to the System may

be converted for purposes of computation to estimated Net Revenues which would have been derived therefrom if said additions and acquisitions had actually been completed on the first day of the year used for computation purposes, such estimates to be made by a professional firm experienced in estimating future revenues and expenses of water and sewer systems and having a recognized reputation for that work.

(2) If all or part of the proceeds of the Additional Parity Obligations are to be expended for the acquisition of existing water properties or facilities, there may be added to the Net Revenues of such preceding fiscal year the Net Revenues which would have been derived from the operation of such properties or facilities if such properties or facilities had been acquired and operated by the Local Borrower under the Local Borrower's applicable rate schedule during the entire preceding fiscal year, such Net Revenues to be estimated by a professional firm experienced in estimating future revenues and expenses of water and sewer systems and having a recognized reputation for that work.

(3) If prior to the issuance of the Additional Parity Obligations and subsequent to the first day of such preceding fiscal year, the Local Borrower shall have increased its rates or charges imposed for water services, there may be added to the Net Revenues of such fiscal year the additional Net Revenues which would have been received from the operation of the System during such fiscal year had such increase been in effect throughout such fiscal year, such additional Net Revenues to be estimated by a professional firm experienced in estimating future revenues and expenses of water and sewer systems and having a recognized reputation for that work.

For purposes of calculations under this subparagraph (e), if Additional Parity Obligations are to be issued exclusively for the purpose of refunding or retiring a portion of Outstanding Parity Obligations or this Loan, for the purpose of the calculation required under this subparagraph (e), 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 Parity Obligations; provided that nothing herein contained 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

Held by Local Borrower – Separate Account

The Local Borrower covenants and agrees that it will fund a Reserve Fund (as hereinafter defined) in cash in accordance with this Exhibit. "Reserve Requirement" shall mean an amount equal to the highest amount of Loan Repayments to be paid by the Local Borrower in any fiscal year as shown in the Loan Repayment Schedule in Exhibit A, and the Local Borrower's obligations with respect to those reserve fund credit instruments associated with any Additional Parity Obligations, which the Local Borrower and the Authority agree is the initial amount of the Reserve Requirement for the Loan. The amount of the Reserve Requirement, and the amount of the required monthly build up of cash in the Reserve Fund, will be adjusted to reflect any adjustment of the Loan Repayment Schedule in Exhibit A upon and after the delivery of Authority Bonds to finance the Loan or any other adjustment to the Loan Repayment Schedule in Exhibit A.

The Local Borrower shall establish and maintain a Reserve Fund Account (as hereinafter defined) of the Local Borrower, which account shall be established by the Local Borrower for the purposes described herein and maintained separate and distinct within a separate account administered by the local borrower in accordance with Exhibit A to secure payment to the Authority of Loan Repayments payable under the Loan (the "Reserve Fund Account"). The Local Borrower shall cause to be deposited with the Reserve Fund Account on or before the first Business Day of each month that monthly deposit as set forth in Exhibit A to cause the Reserve Requirement to be fully funded (the "Reserve Fund"). The Local Borrower shall hold the moneys so deposited, all investments made with such moneys and all earnings from investment and reinvestment of such moneys as a separate account to be applied only as permitted by the Loan. For so long as the Loan is outstanding, if, on any date payment is due, the Local Borrower has not paid to the Authority an amount equal to the amount of principal and interest due on the Loan pursuant to Section 3.3 of the Loan Agreement, the Authority will direct the Local Borrower to transfer, and the Local Borrower shall transfer, the amount of the deficiency from the Reserve Fund to the Authority. The Local Borrower shall then deposit in the Reserve Fund from the first Net Revenues available (after provision is made for payment of any amounts which have become due under the Loan) an amount sufficient to cause the amount credited to the Reserve Fund to be at least equal to the amount then required to be on deposit therein. In the event any Additional Parity Obligations which are on a parity with the Loan are outstanding at the time of any such requested transfer from, or resulting obligation to deposit to, the Reserve Fund, such transfers and deposits shall be made pro rata, according to the respective principal amounts of the Loan and such Additional Parity Obligations, from and to the accounts in the Reserve Fund for the Loan and such Additional Parity Obligations, respectively.

Amounts credited to the Reserve Fund Account may be invested by the Local Borrower in investments permitted by law, subject to the requirement that Reserve Fund monies shall be readily available to cover deficiencies in Loan payments as necessary in a timely manner. Investments shall be valued annually as of June 30 at market value. Earnings on investments credited to the Reserve Fund shall be retained therein if and to the extent necessary to cause the amount credited to the Reserve Fund to be at least equal to the amount required to be on deposit therein. Any monies in the Reserve Fund not invested shall be held as a demand deposit bearing

no interest and shall be secured by direct obligations of the United States of America in an amount at all times at least equal to the amount of the deposit.

The Local Borrower shall keep adequate and accurate records of moneys, investments and investment earnings on amounts credited to the Reserve Fund Account, and the Authority shall have the right to audit the records of the Local Borrower insofar as they pertain to the Reserve Fund Account.

When all amounts payable by the Local Borrower under the Loan have become due, and all such amounts have been paid or the Local Borrower has on deposit in the Reserve Fund Account monies necessary for their payment, any amounts set aside for the Reserve Fund will become available to the Local Borrower for general use.

The Local Borrower covenants and agrees that the investment of the Reserve Fund for the Loan Repayments shall at all times after the issuance of Authority Bonds to fund the Loan be restricted to a yield not greater than the yield on the Authority's Bonds, which shall be certified at the date of such Bond issuance to the Local Borrower by the Authority based upon certification to the Authority by the underwriters of the Authority's Bonds. The Local Borrower shall maintain adequate records of investment to reflect compliance with this covenant.

Exhibit F Replacement Reserve Requirements

Reserve Held By Local Borrower – Separate Account

The Local Borrower shall either spend or maintain within the Replacement Reserve Account (the "Replacement Reserve") of the Local Borrower, which account shall be established by the Local Borrower for the purposes described herein and maintained separate and distinct within a separate account administered by the local borrower in accordance with Exhibit A. The Replacement Reserve shall 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 System provided that the property is depreciable; (ii) the performance of repairs with respect to the System which 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 System provided that the property is depreciable; and/or (iv) to make payments to the Authority on the Loan (collectively, the "*Permitted Uses*").

For so long as the Loan is outstanding, if on any interest payment date or principal repayment date the Local Borrower has not paid to the Authority an amount equal to the amount of principal and interest due on the Loan pursuant to the Loan Agreement, and the Reserve Fund does not hold sufficient moneys to cover the deficiency, the Local Borrower shall transfer amounts, if any, set aside for the Replacement Reserve to the Authority to cover the deficiency.

When all amounts payable by the Local Borrower under the Loan have become due, and all such amounts have been paid, any amounts set aside for the Replacement Reserve will become available to the Local Borrower for general use.

Exhibit G Form of Opinion of Local Borrower Counsel

Enter Date of Opinion

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 Town of Colorado City (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 May 14, 2021 (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 subdivison 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 H Form of Tax Compliance Certificate of Local Borrower

Water Infrastructure Finance Authority of Arizona

$460,000.00 Loan to Town of Colorado City

The Water Infrastructure Finance Authority of Arizona (the "Authority") and Town of Colorado City (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.

I. DEFINITIONS

1.10. 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.)

1.20. 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 3.40(a).

1.30. References. Reference to a Section means a section of the Code. Reference by number only (for example, "2.10") means that numbered paragraph of this Certificate. Reference to an Attachment means an attachment to this Certificate.

II. ISSUE DATA

2.10. Issuer. The Issuer is a Governmental Unit.

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

2.30. 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.

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

2.50. 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.

2.60. 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).

2.70. Higher Yielding Investments. Gross Proceeds will not be invested in Higher Yielding Investments except for (A) the Minor Portion to the extent provided in 3.80, (B) those Gross Proceeds identified in 3.10, 3.20, and 3.30, 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 3.40(a).

2.80. Single Issue. No other obligations have been or will be sold less than 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.

III. ARBITRAGE (NONREBATE) MATTERS

3.10. 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.

(1) 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 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.

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.

(2) 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 (A) 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 (B) three years after the original expenditures were paid.

3.20. 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 3.10(B)(1) or, if longer, one year from the date of receipt, such period being the Temporary Period for such Proceeds.

3.30. 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 13 months after the amounts are so deposited, such period being the Temporary Period for such amounts.

3.40. 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

3.50. No Other Replacement Fund or Assured Available Funds. Except as described in 3.30 and, if and to the extent applicable, 3.40(A), , 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 3.30 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.

3.60. 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 2.20.

3.70. 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.

3.80. Minor Portion. The Minor Portion is equal to the lesser of 5% of the Sale Proceeds of the Issue and $100,000. Such Minor Portion may be invested in Higher Yielding Investments with respect to the Issue.

3.90. 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.

IV. REBATE MATTERS

4.10. 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.

4.20. 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.

4.30. 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:

(1) The Issuer is a Governmental Unit with general taxing powers within the meaning of Section 148(f)(4)(D), and

(2) No part of the Issue is a Private Activity Bond, and

(3) 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

(4) 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).

If, but only if, all of the above requirements 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.

4.40. 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.

V. OTHER TAX MATTERS

5.10. 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:

(1) Dispositions of such tangible personal property, if any, will be in the ordinary course of an established governmental program;

(2) 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;

(3) The fair market value of such property on the date of disposition will not be greater than 25% of its cost;

(4) The property will no longer be suitable for its governmental purposes on the date of disposition; and

(5) 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.

5.20. Issue Not Federally Guaranteed. The Issue is not Federally Guaranteed.

5.30. 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.

5.40. 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.

5.50. 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.

5.60. Responsibility of Officer.

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

(B) 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.

Town of Colorado City

By:_____

Name:_____

Title:_____

List of Attachments

Attachment A -- Definitions for Tax Compliance Certificate

Attachment A-1 -- Rebate Instructions

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.

"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).

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

"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:

(1) 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.

(2) 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.

"Spendable 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-1
to
Tax Compliance Certificate of Local Borrower

INSTRUCTIONS FOR COMPLIANCE WITH REBATE REQUIREMENTS OF SECTION 148(f) OF THE CODE.

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.

PART I: GENERAL

SECTION 1.01. REBATE GENERALLY.

The Rebate Amount[1] 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]

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.

SECTION 1.02. SPECIAL DEFINITIONS.

---

1. Capitalized terms that are not defined in these Instructions are defined in Attachment A to the Tax Compliance Certificate of the Issuer.

2. Amounts earned on the Bona Fide Debt Service Fund for the Issue are not taken into account in determining the Rebate Amount since 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 5 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. If you need assistance in computing the Rebate Amount on the Issue, please contact your bond counsel.

For purposes of these Instructions, the following terms shall have the following meanings.

"Available Construction Proceeds" means an amount equal to (a) the sum of (i) the Issue Price of the issue, (ii) Investment Proceeds on that Issue Price, (iii) earnings on any reasonably required reserve or replacement fund allocated 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) allocated 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 allocated to the issue. Available Construction Proceeds do not include Investment Proceeds or earnings on a reasonably required reserve or replacement fund allocated 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 Projects financed by the issue is substantially completed. If the issue consists of a New Money Portion and a Refunding Portion and the New Money Portion is a Construction Issue, this definition shall be applied by substituting "New Money Portion" for "issue" each place the latter term appears. If the issue or the New Money Portion, as applicable, is not a Construction Issue, and the Issuer makes the 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.

"Bifurcated Issue" means a New Money Issue or the New Money Portion of a Multipurpose Issue that the Issuer, pursuant to Section 148(f)(4)(C)(v) and Regulations §1.148-7(j), has elected in its Tax Compliance Certificate to bifurcate into a Construction Portion and a Nonconstruction Portion.

"Bond Counsel's Opinion" means an opinion or opinions of a nationally recognized bond counsel firm whose opinion is given with respect to the Issue when issued, or its successors or other nationally recognized bond counsel appointed by the Issuer.

"Bond Year" means the annual period relevant to the application of Section 148(f) to the 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 the issue unless the Issuer selects another date on which to end a Bond Year in the manner permitted by the Code.

"Computation Date" means each date on which the Rebate Amount for an issue is required to be computed under Regulations §1.148-3(e). In the case of a Fixed Yield Issue, the first Computation Date shall not be later than 5 years after the Issuance Date of the issue. Subsequent Computation Dates shall be not later than 5 years after the immediately preceding Computation Date for which an installment payment of the Rebate Amount was paid. In the case of a Variable Yield Issue, the first Computation Date shall be the last day of any Bond Year irrevocably selected by the Issuer ending on or before the fifth anniversary of the Issuance Date of such issue and

subsequent Computation Dates shall be the last day of each Bond Year thereafter or each fifth Bond Year thereafter, whichever is irrevocably selected by the Issuer after the first date on which any portion of the Rebate Amount is required to be paid to the United States. The final Computation Date is the date an issue is retired.

"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 percent of the Available Construction Proceeds of which are to be used for Construction Expenditures with respect to property which is or is to be owned by a Governmental Unit or a 501(c)(3) Organization. If an election has been made in the Issuer's Tax Compliance Certificate to bifurcate an issue or the New Money Portion, the Construction Portion (i.e., that portion of the issue or the New Money Portion which satisfies the 75 percent test stated in the preceding sentence and which finances 100% of the Construction Expenditures) is treated as the Construction Issue and the balance of the issue or the New Money Portion is treated as the Nonconstruction Portion.

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

"Future Value" means the value of a Payment or Receipt at the end of a period determined using the economic accrual method as the value of that Payment or Receipt when it is paid or received (or treated as paid or received), plus interest assumed to be earned and compounded over the period at a rate equal to the Yield on the Issue, using the same compounding interval and financial conventions that were used to compute that Yield.

"Guaranteed Investment Contract" means any Nonpurpose Investment that has specifically negotiated withdrawal or retirement provisions and a specifically negotiated interest rate and any agreement to supply investments on two or more future dates (e.g., a forward supply contract).

"Multipurpose Issue" means an issue that consists of a Refunding Portion and a New Money Portion.

"Payment" means payments actually or constructively made to acquire Nonpurpose Investments, as specified in Regulations §1.148-3(d)(1)i) through (v).

"Qualified Administrative Costs" means the reasonable, direct administrative costs, other than carrying costs, of purchasing or selling Nonpurpose Investments such as separately stated brokerage or selling commissions. Qualified Administrative Costs do not include 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. In general, Qualified Administrative Costs are not reasonable unless they are comparable to administrative costs that would be charged for the same investment or

a reasonably comparable investment if acquired with a source of funds other than Gross Proceeds of Tax-Exempt Obligations.

"Reasonable Retainage" means an amount, not to exceed 5% of the Net Sale Proceeds of the Issue, that is retained for reasonable business purposes relating to the property financed with Proceeds of the Issue. For example, Reasonable Retainage may include a retention to ensure or promote compliance with a construction contract in circumstances in which the retained amount is not yet payable, or in which the Issuer reasonably determines that a dispute exists regarding completion or payment.

"Rebate Analyst" means an independent individual, firm or entity experienced in the computation of the Rebate Amount pursuant to Section 148(f) of the Code.

"Receipt" means amounts actually or constructively received from Nonpurpose Investments as specified in Regulations §1.148-3(d)(2)(i) through (iii).

"Variable Yield Issue" means any issue that is not a Fixed Yield Issue.

"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.

PART II: EXCEPTIONS TO REBATE

SECTION 2.01. 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, 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.

Refunding Issues. The only spending exception available for a Refunding Issue[4] is the 6-Month Spending Exception.

---

4. For purposes of these Instructions, references to "Refunding Issue" include the Refunding Portion of a Multipurpose Issue.

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.

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.

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 2.02. 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 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 3) 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 or $100,000.

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 2.03. 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.

(A) 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:

(1) at least 15% within 6 months;

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

(3) 100% within 18 months, subject to the Reasonable Retainage exception described below.

(B) 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 3), is timely paid to the United States. And,

(C) 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 2.04. 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:

(1) at least 10% within 6 months;

(2) at least 45% within 1 year;

(3) at least 75% within 18 months; and

(4) 100% within 2 years, subject to the Reasonable Retainage exception described below.

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.

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 3).

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 3 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 earn during the 2-year period. 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.

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.

(B) 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 semi-annual 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 3)) must be timely paid.

PART III: COMPUTATION AND PAYMENT.

SECTION 3.01. 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 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 5 years after the Issuance Date. Each subsequent Computation Date shall end 5 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 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 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 of $1,000 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 of $1,000 for each Bond Year. Within 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 3.02. 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.

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

SECTION 3.03. FAIR MARKET VALUE.

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.

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.

(A) 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.

(B) 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:

(1) The 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.

(2) The Issuer purchases the highest-yielding Guaranteed Investment Contract for which a qualifying bid is made (determined net of broker's fees);

(3) 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;

(4) 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;

(5) The terms of the Guaranteed Investment Contract, including collateral security requirements, are reasonable; and

(6) 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.

(C) 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:

(1) The certificate of deposit has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal; and

(2) 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.

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

SECTION 3.04. 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 (1) issued with not more than 2% of original issue discount or original issue premium, (2) issued with original issue premium that is attributable exclusively to reasonable underwriters' compensation or (3) 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 3.05. 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 an administrative cost that is not a Qualified Administrative Cost to the extent that the present value (computed using the taxable discount rate used by the parties to compute the commission or, if not readily ascertainable, a reasonable taxable discount rate) of the commission, as of the date the contract is purchased, exceeds the present value of annual payments equal to 0.05 percent of the weighted average amount reasonably expected to be invested each year during the term of such contract.

PART IV: COMPLIANCE AND AMENDMENT

SECTION 4.01. 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 a Bond Counsel's Opinion 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 4.02. 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)

LOAN AGREEMENT STANDARD TERMS AND CONDITIONS

Water Infrastructure Finance Authority of Arizona

TABLE OF CONTENTS

Page

ARTICLE 1 COVENANTS OF THE LOCAL BORROWER RELATING TO THE SYSTEM AND THE PROJECT 1

Section 1.1 Operation and Maintenance of System 1

Section 1.2 Additions and Modifications 1

Section 1.3 Disposition of Project and System 1

Section 1.4 Cost of Project 1

ARTICLE 2 ADDITIONAL COVENANTS OF THE LOCAL BORROWER 2

Section 2.1 Unconditional Obligations 2

Section 2.2 Performance Under Loan Agreement 2

Section 2.3 Disclaimer of Warranties 2

Section 2.4 Loan Repayments; Prepayments; Adjustments; Late Charges 2

Section 2.5 Source of Repayment of Local Borrower's Obligations and Pledge 3

Section 2.6 Insurance 3

Section 2.7 No Liens 3

Section 2.8 Disadvantaged Business Enterprises 3

ARTICLE 3 REPRESENTATIONS OF LOCAL BORROWER 5

Section 3.1 Organization and Authority 5

Section 3.2 Full Disclosure 5

Section 3.3 Pending Litigation 5

Section 3.4 Compliance with Existing Laws and Agreements 6

Section 3.5 No Defaults 6

Section 3.6 Governmental Consent 6

Section 3.7 Compliance with Law 6

ARTICLE 4 ASSIGNMENT 7

Section 4.1 Assignment and Transfer by Authority 7

Section 4.2 Assignment by Local Borrower 7

ARTICLE 5 DEFAULTS AND REMEDIES 7

Section 5.1 Events of Default 7

Section 5.2 Notice of Default 8

Section 5.3 Remedies on Default 8

Section 5.4 Attorney's Fees and Other Expenses 8

Section 5.5 Application of Moneys 8

Section 5.6 No Remedy Exclusive; Waiver; Notice 8

Section 5.7 Retention of Authority's Rights 9

Section 5.8 Default by the Authority 9

TABLE OF CONTENTS
(continued)

Page

ARTICLE 6 PROVISIONS APPLICABLE TO LOANS FINANCED BY OR PLEDGED TO SECURE AUTHORITY BONDS 9
Section 6.1 General 9
Section 6.2 Tax Covenants 9
Section 6.3 Third Party Beneficiaries 10
Section 6.4 Additional Documents Relating to Authority Bonds 10
Section 6.5 Disclosure Regarding Authority Bonds 10
Section 6.6 Assignment and Transfer by Authority to Trustee 11
Section 6.7 Conditions to Assignment by Local Borrower 11
Section 6.8 Sale or Other Disposition of Project or System 12
Section 6.9 Deficiencies Under Bond Documents Caused by Failure to Make Loan Repayment 12
Section 6.10 Indemnification 12
Section 6.11 Compliance with Master Trust Indenture 12
Section 6.12 Provisions Relating to Default 12
Section 6.13 Tax Compliance Certificate 13
ARTICLE 7 MISCELLANEOUS 13
Section 7.1 Binding Effect 13
Section 7.2 Severability 13
Section 7.3 Amendments, Supplements and Modifications 13
Section 7.4 Execution in Counterparts 13
Section 7.5 Captions 13
Section 7.6 Further Assurances 13
Section 7.7 State of Arizona Contract Provisions 13
ARTICLE 8 DEFINITIONS 15
Section 8.1 Definitions 15
Section 8.2 Rules of Interpretation 18
ARTICLE 9 LIST OF FEDERAL LAWS AND AUTHORITIES 18

This document sets forth Standard Terms and Conditions applicable to the Loan made by the WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA (the "*Authority*") to the Local Borrower. These Standard Terms and Conditions are a part of the Loan Agreement to which this document is attached. Certain terms used herein are defined in Article 8.

Article 1 Covenants of the Local Borrower Relating to the System and the Project.

Section 1.1 **Operation and Maintenance of System**. The Local Borrower covenants and agrees that it shall, in accordance with prudent utility practice, (a) at all times operate the properties of the System and any business in connection therewith in an efficient manner, (b) maintain the System in good repair, working order and operating condition, and (c) 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.

Section 1.2 **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.

Section 1.3 **Disposition of Project and System**.

(a) 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; provided, however that the requirements of this Section 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.

(b) 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.

(c) Notwithstanding the provisions of subsection (b) 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:

(i) If the Local Borrower determines that such property is not necessary, useful or profitable to the operation of the System; or

(ii) 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.

Section 1.4 **Cost of Project**. The Local Borrower certifies that the estimated Eligible Project Costs as listed in Section 1 of Exhibit B 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.

Article 2 Additional Covenants of the Local Borrower

Section 2.1 **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, set-off, 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 2.1, 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.

Section 2.2 **Performance Under Loan Agreement**. The Local Borrower covenants and agrees (a) to maintain the System in good repair and operating condition; (b) to 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 (c) to comply with the covenants set forth in this Loan Agreement.

Section 2.3 **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.

Section 2.4 **Loan Repayments; Prepayments; Providing for Payment of the Loan**.

(a) Loan Repayments.

(i) The Local Borrower shall pay to the Authority the amounts set forth in the Loan Repayment Schedule contained in Exhibit A on or before the due dates shown in Exhibit A.

(ii) Each payment made as a Loan Repayment as described in subsection (i) 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.

(iii) In addition to the other payments required by this Section, 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.

(iv) 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 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.

(b) 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 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 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.

(c) 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 subsection. The Loan shall be deemed to have been paid and discharged if:

(i) 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, as evidenced in a report of an independent firm of nationally recognized certified public accountants addressed to and delivered to the Authority; and

(ii) the Authority has received a bond counsel opinion (as described in Section 6.2(b) and (c) below) to the effect that the deposit of funds and the investment of such deposit, as described in the preceding paragraph, 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.

Section 2.5 **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.

Section 2.6 **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.

Section 2.7 **No Liens**. Except for:

(a) 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

(b) as provided in Exhibit D 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 of this Loan Agreement which the Local Borrower has disclosed to the Authority in writing,

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.

Section 2.8 **Disadvantaged Business Enterprises**. As applicable, the Local Borrower shall comply with 40 C.F.R Part 33[1]including but not limited to:

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.

(a) 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.

(b) 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 30 calendar days before the bid or proposal closing date.

(c) 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.

(d) Encourage contracting with a consortium of DBEs when a contract is too large for one of these firms to handle individually.

(e) Use the services and assistance of the Small Business Administration and the Minority Business Development Agency of the U. S. Department of Commerce.

(f) If the prime contractor awards subcontracts, require the prime contractor to take the steps in sections (a) through (e) above.

These conditions must be included in all procurement contracts entered into by the Local Borrower for all DWRF and CWRF projects:

(a) The prime contractor must pay its subcontractor for satisfactory performance no more than 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 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.

[1] See Article 9 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.

(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.

Article 3 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.

Section 3.1 **Organization and Authority**.

(a) The Local Borrower is a Political Subdivision or Indian Tribe as defined in the Authority Act.

(b) 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.

(c) 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.

(d) 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 "Description of the Loan" in this Loan Agreement is true and accurate in all material respects.

Section 3.2 **Full Disclosure**.

(a) 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.

(b) 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.

Section 3.3 **Pending Litigation**. There are no proceedings pending, or to the knowledge of the Local Borrower, threatened, against or affecting the Local Borrower, 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 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.

Section 3.4 **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.

Section 3.5 **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.

Section 3.6 **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; 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.

Section 3.7 **Compliance with Law**. The Local Borrower:

(a) 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

(b) 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.

Article 4 Assignment

Section 4.1 **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.

Section 4.2 **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 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.

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.

Article 5 Defaults and Remedies

Section 5.1 **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*":

(a) failure by the Local Borrower to pay, or cause to be paid, when due any Loan Repayment;

(b) 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;

(c) 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 paragraphs (a) and (b) of this Section, 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;

(d) 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;

(e) 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

(f) 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.

Section 5.2 **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 5.1 paragraph (c) 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 shall be confirmed in writing by the end of the next Business Day.

Section 5.3 **Remedies on Default.**

(a) Whenever an Event of Default referred to in Section 5.1 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.

(b) 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.

Section 5.4 **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 in-house 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.

Section 5.5 **Application of Moneys**. 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 of this Loan Agreement; and (b) amounts coming due under Section 5.4 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.

However, any moneys collected by the Authority pursuant to Section 5.3 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 5.4 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.

Section 5.6 **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.

Section 5.7 **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.

Section 5.8 **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.

Article 6 Provisions Applicable to Loans Financed by or Pledged to Secure Authority Bonds

Section 6.1 **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.

Section 6.2 **Tax Covenants**.

(a) 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.

(b) Modification Based on Bond Counsel Opinion. Notwithstanding any provision of this Section, if the Local Borrower provides to the Authority a bond counsel opinion to the effect that any action required under this Section 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 this Section and the covenants in this Section shall be deemed to be modified to that extent.

(c) Bond Counsel Opinion. For purposes of this Article, "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.

Section 6.3 **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.

Section 6.4 **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:

(a) 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 6.5, paragraph (a)) 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

(b) subject to the continuing disclosure requirements of Securities and Exchange Commission Rule 15c2-12 (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

(c) 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

(d) 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.

Section 6.5 **Disclosure Regarding Authority Bonds**.

(a) 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.

(b) The Local Borrower agrees that from the date of the Final Official Statement and for a period until not later than 25 days after the date of the Bond Closing if and so long as the offering of the Authority Bonds continues (i) 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 (ii) 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.

(c) The Local Borrower agrees that if prior to the 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 6.4, paragraph (a) 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.

Section 6.6 **Assignment and Transfer by Authority to Trustee**.

(a) 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.

(b) 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.

Section 6.7 **Conditions to Assignment by Local Borrower**. Notwithstanding Section 4.2, 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.

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.

Section 6.8 **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 6.6, (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.

Section 6.9 **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 DWRF 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 DWRF 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 DWRF 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 CWRF Financial Assistance Account and DWRF 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.

Section 6.10 **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.

Section 6.11 **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.

Section 6.12 **Provisions Relating to Default**.

(a) Any notice or information which the Local Borrower is to give to the Authority pursuant to the provisions of Article 5 shall also be given by the Local Borrower to the Trustee and to any Credit Enhancer at the same time.

(b) Notwithstanding the provisions of Section 5.3, paragraph (a) and Section 5.7, 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.

(c) 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 5.4 with respect to the expenses of the Authority.

Section 6.13 **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.

Article 7 Miscellaneous

Section 7.1 **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.

Section 7.2 **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.

Section 7.3 **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.

Section 7.4 **Execution in Counterparts**. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7.5 **Captions**. The captions or headings in this Loan Agreement are for convenience only and shall not in any way define, limit or describe the scope or intent of any provisions or sections of this Loan Agreement.

Section 7.6 **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 Loan Agreement.

Section 7.7 **State of Arizona Contract Provisions**.

(a) 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.

(b) 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.

(c) Governing Law and Forum. 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. 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.

(d) 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.

(e) 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.

(f) 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 (i) it is not an "employer" (within the meaning of Arizona Revised Statutes Section 23-214(B)) or (ii) 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 8 Definitions

Section 8.1 **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*" 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, (i) 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 (ii) 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*" 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 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.

"*CWRF 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 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*" means the fund established by A.R.S. § 49-1241.

"*DWRF 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 5.1 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 and these Standard Terms and Conditions attached to this Loan Agreement, 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 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.

"*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.

"*State*" means the State of Arizona.

"*System*" means the "System" as defined in Section 2.2 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 to the Loan Agreement.

Section 8.2 **Rules of Interpretation**. For all purposes of this Loan Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) 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.

(b) 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.

(c) 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.

(d) References to a governmental or quasi-governmental entity or representatives thereof also refer to an entity that succeeds to the functions of the governmental or quasi-governmental entity and representatives thereof.

(e) 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.

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

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

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

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

(j) This Loan Agreement shall be governed by and construed in accordance with the applicable law of the State of Arizona, except for its conflict of law rules and except as preempted by federal.

Article 9 List of Federal Laws and Authorities

By Section 5.4 and Section 5.5 of Exhibit B to the Loan Agreement, the Local Borrower agrees that the Project will comply with applicable provisions of the following federal laws and authorities:

Environmental:

1. Archaeological and Historical Preservation Act of 1974, Pub. L. 93-291; 16 U.S.C. § 469a-1.

2. Clean Air Act, Pub. L. 95-95, as amended; 42 U.S.C. § 7401 et. seq.

3. Clean Water Act, Titles II, IV, and V, Pub. L. 92-500, as amended.

4. Coastal Barrier Resources Act, Pub. L. 97-348; 16 U.S.C. § 3501 et. seq.

5. Coastal Zone Management Act, Pub. L. 92-583, as amended; 16 U.S.C. § 1451 et. seq.

6. Endangered Species Act, Pub. L. 93-205, as amended; 16 U.S.C. § 1531 et seq.

7. Environmental Justice, Executive Order 12898.

8. Farmland Protection Policy Act, Pub. L. 97-98; 7 U.S.C. § 4201 et seq.

9. Fish and Wildlife Coordination Act, Pub. L. 85-624, as amended.

10. Floodplain Management, Executive Order 11988, as amended by Executive Order 12148.

11. Magnunson-Stevens Fishery Conservation and Management Act, Pub L. 94-265, as amended; 16 U.S.C. § 1801 et. seq.

12. National Historic Preservation Act of 1966, Pub. L. 89-665, as amended; 16 U.S.C. § 470 et. seq.

13. Protection and Enhancement of the Cultural Environment, Executive Order 11593.

14. Protection of Wetlands, Executive Order 11990, as amended by Executive Order 12608; Pub. L. 99-645, as codified at 16 U.S.C. § 3901 et. seq.

15. Safe Drinking Water Act, Section 1424(e), Pub. L. 92-523, as amended; 42 U.S.C. § 300f et. seq.

16. Wild and Scenic Rivers Act, Pub. L. 90-542, as amended; 16 U.S.C. § 1271 et. seq.

17. Migratory Bird Treaty Act of 1918, 16 U.S.C. § 703 et. seq.

Social Legislation:

1. Age Discrimination Act, Pub. L. 94-135; 42 U.S.C. § 6102.

2. Civil Rights Act of 1964, Pub. L. 88-352, Title VI; 42 U.S.C. § 2000d.

3. Equal Employment Opportunity, Executive Order 11246, as amended.

4. Participation by Disadvantaged Business Enterprises in Procurement Under Environmental Protection Agency (EPA) Financial Assistance Agreements.

    a. Promoting the use of Small, Minority, and Women-owned Businesses, Executive Orders 11625, 12138 and 12432.

    b. Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Pub. L. 100-590.

    c. Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1993, Pub. L. 102-389; 42 U.S.C. § 4370d.

    d. Title X Clean Air Act, Pub. L. 101-549; 42 U.S.C. § 7601 note.

5. Rehabilitation Act of 1973, Pub. L. 93-112; 29 U.S.C. § 794 (including Executive Order 11914 and 11250).

6. Section 13 of the Federal Water Pollution Control Act, Pub. L. 92-500; 33 U.S.C. § 1251.

7. The Drug Free Workplace Act Of 1988, Pub. L. 100-690.

Economic and Miscellaneous Authority:

1. Anti-Lobbying Provision (40 CFR Part 34) and New Restrictions on Lobbying, Section 319 of Pub. L. 101-121.

2. Debarment and Suspension, Executive Order 12549.

3. Demonstration Cities and Metropolitan Development Act of 1966, Pub. L. 89-754, as amended; 42 U.S.C. § 3331 et. seq.

4. Preservation of Open Competition and Government Neutrality, Executive Order 13502.

5. Prohibitions relating to violators of the Clean Air Act, Section 306 of the Clean Air Act, 42 U.S.C. § 7505; Section 508 of the Clean Water Act, 33 U.S.C. § 1368; Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans.

6. Uniform Relocation and Real Property Acquisition Policies Act of 1970, Pub. L. 91-646, as amended; 42 U.S.C. §§ 4601-4655.

*****

INTERGOVERNMENTAL AGREEMENT BETWEEN LAKE HAVASU CITY, THE CITY OF KINGMAN, THE CITY OF BULLHEAD CITY, THE TOWN OF COLORADO CITY, AND MOHAVE COUNTY SHERIFFS OFFICE FOR ARIZONA DEPARTMENT OF ADMINISTRATION, GRANTS AND FEDERAL RESOURCES (ADOA-GFR) ARIZONA 911 GRANT PROGRAM

THIS INTERGOVERNMENTAL AGREEMENT ("Agreement") is entered into, effective this 1st day of July, 2021, between Lake Havasu City (**LAKE HAVASU**), a municipal corporation of the State of Arizona; the City of Kingman (**KINGMAN**), a municipal corporation of the State of Arizona; the City of Bullhead City (**BULLHEAD**), a municipal corporation of the State of Arizona; the Town of Colorado City (**COLORADO CITY**), a municipal corporation of the State of Arizona, and the Mohave County Sheriff's Office (**MCSO**), an agency of Mohave County. Lake Havasu, Kingman, Bullhead and MCSO are sometimes collectively referred to as the "Parties" or individually as the "Party." The Parties participate jointly in the Arizona 911 Program.

RECITALS

WHEREAS:

A. Mohave County 911 System Administrator position has changed effective July 1, 2019, in a manner necessitating the position to work as a consortium of all Parties. The consortium is comprised of Public Safety Answering Points (PSAPs) Managers and Supervisors representing each Party agency, both programmatically and financially, to ensure that the project goals, objectives, performance requirements, timelines, milestone completion, budgets, and other related program criteria are being met; and

B. All Parties recognize the importance of interagency cooperation and agree to perform activities related to implementation and operation of their respective emergency telecommunication system under the direction of Mohave County's Chiefs of Police, Fire Chief and Sheriff; and

C. The position of 911 System Administrator shall rotate every two (2) years between all Parties beginning with Kingman serving the first term (FY21-22 and FY22-23); Bullhead (FY23-24 and FY24-25); MCSO (FY25-26 and FY26-27); Colorado City (FY27-28 and FY28-29); Lake Havasu City (FY29-30 and FY30-31):and

D. The Parties agree that MSCO through the Mohave County Finance Department shall be the Fiduciary to perform the aforementioned 911 bill payment administrative functions under the distribution of funding per A.R.S. § 41-704, which establishes the administration of the emergency telecommunications services revolving fund for Mohave County PSAPs; and

E. The Parties desire to enter into this Agreement for administration of grant funds provided by Arizona Department of Administration, Office of Grants and Federal Resources (ADOA-GFR) Arizona 911 Grant Program to Lake Havasu as the initial System Administrator for all PSAPs in Mohave

County; and

F. The Arizona 911 Grant program is designed to assist PSAPs, in collaboration with regional and local jurisdictions, to perform activities related to implementation and operation of their respective emergency telecommunications system.

1. PURPOSE

The purpose of this Agreement is to administer the funds received by Mohave County under the ADOA-GFR Arizona 911 Grant Program for maintenance and operation of all PSAPs in Mohave County.

2. AGREEMENTS. The Parties agree that the Recitals above are fully incorporated into this Agreement, and further agree to the following procedures and shall be responsible as follows:

2.1 The System Administrator shall:

2.1.1 Serve as the Grant Administrator of the ADOA-GFR Arizona 911 Grant Award.

2.1.2 Prepare and submit the GIS Accuracy Report, the Level of Service Report, the MIS Report, and the Monthly Financial Reports documenting the activities supported by these grant funds and providing an assessment of the impact of these activities on behalf of all Parties pursuant to the ADOA-GFR Arizona 911 Grant Program guidelines.

2.1.3 Authorize MCSO to pay monthly 911 operating bills and submit reimbursement to the State under the ADOA-GFR Arizona 911 Grant Program on behalf of all Parties by the 25th of every month.

2.1.4 Retain all data, books, and other records ("Records") relating to this Agreement for a period of five years from the last financial report submitted to GFR. All such documents shall be subject to inspection and audit at reasonable times and upon request, submitted to the offices of the Arizona Department of Administration.

2.1.5 Act as the Liaison between the ADOA-GFR and all Parties. Hold quarterly PSAPs Manager Meetings between PSAPs, Vendors and ADOA-GFR.

2.1.6 Enter agreements as necessary with MCSO on an annual basis to effectuate the duties as outlined herein.

2.2 MCSO shall:

2.2.1 Act as the Fiduciary, through the Mohave County Finance Department, for all Parties throughout the term of this Agreement.

2.2.2 Submit monthly bills relating to 911 services to the System Administrator, no later than the 15th of every month.

2.2.3 Upon authorization from the System Administrator, agrees to pay vendors in a timely manner on behalf of all Parties. Late fees are the responsibility of the Fiduciary and are not reimbursable by ADOA-GFR.

2.3 All Parties shall:

2.3.1 In accordance with A.R.S. § 35-154, every payment obligation of the State under this Agreement is conditioned upon the availability of funds appropriated or allocated for payment of such obligation. If funds are not allocated and available for the continuance of said Agreement, all Parties agree to reimburse Mohave County for their portion of their operating bills. The designated System Administrator shall disseminate the annual budget to the Parties, which copies shall be deemed incorporated herein.

2.3.2 Provide any additional documentation to the System Administrator, as requested, which may be necessary in connection with the ADOA-GFR Arizona 911 Grant Award.

3. INDEMNIFICATION

Each Party to this Agreement shall indemnify, defend, and hold harmless the other Party, their members, directors, officers, employees, agents, attorneys and assigns from and against any and all claims, losses, liability, costs or expenses resulting from the negligence or willful misconduct of the indemnifying Party or Parties. This indemnification shall survive termination of this Agreement or the termination of the participation of any of its Parties.

4. WORKERS' COMPENSATION CLAIMS

The Parties shall comply with the provisions of A.R.S. § 23-1022 (E) by posting the public notice required. As provided for in A.R.S. § 23-1022 (D), an employee of a public agency who works under the jurisdiction or control of or within the jurisdictional boundaries of another public agency pursuant to a specific intergovernmental agreement or contract entered into between the public agencies is deemed to be an employee of both public agencies. However, the primary employer is solely liable for the payment of Workers' Compensation benefits. As such, each Party shall maintain Workers' Compensation insurance coverage on all of its own employees providing services pursuant to this

Agreement.

5. INSURANCE

Each Party shall bear the risk of its own actions, and shall determine for itself an appropriate level of insurance coverage and maintain such coverage. Nothing in this Agreement shall be construed as a waiver of any limitation on liability that may apply to a Party.

6. EFFECTIVE DATE; TERM; EFFECT OF TERMINATION ON REMAINING PARTIES;

6.1 Effective Date. This Agreement will commence on July 1, 2019, and shall remain in effect for eight (8) years during the completion of the two-year rotation of the System Administrator position through FY 26-27.

6.2 This Agreement may be renewed or amended for up to eight additional years contingent upon available funding from the State.

6.3 Termination. Any Party may terminate its participation in this Agreement by providing the other Parties thirty (30) days' written notice.

7. CANCELLATION FOR CONFLICT OF INTEREST

This Agreement is subject to cancellation for conflict of interest pursuant to A.R.S. § 38-511.

8. COMPLIANCE WITH ALL LAWS

Each Party shall comply with all federal, state, and local laws, rules, and regulations.

9. EXECUTION PROCEDURE

This Agreement will be executed in counterparts by the governing body of each Party.

10. NON-DISCRIMINATION

The Parties will not discriminate on the grounds of age, race, color, national origin, religion, sex, disability, familial status, genetic information, political affiliation or any other protected basis in the selection, treatment and retention of employees, subcontractors or in the procurement of materials and leases of equipment. The Parties also will not participate, either directly or indirectly, in any type of discrimination prohibited by any federal, state, or local law, including but not limited to Titles VI and VII of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, and the Genetic Information Nondiscrimination Act of 2008.

11. LEGAL ARIZONA WORKERS ACT COMPLIANCE

Parties are required to comply with A.R.S. § 41-4401, and hereby warrants that they will, at all times during the terms of this Agreement, comply with all federal immigration laws

applicable to the employment of their respective employees, the requirements of A.R.S. § 41-4401, and with the e-verification requirements of A.R.S. § 23-214 (A) (together the "state and federal immigration laws"). Parties further agree to ensure that each subcontractor that performs any work under this Agreement likewise complies with the state and federal immigration laws.

A breach of a warranty regarding compliance with state and federal immigration laws shall be deemed a material breach of the Agreement and the Party who breaches may be subject to penalties up to and including termination of this Agreement.

Each Party retains the legal right to inspect the papers of any contractor or subcontractor employee working under the terms of the Agreement to ensure that the other Party is complying with the warranties regarding compliance with the state and federal immigration laws.

12. NON-APPROPRIATION

This Agreement shall be subject to available funding for each Party, and nothing in this Agreement shall bind any Party to expenditures in excess of funds appropriated and allotted for the purposes outlined in this Agreement.

13. NO THIRD PARTY BENEFICIARIES

The Parties acknowledge and agree that the terms, provisions, conditions, and obligations of this Agreement are for the sole benefit of, may be enforceable solely by, the Parties, and none of the terms, provisions, conditions, and obligations of this Agreement are for the benefit of, or may be enforced by, any person or entity not a Party of this Agreement.

14. SIGNATURES

Each Party represents and warrants that all necessary approvals for this Agreement have been obtained, and the persons who signatures appear below have the authority necessary to execute this Agreement on behalf of the Parties indicated.

IN WITNESS WHEREOF, the Parties have signed this Agreement on the dates set forth below. This Agreement shall be effective as of the date first above written and upon being fully executed.

LAKE HAVASU CITY, a municipal corporation of the State of Arizona

_____ By _____
Date Signed Cal Sheehy, Mayor

APPROVED AS TO FORM AND IN COMPLIANCE WITH A.R.S. § 11-952:

LAKE HAVASU CITY ATTORNEY

_____ By _____
Date Signed Kelly Garry, City Attorney

CITY OF KINGMAN, a municipal corporation of the State of Arizona

_____ By _____
Date Signed Jen Miles, Mayor

APPROVED AS TO FORM AND IN COMPLIANCE WITH A.R.S. § 11-952:

CITY OF KINGMAN CITY ATTORNEY

_____ By _____
Date Signed Carl W. Cooper, City Attorney

CITY OF BULLHEAD CITY, a municipal corporation of the State of Arizona

_____ By _____
Date Signed Tom Brady, Mayor

APPROVED AS TO FORM AND IN COMPLIANCE WITH A.R.S. § 11-952:

CITY OF BULLHEAD CITY ATTORNEY

_____ By _____
Date Signed Garnet K. Emery, City Attorney

MOHAVE COUNTY SHERIFF, an elected official of Mohave County in the State of Arizona

_____ By _____
Date Signed Doug Schuster, Sheriff

APPROVED AS TO FORM AND IN COMPLIANCE WITH A.R.S. § 11-952:

MOHAVE COUNTY SHERIFFS ATTORNEY

_____ By _____
Date Signed Mohave County Sheriffs Attorney

COUNTY ATTORNEY, an elected official of Mohave County in the State of Arizona

_____ By _____
Date Signed Matthew J. Smith, Mohave County Attorney

TOWN OF COLORADO CITY, a municipal corporation of the State of Arizona

_____ By _____
Date Signed Vance Barlow, Town Manager

APPROVED AS TO FORM AND IN COMPLIANCE WITH A.R.S. § 11-952:

TOWN OF COLORADO CITY ATTORNEY

_____ By _____
Date Signed Town Attorney

ATTESTATION OF CITY APPROVAL – LAKE HAVASU CITY

I, Kelly Williams, Clerk of Lake Havasu City, Arizona, hereby certify that the City Council of Lake Havasu City, Arizona, on the_____day of____, 2021, approved on behalf of Lake Havasu City, an Arizona municipal corporation, for the purposes stated, the foregoing Agreement.

_____
Kelly Williams, Clerk

ATTESTATION OF CITY APPROVAL - KINGMAN

I, Sydney Muhle, Clerk of Kingman, Arizona, hereby certify that the City Council of Kingman, Arizona, on the_____day of_____, 2021, approved on behalf of City of Kingman, an Arizona municipal corporation, for the purposes stated, the foregoing Agreement.

_____
Annie Meredith, Clerk

ATTESTATION OF CITY APPROVAL – CITY OF BULLHEAD CITY

I, Susan Stein, Clerk of City of Bullhead City, Arizona, hereby certify that the City Council of Bullhead City, Arizona, on the_____day of____, 2021, approved on behalf of City of Bullhead City, an Arizona municipal corporation, for the purposes stated, the foregoing Agreement.

_____
Susan Stein, Clerk

ATTESTATION OF BOARD OF SUPERVISORS APPROVAL – MOHAVE COUNTY

I, Ginny Anderson, Clerk of the Board of Supervisors of Mohave County, Arizona, hereby certify that the Board of Supervisors of Mohave County, Arizona, on the_____day of__, 2021, approved on behalf of Mohave County, an Arizona Political Entity, for the purposes stated, the foregoing Agreement.

_____
Ginny Anderson, Clerk, Board of Supervisors for Mohave County, Arizona

ATTESTATION OF CITY APPROVAL – TOWN OF COLORADO CITY

I, Rosie White, Clerk of the Town of Colorado City City, Arizona, hereby certify that the Town Council of Colorado City, Arizona, on the_____day of____, 2021, approved on behalf of Town of Colorado City, an Arizona municipal corporation, for the purposes stated, the foregoing Agreement.

_____
Rosie White, Clerk

Vendor	Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount	Amount Paid	Date Paid

Dated: _____

Mayor: _____

City Council: _____

_____

_____

_____

_____

_____

City Recorder: _____

Report Criteria:
Invoices with totals above $0.00 included.
Paid and unpaid invoices included.