



# TOWN OF HUACHUCA CITY

The Sunset City

**HUACHUCA CITY TOWN COUNCIL  
PUBLIC MEETING NOTICE  
THURSDAY, MARCH 11, 2021, AT 7:00 PM  
VIA IN-PERSON ATTENDANCE AND REMOTE ACCESS  
COUNCIL CHAMBERS  
500 N. GONZALES BLVD.  
HUACHUCA CITY, AZ 85616**

**SPECIAL NOTICE: BY NEW PROCLAMATION OF THE MAYOR, DUE TO SIGNIFICANT PROGRESS IN THE BATTLE AGAINST THE COVID-19 PANDEMIC, THE MAYOR AND COUNCIL WILL RESUME IN-PERSON PUBLIC MEETINGS, BUT WILL CONTINUE TO OFFER A REMOTE ACCESS FORMAT. MEMBERS OF THE PUBLIC MAY COME TO TOWN HALL TO ATTEND THESE MEETINGS OR THEY MAY ATTEND BY GOING TO [OR CALLING TO]: <https://www.facebook.com/HuachucaCityAZ> or 520-844-2096. IN ADDITION, THE MAYOR HAS RESUMED IN-PERSON CALLS TO THE PUBLIC AT THESE MEETINGS. HOWEVER, MEMBERS OF THE PUBLIC MAY STILL CHOOSE TO SUBMIT WRITTEN COMMENTS TO THE TOWN CLERK TWENTY-FOUR HOURS IN ADVANCE OF THESE MEETINGS.**

**ADVANCE NOTICE OF ALL MEETINGS CAN BE FOUND AT THE TOWN'S USUAL AGENDA POSTING LOCATIONS, INCLUDING THE TOWN'S WEBSITE <https://huachucacityaz.gov/>**

## AGENDA

### A. Call to Order – Mayor

- a. Pledge of Allegiance
- b. Roll Call and Ascertain Quorum
- c. Invocation

*Any prayer/invocation that may be offered before the start of regular Council business shall be the voluntary offering of a private citizen, for the benefit of the Council and the citizens present. The views or beliefs expressed by the prayer/invocation speaker have not been previously reviewed or approved by the Council, and the Council does not endorse the religious beliefs or views of this, or any other speaker. A list of volunteers is maintained by the Town Clerk's Office and interested persons should contact the Town Clerk's Office for further information.*

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**d. Special acknowledgment of the passing of the Town's Vice Mayor, Donna Johnson, and appreciation for her many years of dedicated service and devotion to the Town and its residents.**

**B. Call to the Public – Mayor**

*A.R.S. 38-431.01 states the Public Body may make an open call to the public during a public meeting, subject to reasonable time, place and manner restrictions, to allow individuals to address the public body on any issue within the jurisdiction of the Public Body. At the conclusion of an open call to the public, individual members of the Public Body may respond to criticism made by those who have addressed the Public Body, may ask staff to review a matter or may ask that a matter be put on a future agenda. However, members of the Public Body shall not discuss or take legal action on matters raised during an open call to the public unless the matters are properly noticed for discussion and legal action.*

**C. Consent Agenda - Mayor**

*All items listed in the Consent Agenda are considered routine matters and will be enacted by one motion of the Council. There will be no separate discussion of these items unless a Member of the Town Council requests that an item or items be removed for discussion. Council Members may ask questions without removal of the item from the Consent Agenda. Items removed from the Consent Agenda are considered in their normal sequence as listed on the agenda, unless called out of sequence.*

- C.1** Consider approval of the minutes of the Regular Council meeting held on February 11, 2021.
- C.2** Consider approval of the Payment Approval Report.

**D. Unfinished Business before the Council – Mayor**

*Public comment will be taken at the beginning of each agenda item, after the subject has been announced by the Mayor and explained by staff. Any citizen, who wishes, may speak one time for five minutes on each agenda item before or after Council discussion. Questions from Council Members, however, may be directed to staff or a member of the public through the Mayor at any time.*

**E. New Business Before Council - Mayor**

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**E.1 Discussion and/or Action [Spencer Forsberg]:** Mr. Forsberg will review the Town's finances for the months of January and February.

**E.2 Discussion and/or action [Chief Thies]:** Presentation of Cochise County law enforcement officials' plan to form an accountability, transparency, and community engagement committee to inform and engage the public regarding the duties, policies, procedures, and functions of Cochise County law enforcement and legal processes. The Council might take action to appoint town representatives to the project.

**E.3 Discussion Only [Chief Thies]:** Presentation of the Police Department callout and activity statistics for calendar year 2020, including information concerning grant funds received and associated expenditures.

**E.4 Discussion and/or Action [Chief Thies]:** Approval of an equipment donation agreement with Arizona Department of Public Safety for donation of used computer equipment to the Town's police department.

**E.5 Discussion and/or Action [Chief Thies]:** Approval to deposit \$5,000 proceeds from sale of mobile animal carrier into police department savings account.

**E.6 Discussion and/or Action [Chief Thies]:** Chief Thies will present his updated plan to establish a Citizen's Police Advisory Review Board. The Council might take action to approve the plan or it might provide direction to staff for additional changes.

**E.7 Discussion and Action [Manager Harvey]:** Approval of a database access and confidentiality agreement with the Town's insurer, Southwest Risk, to gain electronic access to the Town's insurance claims records.

**E.8 Discussion and/or Action [Manager Harvey]:** Approval of an E-RATE Program [subsidized and affordable telecommunications and internet access] provider to the Library for the next E-RATE Program cycle.

**E.9 Discussion and/or Action [Clerk Thorpe]:** Presentation of current fee schedule for business licenses. Council may direct staff regarding possible changes to the fee schedule.

**E.10 Discussion and/or Action on the Sewer Pond Closure Project [Manager Harvey] –** Adoption of Resolution No. 2020-05 A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF HUACHUCA CITY APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT WITH THE WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA [WIFA] FROM ITS CLEAN WATER REVOLVING FUND PROGRAM; DELEGATING THE DETERMINATION OF CERTAIN MATTERS RELATING THERETO TO THE MANAGER OF THE TOWN; PROVIDING FOR THE TRANSFER OF CERTAIN MONEYS AND MAKING CERTAIN COVENANTS AND AGREEMENTS WITH RESPECT THERETO; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE

CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THE LOAN AGREEMENT AND THIS RESOLUTION AND DECLARING AN EMERGENCY.

**E.11 Discussion and/or Action [Manager Harvey]:** Approval of an agreement with the Arizona Department of Housing for Community Development Block Grant funding for improvements to the Town's park facilities; and authorizing execution and delivery of all documents necessary to close the transaction, secure the funding and complete the improvements.

**E.12 Mayor's proclamation 2021 -03:** Declaring the Month of March, 2021, as "Women's History Month" in the Town of Huachuca City.

**E.13 Discussion and/or Action [Clerk Thorpe]:** Approval of settlement of outstanding landfill collection account with Whetstone Construction.

- F. Department Director reports
- G. Items to be placed on future agendas
- H. Reports of Current Events by Council
- I. Adjournment

Posted at 5:00 PM on March 9, 2021, at the following locations:

<b>Town Hall Bulletin Board</b> 500 N. Gonzales Blvd. Huachuca City, AZ 85616	<b>Town Hall Lobby Windows</b> 500 N. Gonzales Blvd. Huachuca City, AZ 85616	<b>Town Website</b> <a href="https://huachucacityaz.gov">https://huachucacityaz.gov</a>
<b>Huachuca City U.S. Post Office</b> 690 N. Gonzales Blvd. Huachuca City, AZ 85616	<b>Huachuca City Library Windows</b> 506 N. Gonzales Blvd. Huachuca City, AZ 85616	<b>Huachuca City Police Department</b> 500 N. Gonzales Blvd. Huachuca City, AZ 85616

*Ms. Brandy Thorpe*  
Town Clerk

Note: This meeting is open to the public. All interested people are welcome to attend. A copy of agenda background material provided to the Councilmembers, with the exception of confidential material relating to possible executive sessions, is available for public inspection at the Town Clerk's Office, 500 N. Gonzales Blvd., Huachuca City, AZ 85616, Monday through Friday from 8:00 a.m. to 5:00 p.m. or online at [www.huachucacityaz.gov](http://www.huachucacityaz.gov)

Individuals with disabilities who need a reasonable accommodation to attend or communicate at a town meeting, or who require this information in alternate format, may contact the Town at 456-1354 (TTY 456-1353) to make their needs known. Requests should be made as early as possible so there is sufficient time to respond.





# TOWN OF HUACHUCA CITY

The Sunset City

**MEETING MINUTES OF THE  
HUACHUCA CITY TOWN COUNCIL  
February 11, 2021 AT 7:00 PM  
COUNCIL CHAMBERS  
500 N. GONZALES BLVD.  
HUACHUCA CITY, AZ 85616**

**SPECIAL NOTICE: BY PROCLAMATION OF THE MAYOR DUE TO THE COVID-19 PANDEMIC, THE MAYOR AND COUNCIL WILL CONDUCT PUBLIC MEETINGS IN A REMOTE ACCESS FORMAT. THESE MEETINGS WILL BE LIVE-STREAMED. MEMBERS OF THE PUBLIC MAY ATTEND THESE MEETINGS BY GOING TO [OR CALLING TO]: <https://www.facebook.com/HuachucaCityAZ> or 520-844-2096. IN ADDITION, THE MAYOR HAS TEMPORARILY SUSPENDED CALLS TO THE PUBLIC AT THESE MEETINGS. HOWEVER, MEMBERS OF THE PUBLIC MAY SUBMIT WRITTEN COMMENTS TO THE TOWN CLERK TWENTY-FOUR HOURS IN ADVANCE OF THE MEETING. ADVANCE NOTICE OF THESE MEETINGS CAN BE FOUND AT THE TOWN'S USUAL AGENDA POSTING LOCATIONS INCLUDING THE TOWN'S WEBSITE <https://huachucacityaz.gov/>**

## AGENDA

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- a. Pledge of Allegiance
- b. Roll Call and Ascertain Quorum
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### **Roll Call.**

**Present:** Johann Wallace, Donna Johnson, Cynthia Butterworth, Keith Settlemyer, Christy Hirshberg, Debbie Trate, Jean Post, Suzanne Harvey (Not voting), Brandye Thorpe (Not voting), Thomas Benavidez, Attorney (Not voting).

### **Invocation led by Elder Thomas.**

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**B. Call to the Public – Mayor TEMPORARILY SUSPENDED – WRITTEN COMMENTS MAY BE SUBMITTED TO THE TOWN CLERK**

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**C. Consent Agenda - Mayor**

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- C.1** Consider approval of the minutes of the Special Session held on January 27, 2021 and the Regular Council meeting and the Council work session held on January 28, 2021.
- C.2** Consider approval of the Payment Approval Report.

**Motion:** Items on the Consent Agenda, **Action:** Open for Discussion and/or Action, **Moved by** Johann Wallace, **Seconded by** Christy Hirshberg.

**Motion:** Items on the Consent Agenda, **Action:** Approve, **Moved by** Johann Wallace, **Seconded by** Christy Hirshberg.  
Motion passed unanimously.

**D. Unfinished Business before the Council – Mayor**

Public comment **TEMPORARILY SUSPENDED – WRITTEN COMMENTS MAY BE SUBMITTED TO THE TOWN CLERK** will be taken at the beginning of each agenda item, after the subject has been announced by the Mayor and explained by staff. Any citizen, who wishes, may speak one time for five minutes on each agenda item before or after Council discussion. Questions from Council Members, however, may be directed to staff or a member of the public through the Mayor at any time.

**E. New Business Before Council - Mayor**

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**E.1 Discussion and/or Action [Mayor Wallace]:** Presentation of Certificates of Appreciation to soldiers from C Company, 2-13<sup>th</sup> Aviation Regiment for their work at the Community Garden.

**Motion:** Item E.1, **Action:** Open for Discussion and/or Action, **Moved by** Johann Wallace, **Seconded by** Donna Johnson.

Mayor Wallace: As everyone knows, we do have a Community Garden, we have Anne Aust here with us tonight. A lot of work has been put in by the Regiment, in particular building out some mitigations to water run off from the Library itself and from the parking lot to make sure that we don't inundate the garden with water. That would not have been possible if not for the help from the Regiment. I know that the Community Garden is extremely grateful for all the labor put in by the men and women who volunteered their time. On behalf of the Town, myself and Council, thank you. The Community Garden provided about 3,500 pounds of fresh vegetables to people here in our community. Part of the work that was done, about 14 rain basins, capable of holding about 35 thousand gallons of rain water were designed to control that run off.

Anne Aust: We couldn't have done this without them. There was over 20 tons of rock that had to be carried and carefully placed, lining these basins. They came every Saturday and worked from 6am to noon. They always came back.

Mayor Wallace presents a letter of appreciation to Sgt. Block and Sgt. 1<sup>st</sup> Class .

**E.2 Discussion and/or Action [Suzanne Harvey]:** Manager Harvey will present the top unfunded needs of the Town. She may also request approval to expend funds for some or all of the following Town needs and projects: painting town buildings, purchasing a power washer, and purchasing software for interacting with the community. The Council might also consider other projects recommended by staff, including various upgrades to town buildings and equipment.

**Motion:** Item E.2, **Action:** Open for Discussion and/or Action, **Moved by** Johann Wallace, **Seconded by** Christy Hirshberg.

Manager Harvey: Essentially, we have money that has been freed up in our budget thanks to the Cares Act money that we received for public safety. We used that money to pay two of our payments to Whetstone Fire, but we had already budgeted money to pay Whetstone. I asked every department to send me a list of things that they need but could not get. We then met all together and identified the top 3 things as a group. Those were the painting, the power washer and new software that will allow us to interact more with the public. The pressure washer would benefit every department. The painting appeared on many different department's lists, and this building has not been painted since the 1990's, when it was built. We need to lead the way in making our Town look better. I am asking for Council's approval to let us spend approximately

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\$30,000.00 of that surplus to do those 3 things. Also asking Council to consider the other things on the list that were provided by the department heads.

Councilmember Post: Are you talking about interior or exterior painting, or both?

Manager Harvey: This was for the exterior.

Councilmember Trate: What's the manufactured home removal?

Dr. Johnson: There are many manufactured homes, especially in lower Huachuca City, that are abandoned and vacant. This would allow us to track the owner down and get it removed.

Councilmember Butterworth: How many are we talking about?

Dr. Johnson: There's probably about 25-30.

Councilmember Butterworth: How much to remove them?

Dr. Johnson: That's part of the program, figuring out the best way to deal with them. Demo on site or having a trucking company come and haul them off. It can run anywhere from \$500 to a couple thousand dollars per unit depending on which option we choose to use.

Councilmember Butterworth: How many of them would be able to be pulled away without falling apart?

Dr. Johnson: They would more than likely have to be dismantled on site.

Councilmember Post: Then we would sell it?

Dr. Johnson: No. We don't sell anything. It is personal property, there is an owner out there. It is their responsibility to deal with it. We just want to have a path where we can help those owners.

Councilmember Hirshberg: I don't have a problem with the \$28,000.00 for the painting and pressure washer and stuff, but I am against spending more on the other stuff. I say we save it.

Mayor Wallace: The one thing I would be interested in knowing is the cost to actually make our buildings ADA compliant, in particular the restrooms down at the Community Center. I would like to see that part come back. But the rest, I agree that we shouldn't spend any more on the other things.

Councilmember Settlemeier: The \$20,000.00 for exterior painting, do you have bids for that?

Manager Harvey: No. Mr. Halterman, our Public Works Director, gave me that estimate. He is planning, I believe, to paint it with staff. That is more for the purchase of necessary equipment and supplies.

Councilmember Butterworth: All of us can pitch in. We did it down in lower.

Mayor Pro Tem Johnson: I think we should have a work session once you find out the information on the ADA stuff so we can discuss it. But I do think we should save some of the money too.

Mayor Wallace: I'll be honest, I am not going to approve anything else on the want list except for the ADA.

Councilmember Trate: I think that in future years we should look at the manufactured homes thing.

Councilmember Settlemeier: Who gets to pick the colors?

Manager Harvey: I'll bring that to Council.

Mayor Wallace: The Go.gov thing would be an additional expense of about \$5,000.00/year if we decide to keep it. This is kind of to test it and see if we like it. If we don't like it, we don't have to keep it.

**Motion:** The expenditure of \$30,000.00 from the surplus funds for the use and execution of painting and exterior repairs of our buildings, purchase of a pressure washer and purchase of a go.gov app, **Action:** Approve, **Moved by** Johann Wallace, **Seconded by** Christy Hirshberg. Motion passed unanimously.

**E.3 Discussion and/or Action [Mayor Wallace]:** Mayor Wallace will direct staff to begin the process of preparing a new budget for FY 2022. Council might discuss the budget preparation and adoption timeline, budget priorities, anticipated revenues and expenditures.

**Motion:** Item E.3, **Action:** Open for Discussion and/or Action, **Moved by** Johann Wallace, **Seconded by** Donna Johnson.

Mayor Wallace: Our fiscal year ends June 30<sup>th</sup> and we don't want to wait until the last minute to get this done. It's time to look at our budget and in particular staff, department heads, need to really start looking at their budgets and putting together what their next year's budget is going to be. Because I have some concerns with our budget right now, due to how poorly it was put together, I am going to be very eagle eyed when it comes to staff requests. If I see anyone asking for more money I am not going to support it in any way. I don't have confidence in our budget right now based on who and how it was developed. I want the starting point to be at the prior year's budget, not the one we are in now. We will obviously have to make some adjustments. I also want to see a long range purchase plan.

Manager Harvey: I would like to know when you would like us to come back and start work sessions with Council?

Mayor Wallace: When will you be able to have a draft budget for presentation to Council?

Manager Harvey: I would say at least 30 days, maybe 45 days.

Mayor Wallace: The week of our first meeting in April, let's have a work session.

**Motion:** Begin the budgeting process as discussed. , **Action:** Direct Staff, **Moved by** Johann Wallace, **Seconded by** Christy Hirshberg.

Motion passed unanimously.

**E.4 Discussion and/or Action [Dr. Johnson]:** Presentation concerning adopting regulations under State Proposition 207 authorizing limited cultivation and sale of marijuana for recreational purposes. Dr. Johnson will review the Town's existing regulations and potential new regulations for recreational and medical marijuana use, cultivation and sale.

**Motion:** Item E.4, **Action:** Open for Discussion and/or Action, **Moved by** Johann Wallace, **Seconded by** Donna Johnson.

Dr. Johnson confirms details with Council in regard to how the regulations should be moving forward. Distance should remain at 1000 feet from schools/daycares/churches. Allowed operating hours between 10am and 6pm. Community Center will be added to the list of schools and daycares and such that require the distance. Also it is decided that the Town does not want to have a marijuana permit fee on top of the business license fee.

**Motion:** Proceed with the corrections and changes as discussed and move on to the next step , **Action:** Direct Staff, **Moved by** Johann Wallace, **Seconded by** Christy Hirshberg.

Motion passed unanimously.

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**E.5 Discussion and/or Action [Suzanne Harvey]:** Manager Harvey will request Council direction regarding appointment of a representative to the Upper San Pedro Partnership, which concerns the long-term water needs of the Upper San Pedro River Basin. Council might take action to appoint a representative/s.

**Motion:** Item E.5, **Action:** Open for Discussion and/or Action, **Moved by** Johann Wallace, **Seconded by** Cynthia Butterworth.

Manager Harvey: For some reason they have myself and Brandye as part of this, but looking at the other members, it should be someone on Council. It would be more appropriate.

**Motion:** Mayor Wallace as the primary and Deb Trate as the alternate as the Town's representatives to the USPP, **Action:** Designate, **Moved by** Johann Wallace, **Seconded by** Christy Hirshberg.  
Motion passed unanimously.

**F. Department Director Reports**

**Manager Harvey:** We have 2 WIFA meetings next week, the loan process is progressing. Our ERATE contract is almost up, we will have to go out for bid on this. Last Council meeting there was question about a few items on the financial report. There was a miscode on the Police Department for their body camera equipment, there was a different line this should have been charged. We will do a line item adjustment on this. On the Miscellaneous section, we have a tower lease that we are only paid for every five years and that happened this year and so the money was put there. We completed 2 interviews for Library Director and have 2 more scheduled for next week. As Council is aware, we don't have inmates anymore for labor, so the landfill is going to hire 2 part time people to help with some of what used to be done with the inmate labor. They do have money in their budget to cover this.

**G. Items to be placed on future agendas**

**Mayor Pro Tem Johnson:** Do I need to put having the farmers market come to town looked into on there?

**Mayor Wallace:** Re-evaluate the business license fees

**H. Reports of Current Events by Council**

**I. Adjournment**

**Motion:** 7:45pm, **Action:** Adjourn, **Moved by** Johann Wallace, **Seconded by** Donna Johnson.  
Motion passed unanimously.

Approved by Mayor Johann R. Wallace on February 25, 2021.

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Mr. Johann R. Wallace  
Mayor

Attest: \_\_\_\_\_  
Ms. Brandy Thorpe,  
Town Clerk

Seal:

**Certification**

I hereby certify that the foregoing is a true and correct copy of the Minutes of the Meeting for the Huachuca City Town Council held on February 11, 2021. I further certify that the meeting was duly called and a quorum was present.

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Ms. Brandy Thorpe,  
Town Clerk





TOWN OF HUACHUCA CITY  
REVENUES WITH COMPARISON TO BUDGET  
FOR THE 7 MONTHS ENDING JANUARY 31, 2021

GENERAL FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
<u>TAXES</u>					
10-31-100 AUTO LIEU TAX	9,376.74	63,588.17	110,974.00	47,385.83	57.3
10-31-200 REAL PROPERTY TAXES	7,307.65	64,674.83	105,326.21	40,651.38	61.4
10-31-240 FRANCHISE TAXES	3,006.26	6,552.80	21,300.00	14,747.20	30.8
10-31-250 CITY SALES TAXES	29,432.83	191,600.68	328,787.00	137,186.32	58.3
10-31-252 USE TAX PURCHASES	.00	.00	10,000.00	10,000.00	.0
10-31-254 USE TAX INVENTORY	.00	.00	10,000.00	10,000.00	.0
10-31-260 STATE SALES TAXES	17,152.86	116,424.99	157,371.00	40,946.01	74.0
<b>TOTAL TAXES</b>	<b>66,276.34</b>	<b>442,841.47</b>	<b>743,758.21</b>	<b>300,916.74</b>	<b>59.5</b>
<u>LICENSES AND PERMITS</u>					
10-32-100 BUILDING PERMITS	105.00	7,105.41	15,000.00	7,894.59	47.4
10-32-110 BUSINESS LICENSES	700.00	7,172.00	11,000.00	3,828.00	65.2
10-32-120 P&Z FEES	.00	2,200.00	750.00	( 1,450.00)	293.3
<b>TOTAL LICENSES AND PERMITS</b>	<b>805.00</b>	<b>16,477.41</b>	<b>26,750.00</b>	<b>10,272.59</b>	<b>61.6</b>
<u>INTERGOVERNMENTAL REVENUE</u>					
10-33-100 STATE REVENUE SHARING	20,674.89	124,049.34	248,099.00	124,049.66	50.0
<b>TOTAL INTERGOVERNMENTAL REVENUE</b>	<b>20,674.89</b>	<b>124,049.34</b>	<b>248,099.00</b>	<b>124,049.66</b>	<b>50.0</b>
<u>CHARGES FOR SERVICE</u>					
10-34-131 POLICE PROTECTION EQUIPMENT	4.34	30.68	100.00	69.32	30.7
10-34-132 POST TRAINING REIMBURSEMENTS	.00	.00	100.00	100.00	.0
10-34-140 AUCTION PROCEEDS	.00	5,657.05	20,000.00	14,342.95	28.3
10-34-150 ANIMAL SHELTER REIMBURSEMENT	.00	.00	100.00	100.00	.0
10-34-160 KENNEL FEES	38.00	259.00	1,000.00	741.00	25.9
10-34-170 ADMIN GARBAGE FEES	563.01	4,127.18	10,000.00	5,872.82	41.3
10-34-530 CITY BUS FEES/DONATIONS	.00	.00	2,000.00	2,000.00	.0
<b>TOTAL CHARGES FOR SERVICE</b>	<b>605.35</b>	<b>10,073.91</b>	<b>33,300.00</b>	<b>23,226.09</b>	<b>30.3</b>
<u>FINES</u>					
10-35-100 POLICE FINES	14,810.90	75,570.80	105,000.00	29,429.20	72.0
10-35-110 IMPOUND FEES	1,215.00	6,430.00	6,200.00	( 230.00)	103.7
10-35-112 TOWING FEES	804.00	2,687.00	3,100.00	413.00	86.7
10-35-120 LIBRARY FEES & FINES	150.00	2,718.24	3,200.00	481.76	85.0
<b>TOTAL FINES</b>	<b>16,979.90</b>	<b>87,406.04</b>	<b>117,500.00</b>	<b>30,093.96</b>	<b>74.4</b>

TOWN OF HUACHUCA CITY  
REVENUES WITH COMPARISON TO BUDGET  
FOR THE 7 MONTHS ENDING JANUARY 31, 2021

GENERAL FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
<u>MISCELLANEOUS REVENUE</u>					
10-36-100 INTEREST	10,026.24	21,370.03	40,000.00	18,629.97	53.4
10-36-200 UNREALIZED GAIN	( 9,290.63)	( 5,054.77)	10,000.00	15,054.77	( 50.6)
10-36-455 DONATIONS	.00	10.00	2,000.00	1,990.00	.5
10-36-500 PARKS & REC REVENUE & FEES	.00	808.00	2,400.00	1,592.00	33.7
10-36-515 YOUTH SPONSERSHIP REVENUE	.00	.00	3,000.00	3,000.00	.0
10-36-900 MISCELLANEOUS	766.74	7,605.51	2,500.00	( 5,105.51)	304.2
10-36-901 ADMIN SERVICE FEES	.00	.00	5,000.00	5,000.00	.0
10-36-902 WORKERS' COMP REIMBURSEMENTS	.00	1,083.66	100.00	( 983.66)	1083.7
10-36-903 DIESEL SALES (FIRE, SCHOOL)	.00	2,346.65	15,000.00	12,653.35	15.6
10-36-904 WILDLAND REVENUE	.00	.00	2,500.00	2,500.00	.0
10-36-907 INSURANCE CLAIMS	.00	.00	100.00	100.00	.0
10-36-908 EMPLOYEE INSURANCE CONTRIBUTIO	.00	.00	15,000.00	15,000.00	.0
10-36-910 LANDFILL LAND LEASE	47,599.42	333,195.94	702,955.00	369,759.06	47.4
10-36-911 WEAPONS & AMMO	.00	.00	20,000.00	20,000.00	.0
10-36-912 ASSET FORFEITURE	.00	.00	20,000.00	20,000.00	.0
10-36-950 RICO REVENUE(ASSET FORFEITURE)	.00	.00	8,400.00	8,400.00	.0
10-36-966 BUILDING LEASE RENT	.00	.00	15,000.00	15,000.00	.0
10-36-971 TOWER LEASE	.00	62,964.23	62,964.00	( .23)	100.0
10-36-980 INSURANCE DIVIDEND	.00	.00	29,000.00	29,000.00	.0
10-36-990 MUFFIN MONSTER REPAYMENT	.00	.00	3,500.00	3,500.00	.0
10-36-999 DAILY CASH REC OVER/SHORT ACCT	.00	.00	100.00	100.00	.0
<b>TOTAL MISCELLANEOUS REVENUE</b>	<b>49,101.77</b>	<b>424,329.25</b>	<b>959,519.00</b>	<b>535,189.75</b>	<b>44.2</b>

TOWN OF HUACHUCA CITY  
REVENUES WITH COMPARISON TO BUDGET  
FOR THE 7 MONTHS ENDING JANUARY 31, 2021

GENERAL FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
<u>TOWN GRANTS</u>					
10-37-165 DONATIONS - ANIMAL SHELTER	.00	.00	5,000.00	5,000.00	.0
10-37-456 DONATIONS - LIBRARY	.00	1,340.00	3,000.00	1,660.00	44.7
10-37-457 LIBRARY GRANT	.00	5,771.00	50,000.00	44,229.00	11.5
10-37-458 SENIOR CENTER GRANT	.00	.00	25,000.00	25,000.00	.0
10-37-459 SUMMER SPLASH	.00	319.00	.00	( 319.00)	.0
10-37-467 POLICE DONATIONS	.00	482.17	5,000.00	4,517.83	9.6
10-37-480 SUMMER SPLASH GRANT	.00	.00	5,000.00	5,000.00	.0
10-37-906 GRANTS - POLICE AZDOHS	.00	.00	100,000.00	100,000.00	.0
10-37-908 GRANTS - IT	.00	.00	15,000.00	15,000.00	.0
10-37-909 BUILDING REGULATION GRANT	.00	.00	10,000.00	10,000.00	.0
10-37-911 GRANTS - POLICE AZGOHS	.00	.00	50,000.00	50,000.00	.0
10-37-913 USDA EQUIPMENT GRANT	.00	.00	60,000.00	60,000.00	.0
10-37-919 CITY BUS GRANT	.00	.00	50,000.00	50,000.00	.0
10-37-920 GENERAL ADMIN GRANT	.00	.00	50,000.00	50,000.00	.0
10-37-921 POLICE GRANT	.00	13,358.60	.00	( 13,358.60)	.0
10-37-925 MISC GRANTS	.00	94,500.00	150,000.00	55,500.00	63.0
10-37-926 COVID-19 GRANTS	.00	( 4.55)	250,000.00	250,004.55	.0
10-37-927 CARES ACT GRANT	.00	199,305.00	.00	( 199,305.00)	.0
10-37-963 E-RATE	.00	.00	150,000.00	150,000.00	.0
10-37-965 SCBA GRANT	.00	.00	200,000.00	200,000.00	.0
10-37-966 SEWER POND PROJECT	.00	.00	2,000,000.00	2,000,000.00	.0
10-37-967 LANDFILL GRANT	.00	.00	15,000.00	15,000.00	.0
10-37-968 PUBLIC WORKS GRANT	.00	.00	20,000.00	20,000.00	.0
10-37-969 COURT GRANT	.00	.00	10,000.00	10,000.00	.0
<b>TOTAL TOWN GRANTS</b>	<b>.00</b>	<b>315,071.22</b>	<b>3,223,000.00</b>	<b>2,907,928.78</b>	<b>9.8</b>
<b>TOTAL FUND REVENUE</b>	<b>154,443.25</b>	<b>1,420,248.64</b>	<b>5,351,926.21</b>	<b>3,931,677.57</b>	<b>26.5</b>

TOWN OF HUACHUCA CITY  
EXPENDITURES WITH COMPARISON TO BUDGET  
FOR THE 7 MONTHS ENDING JANUARY 31, 2021

GENERAL FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>COUNCIL</u>					
10-42-100 PERSONNEL SERVICES	900.00	5,400.00	10,800.00	5,400.00	50.0
10-42-130 EMPLOYEE BENEFITS	71.03	432.30	930.00	497.70	46.5
10-42-220 ATTORNEY FEES	.00	18,952.62	40,000.00	21,047.38	47.4
10-42-250 ADVERTISING	.00	.00	1,500.00	1,500.00	.0
10-42-290 OFFICE SUPPLIES	22.96	45.92	200.00	154.08	23.0
10-42-530 COMMUNITY RELATIONS	19.44	19.44	100.00	80.56	19.4
10-42-640 MEMBERSHIP LEAGUE	.00	627.00	5,720.00	5,093.00	11.0
10-42-660 TRAVEL AND TRAINING	.00	.00	1,300.00	1,300.00	.0
10-42-670 BLDG LEASE PAYMENT	.00	214.47	.00	( 214.47)	.0
<b>TOTAL COUNCIL</b>	<b>1,013.43</b>	<b>25,691.75</b>	<b>60,550.00</b>	<b>34,858.25</b>	<b>42.4</b>
<u>GENERAL ADMINISTRATION</u>					
10-43-100 PERSONNEL SERVICES	10,179.60	92,092.73	165,000.00	72,907.27	55.8
10-43-102 NEW HIRE	90.00	360.00	150.00	( 210.00)	240.0
10-43-105 OVERTIME	.00	1,291.09	250.00	( 1,041.09)	516.4
10-43-130 EMPLOYEE BENEFITS	1,678.44	16,018.85	49,315.21	33,296.36	32.5
10-43-250 ADVERTISING	.00	1,980.62	4,000.00	2,019.38	49.5
10-43-271 TELEPHONE	551.16	4,722.30	8,600.00	3,877.70	54.9
10-43-280 INSURANCE	181.85	6,538.80	50,000.00	43,461.20	13.1
10-43-290 OFFICE SUPPLIES	851.16	4,454.04	6,000.00	1,545.96	74.2
10-43-300 PRINTING	.00	( 183.18)	1,000.00	1,183.18	( 18.3)
10-43-340 UTILITIES	1,016.41	3,773.81	8,000.00	4,226.19	47.2
10-43-360 CONTRACT LABOR	.00	1,349.37	1,700.00	350.63	79.4
10-43-440 POSTAGE	.00	790.06	3,500.00	2,709.94	22.6
10-43-470 VEHICLE EXPENSE	.00	.00	600.00	600.00	.0
10-43-475 FUEL EXPENSE	.00	.00	600.00	600.00	.0
10-43-480 COMPUTER EXPENSE	1,001.95	10,583.75	8,000.00	( 2,583.75)	132.3
10-43-500 BUILDING MAINTENANCE	68.50	519.99	4,000.00	3,480.01	13.0
10-43-610 EQUIPMENT MAINTENANCE	.00	.00	250.00	250.00	.0
10-43-640 MEMBERSHIP	.00	1,448.00	2,500.00	1,052.00	57.9
10-43-650 AUDIT	11,625.00	32,095.06	35,750.00	3,654.94	89.8
10-43-660 TRAVEL AND TRAINING	350.00	623.00	4,000.00	3,377.00	15.6
10-43-671 BLDG LEASE PAYMENT	7,572.50	7,572.50	18,000.00	10,427.50	42.1
10-43-690 ELECTION SUPPLIES	.00	2,611.49	8,000.00	5,388.51	32.6
10-43-703 CODIFYING/DIGITIZING	.00	.00	2,100.00	2,100.00	.0
10-43-705 DEBT:CAP LEASE EXP (830 AZ ST)	304.50	24,273.63	10,000.00	( 14,273.63)	242.7
10-43-840 CAPITAL OUTLAY - EQUIPMENT	.00	.00	1,000.00	1,000.00	.0
10-43-850 DEBT: HURF REPAYMENT	.00	.00	4,200.00	4,200.00	.0
<b>TOTAL GENERAL ADMINISTRATION</b>	<b>35,471.07</b>	<b>212,915.91</b>	<b>396,515.21</b>	<b>183,599.30</b>	<b>53.7</b>

TOWN OF HUACHUCA CITY  
EXPENDITURES WITH COMPARISON TO BUDGET  
FOR THE 7 MONTHS ENDING JANUARY 31, 2021

GENERAL FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>MAGISTRATE</u>					
10-45-100 PERSONNEL SERVICES	1,616.00	12,120.00	21,008.00	8,888.00	57.7
10-45-105 OVERTIME	.00	.00	250.00	250.00	.0
10-45-120 PROSECUTION FEES	.00	1,838.31	4,500.00	2,661.69	40.9
10-45-130 EMPLOYEE BENEFITS	690.96	4,659.58	7,850.00	3,190.42	59.4
10-45-221 COURT APPT ATTORNEYS	1,270.00	2,120.00	4,000.00	1,880.00	53.0
10-45-250 CONTRACT LABOR-PRO TEM	40.00	460.00	1,000.00	540.00	46.0
10-45-290 OFFICE SUPPLIES	.00	45.47	200.00	154.53	22.7
10-45-360 CONTRACT LABOR-JUDGE	1,260.00	7,410.00	14,400.00	6,990.00	51.5
10-45-361 CONTRACT LABOR - SECURITY	210.00	5,518.00	9,760.00	4,242.00	56.5
10-45-480 COMPUTER EXPENSE	.00	1,226.64	2,750.00	1,523.36	44.6
10-45-660 TRAVEL/TRAINING	.00	.00	1,500.00	1,500.00	.0
10-45-810 JAIL FEES	.00	636.12	4,000.00	3,363.88	15.9
<b>TOTAL MAGISTRATE</b>	<b>5,086.96</b>	<b>36,034.12</b>	<b>71,218.00</b>	<b>35,183.88</b>	<b>50.6</b>
<u>IT</u>					
10-48-210 SUBSCRIPTIONS	.00	10,269.42	36,765.00	26,495.58	27.9
10-48-275 CELL PHONE	1,578.02	8,016.23	19,680.00	11,663.77	40.7
10-48-804 SOFTWARE LICENSING	.00	.00	100.00	100.00	.0
10-48-840 CAPITAL OUTLAY	.00	.00	7,750.00	7,750.00	.0
<b>TOTAL IT</b>	<b>1,578.02</b>	<b>18,285.65</b>	<b>64,295.00</b>	<b>46,009.35</b>	<b>28.4</b>

TOWN OF HUACHUCA CITY  
EXPENDITURES WITH COMPARISON TO BUDGET  
FOR THE 7 MONTHS ENDING JANUARY 31, 2021

GENERAL FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>POLICE</u>					
10-51-100 PERSONNEL SERVICES	21,866.50	163,807.35	308,000.00	144,192.65	53.2
10-51-105 OVERTIME	1,519.22	6,390.30	8,000.00	1,609.70	79.9
10-51-110 UNIFORM EXPENSE	250.00	1,625.00	3,100.00	1,475.00	52.4
10-51-130 EMPLOYEE BENEFITS	6,156.69	43,860.75	111,000.00	67,139.25	39.5
10-51-135 PUBLIC SAFETY RETIREMENT	2,864.19	20,548.38	50,000.00	29,451.62	41.1
10-51-222 SEACOM/CCSO CONTRACT	.00	40,975.00	81,950.00	40,975.00	50.0
10-51-230 PROFESSIONAL SERVICES	.00	719.14	3,500.00	2,780.86	20.6
10-51-240 PROSECUTION FEES	.00	1,963.50	4,500.00	2,536.50	43.6
10-51-271 TELEPHONE	384.27	2,215.97	5,200.00	2,984.03	42.6
10-51-290 OFFICE SUPPLIES	.00	579.07	1,000.00	420.93	57.9
10-51-295 PRINTING EXPENSE	.00	290.21	1,225.00	934.79	23.7
10-51-340 UTILITIES	279.68	2,230.65	6,000.00	3,769.35	37.2
10-51-360 CONTRACT LABOR	.00	495.00	.00	( 495.00)	.0
10-51-460 MAINTENANCE AND SUPPLIES	488.59	4,718.21	1,200.00	( 3,518.21)	393.2
10-51-463 MEDICINE/VACCINE	.00	302.36	2,000.00	1,697.64	15.1
10-51-466 WEAPONS AND AMMUNITION	.00	820.51	600.00	( 220.51)	136.8
10-51-467 SV CONTRACT PAYMENT	.00	.00	4,000.00	4,000.00	.0
10-51-470 VEHICLE EXPENSE	524.68	12,359.56	11,000.00	( 1,359.56)	112.4
10-51-475 POLICE FUEL EXPENSE	931.92	5,436.92	13,400.00	7,963.08	40.6
10-51-480 COMPUTER EXPENSE	.00	.00	1,000.00	1,000.00	.0
10-51-505 POLICE VEHICLE IMPOUND FEE	978.00	3,511.50	2,210.00	( 1,301.50)	158.9
10-51-510 IMPOUND ADMIN	( 900.00)	( 3,150.00)	.00	3,150.00	.0
10-51-620 EQUIP REPAIR AND MAINTENANCE	1,368.81	4,760.09	8,300.00	3,539.91	57.4
10-51-640 MEMBERSHIP	.00	.00	400.00	400.00	.0
10-51-660 TRAVEL AND TRAINING	1,581.63	2,026.63	2,500.00	473.37	81.1
10-51-665 COMMUNITY RELATIONS	.00	.00	1,000.00	1,000.00	.0
10-51-705 CAPITAL LEASE	61.57	929.21	3,100.00	2,170.79	30.0
10-51-840 POLICE CAPITAL OUTLAY	.00	.00	4,900.00	4,900.00	.0
10-51-841 VEHICLE LEASE	.00	27,046.78	28,000.00	953.22	96.6
10-51-856 BODY WORN CAMERA PROGRAM	.00	.00	4,500.00	4,500.00	.0
10-51-857 ASSET FORFEITURE EXPENSES	.00	780.00	.00	( 780.00)	.0
<b>TOTAL POLICE</b>	<b>38,355.75</b>	<b>345,242.09</b>	<b>671,585.00</b>	<b>326,342.91</b>	<b>51.4</b>
<u>ANIMAL SHELTER</u>					
10-52-100 PERSONNEL SERVICES	2,463.39	18,708.65	.00	( 18,708.65)	.0
10-52-105 OVERTIME	.00	108.00	.00	( 108.00)	.0
10-52-130 EMPLOYEE BENEFITS	906.53	6,727.19	.00	( 6,727.19)	.0
10-52-310 INSURANCE	.00	22.34	.00	( 22.34)	.0
10-52-463 MEDICE/VACCINE	165.00	290.00	.00	( 290.00)	.0
10-52-475 FUEL EXPENSE	211.14	211.14	.00	( 211.14)	.0
<b>TOTAL ANIMAL SHELTER</b>	<b>3,746.06</b>	<b>26,067.32</b>	<b>.00</b>	<b>( 26,067.32)</b>	<b>.0</b>

TOWN OF HUACHUCA CITY  
EXPENDITURES WITH COMPARISON TO BUDGET  
FOR THE 7 MONTHS ENDING JANUARY 31, 2021

GENERAL FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>FIRE</u>					
10-53-340 UTILITIES	1,054.72	4,695.43	12,000.00	7,304.57	39.1
10-53-360 CONTRACTED PERSONNEL SERVICES	102,500.00	307,849.25	410,000.00	102,150.75	75.1
10-53-366 INSURANCE	.00	402.12	3,200.00	2,797.88	12.6
10-53-470 VEHICLE EXPENSE	237.25	237.25	.00	( 237.25)	.0
<b>TOTAL FIRE</b>	<b>103,791.97</b>	<b>313,184.05</b>	<b>425,200.00</b>	<b>112,015.95</b>	<b>73.7</b>
<u>BUILDING REGULATION</u>					
10-54-360 CONTRACT LABOR	4,100.00	29,500.00	55,000.00	25,500.00	53.6
10-54-760 BLDG REGULATION SUPPLIES	67.03	347.77	600.00	252.23	58.0
10-54-801 ABATEMENT	.00	.00	1,020.00	1,020.00	.0
<b>TOTAL BUILDING REGULATION</b>	<b>4,167.03</b>	<b>29,847.77</b>	<b>56,620.00</b>	<b>26,772.23</b>	<b>52.7</b>
<u>PUBLIC WORKS</u>					
10-57-100 PERSONNEL SERVICES	1,124.79	8,458.31	14,585.00	6,126.69	58.0
10-57-105 OVERTIME	80.17	352.88	500.00	147.12	70.6
10-57-110 UNIFORM EXPENSE	295.60	2,149.44	1,450.00	( 699.44)	148.2
10-57-130 EMPLOYEE BENEFITS	394.63	3,001.07	9,762.00	6,760.93	30.7
10-57-280 INSURANCE	.00	196.60	1,555.00	1,358.40	12.6
10-57-340 UTILITIES	6,049.33	22,058.04	30,000.00	7,941.96	73.5
10-57-360 CONTRACT LABOR	.00	.00	1,000.00	1,000.00	.0
10-57-460 MAINTENANCE AND SUPPLIES	948.74	2,220.46	1,750.00	( 470.46)	126.9
10-57-475 FUEL EXPENSE	121.91	644.94	1,000.00	355.06	64.5
10-57-610 EQUIPMENT MAINTENANCE	.00	1,734.91	10,000.00	8,265.09	17.4
<b>TOTAL PUBLIC WORKS</b>	<b>9,015.17</b>	<b>40,816.65</b>	<b>71,602.00</b>	<b>30,785.35</b>	<b>57.0</b>
<u>CITY POOL</u>					
10-58-100 PERSONNEL SERVICES	.00	7,764.90	10,144.00	2,379.10	76.6
10-58-130 EMPLOYEE BENEFITS	.00	1,055.51	1,008.00	( 47.51)	104.7
10-58-270 PHONE	.00	.00	100.00	100.00	.0
10-58-340 UTILITIES	411.98	2,691.27	6,800.00	4,108.73	39.6
10-58-460 MAINTENANCE AND SUPPLIES	.00	1,723.98	2,600.00	876.02	66.3
10-58-660 CERTIFYING	.00	.00	300.00	300.00	.0
<b>TOTAL CITY POOL</b>	<b>411.98</b>	<b>13,235.66</b>	<b>20,952.00</b>	<b>7,716.34</b>	<b>63.2</b>

TOWN OF HUACHUCA CITY  
EXPENDITURES WITH COMPARISON TO BUDGET  
FOR THE 7 MONTHS ENDING JANUARY 31, 2021

GENERAL FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>SUMMER SPLASH</u>					
10-59-100 PERSONNEL SERVICES	.00	.00	4,500.00	4,500.00	.0
10-59-130 EMPLOYEE BENEFITS	.00	.00	250.00	250.00	.0
10-59-460 SUPPLIES	.00	132.85	200.00	67.15	66.4
TOTAL SUMMER SPLASH	.00	132.85	4,950.00	4,817.15	2.7
<u>PARKS &amp; RECREATION</u>					
10-60-460 MAINTENANCE AND SUPPLIES	774.76	1,352.59	1,460.00	107.41	92.6
10-60-530 COMMUNITY RELATIONS/JULY 4TH	.00	.00	10,000.00	10,000.00	.0
10-60-704 SPECIAL ACTIVITIES	.00	273.06	800.00	526.94	34.1
TOTAL PARKS & RECREATION	774.76	1,625.65	12,260.00	10,634.35	13.3
<u>LIBRARY AND COMMUNITY SERVICES</u>					
10-62-100 PERSONNEL SERVICES	4,341.51	38,780.73	86,091.00	47,310.27	45.1
10-62-105 OVERTIME	.00	6.30	.00	( 6.30)	.0
10-62-130 EMPLOYEE BENEFITS	953.46	5,660.30	9,007.00	3,346.70	62.8
10-62-271 TELEPHONE	166.31	1,082.01	2,100.00	1,017.99	51.5
10-62-280 INSURANCE	.00	44.68	400.00	355.32	11.2
10-62-290 OFFICE SUPPLIES	.00	.00	1,000.00	1,000.00	.0
10-62-340 UTILITIES	350.01	1,468.30	10,600.00	9,131.70	13.9
10-62-366 INMATE/JANITORIAL	.00	910.00	1,300.00	390.00	70.0
10-62-460 MAINTENANCE AND SUPPLIES	47.00	274.98	750.00	475.02	36.7
10-62-476 FUEL	.00	39.33	40.00	.67	98.3
10-62-480 COMPUTER EXPENSE	750.00	750.00	1,500.00	750.00	50.0
10-62-481 INTERNET	.00	.00	3,800.00	3,800.00	.0
10-62-620 VEHICLE REPAIR & MAINT	.00	.00	200.00	200.00	.0
10-62-621 DEBT: E-RATE	1,275.00	7,675.00	9,000.00	1,325.00	85.3
10-62-660 TRAVEL AND TRAINING	.00	.00	500.00	500.00	.0
10-62-703 COMMUNITY RELATIONS	.00	297.00	.00	( 297.00)	.0
10-62-705 CAPITAL OUTLAY	47.40	1,563.88	3,700.00	2,136.12	42.3
TOTAL LIBRARY AND COMMUNITY SERVICES	7,930.69	58,552.51	129,988.00	71,435.49	45.0
<u>CITY BUS</u>					
10-65-280 INSURANCE	.00	80.42	700.00	619.58	11.5
10-65-480 BUS LINE EXP	.00	.00	2,000.00	2,000.00	.0
TOTAL CITY BUS	.00	80.42	2,700.00	2,619.58	3.0



TOWN OF HUACHUCA CITY  
EXPENDITURES WITH COMPARISON TO BUDGET  
FOR THE 7 MONTHS ENDING JANUARY 31, 2021

GENERAL FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>SENIOR CENTER</u>					
10-68-290 SUPPLIES	.00	226.16	1,650.00	1,423.84	13.7
10-68-340 UTILITIES	220.37	1,530.63	4,800.00	3,269.37	31.9
10-68-462 PEST CONTROL	68.50	160.50	550.00	389.50	29.2
<b>TOTAL SENIOR CENTER</b>	<b>288.87</b>	<b>1,917.29</b>	<b>7,000.00</b>	<b>5,082.71</b>	<b>27.4</b>
<u>TOWN GRANTS</u>					
10-69-800 ANIMAL CONTROL DONATIONS EXP	.00	.00	5,000.00	5,000.00	.0
10-69-802 LIBRARY DONATIONS EXP	.00	.00	3,000.00	3,000.00	.0
10-69-803 IT GRANT EXP	.00	.00	15,000.00	15,000.00	.0
10-69-804 MISC EXP	.00	.00	225,000.00	225,000.00	.0
10-69-805 BUILDING REGULATION EXP	.00	.00	10,000.00	10,000.00	.0
10-69-806 LIBRARY GRANTS EXP	.00	1,788.53	50,000.00	48,211.47	3.6
10-69-807 SENIOR CENTER GRANT EXP	.00	.00	50,000.00	50,000.00	.0
10-69-808 SUMMER SPLASH GRANT EXP	.00	.00	5,000.00	5,000.00	.0
10-69-809 EDA GRANTS EXP	.00	.00	25,000.00	25,000.00	.0
10-69-810 E-RATE EXP	1,490.37	9,498.55	150,000.00	140,501.45	6.3
10-69-811 FOOD PANTRY DONATION EXP	.00	.00	2,000.00	2,000.00	.0
10-69-813 CITY BUS GRANT EXP	.00	1,540.16	50,000.00	48,459.84	3.1
10-69-814 LANDFILL GRANT EXP	.00	.00	15,000.00	15,000.00	.0
10-69-815 PUBLIC WORKS GRANT EXP	.00	.00	20,000.00	20,000.00	.0
10-69-816 COURT GRANT EXP	.00	.00	10,000.00	10,000.00	.0
10-69-845 POLICE GRANT EXP	.00	3,974.20	30,000.00	26,025.80	13.3
10-69-846 AZDOHS GRANT EXPENDITURES	.00	.00	53,491.00	53,491.00	.0
10-69-847 AZGOHS GRANT EXPENDITURES	.00	2,515.99	31,000.00	28,484.01	8.1
10-69-849 BUS LINE EXP	744.70	5,616.68	75,000.00	69,383.32	7.5
10-69-850 SCBA GRANT EXP	.00	.00	200,000.00	200,000.00	.0
10-69-851 USDA EQUIPMENT GRANT	.00	.00	60,000.00	60,000.00	.0
10-69-854 WIFA LOAN	.00	.00	2,000,000.00	2,000,000.00	.0
10-69-855 EMERGENCY SIGNAL CONTRACT SERV	.00	94,672.47	22,000.00	( 72,672.47)	430.3
10-69-856 COVID-19 GRANT EXP	.00	4,683.65	250,000.00	245,316.35	1.9
<b>TOTAL TOWN GRANTS</b>	<b>2,235.07</b>	<b>124,290.23</b>	<b>3,356,491.00</b>	<b>3,232,200.77</b>	<b>3.7</b>
<b>TOTAL FUND EXPENDITURES</b>	<b>213,866.83</b>	<b>1,247,919.92</b>	<b>5,351,926.21</b>	<b>4,104,006.29</b>	<b>23.3</b>
<b>NET REVENUE OVER EXPENDITURES</b>	<b>( 59,423.58)</b>	<b>172,328.72</b>	<b>.00</b>	<b>( 172,328.72)</b>	<b>.0</b>

TOWN OF HUACHUCA CITY  
 REVENUES WITH COMPARISON TO BUDGET  
 FOR THE 7 MONTHS ENDING JANUARY 31, 2021

POLICE - DHS GRANT - BP OT

	<u>PERIOD ACTUAL</u>	<u>YTD ACTUAL</u>	<u>BUDGET</u>	<u>UNEXPENDED</u>	<u>PCNT</u>
<u>REVENUE</u>					
12-30-800 DHS GRANT BP O/T	.00	5,281.52	185,000.00	179,718.48	2.9
TOTAL REVENUE	.00	5,281.52	185,000.00	179,718.48	2.9
TOTAL FUND REVENUE	.00	5,281.52	185,000.00	179,718.48	2.9

TOWN OF HUACHUCA CITY  
EXPENDITURES WITH COMPARISON TO BUDGET  
FOR THE 7 MONTHS ENDING JANUARY 31, 2021

POLICE - DHS GRANT - BP OT

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>EXPENDITURES</u>					
12-40-130 EMPLOYEE BENEFITS	303.48	1,625.33	185,000.00	183,374.67	.9
12-40-131 DUI TASK FORCE OVER TIME	1,024.44	3,483.72	.00	( 3,483.72)	.0
12-40-135 PUBLIC SAFETY RETIREMENT	333.51	1,215.81	.00	( 1,215.81)	.0
12-40-840 AUTHORIZED EXPENDITURES	1,295.88	4,982.52	.00	( 4,982.52)	.0
TOTAL EXPENDITURES	<u>2,957.31</u>	<u>11,307.38</u>	<u>185,000.00</u>	<u>173,692.62</u>	<u>6.1</u>
TOTAL FUND EXPENDITURES	<u>2,957.31</u>	<u>11,307.38</u>	<u>185,000.00</u>	<u>173,692.62</u>	<u>6.1</u>
NET REVENUE OVER EXPENDITURES	<u>( 2,957.31)</u>	<u>( 6,025.86)</u>	<u>.00</u>	<u>6,025.86</u>	<u>.0</u>

TOWN OF HUACHUCA CITY  
 REVENUES WITH COMPARISON TO BUDGET  
 FOR THE 7 MONTHS ENDING JANUARY 31, 2021

TRUST FUND

<u>REVENUE</u>	<u>PERIOD ACTUAL</u>	<u>YTD ACTUAL</u>	<u>BUDGET</u>	<u>UNEXPENDED</u>	<u>PCNT</u>
20-30-200 FINES AND BAILS	18,559.60	125,241.46	174,000.00	48,758.54	72.0
20-30-300 BONDS	.00	.00	100.00	100.00	.0
20-30-400 RESTITUTION	.00	.00	100.00	100.00	.0
20-30-500 JCEF	.00	.00	100.00	100.00	.0
TOTAL REVENUE	18,559.60	125,241.46	174,300.00	49,058.54	71.9
TOTAL FUND REVENUE	18,559.60	125,241.46	174,300.00	49,058.54	71.9

TOWN OF HUACHUCA CITY  
EXPENDITURES WITH COMPARISON TO BUDGET  
FOR THE 7 MONTHS ENDING JANUARY 31, 2021

		TRUST FUND				
		PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>EXPENDITURES</u>						
20-40-200	FINES AND BAILS	25,350.53	124,360.91	174,100.00	49,739.09	71.4
20-40-400	RESTITUTION	.00	16.81	.00	( 16.81)	.0
20-40-401	BOND	.00	.00	100.00	100.00	.0
20-40-500	JCEF	.00	.00	100.00	100.00	.0
TOTAL EXPENDITURES		<u>25,350.53</u>	<u>124,377.72</u>	<u>174,300.00</u>	<u>49,922.28</u>	<u>71.4</u>
TOTAL FUND EXPENDITURES		<u>25,350.53</u>	<u>124,377.72</u>	<u>174,300.00</u>	<u>49,922.28</u>	<u>71.4</u>
NET REVENUE OVER EXPENDITURES		<u>( 6,790.93)</u>	<u>863.74</u>	<u>.00</u>	<u>( 863.74)</u>	<u>.0</u>

TOWN OF HUACHUCA CITY  
 REVENUES WITH COMPARISON TO BUDGET  
 FOR THE 7 MONTHS ENDING JANUARY 31, 2021

VOL FIREFIGHTER PENSION FUND

		<u>PERIOD ACTUAL</u>	<u>YTD ACTUAL</u>	<u>BUDGET</u>	<u>UNEXPENDED</u>	<u>PCNT</u>
<u>REVENUE</u>						
22-30-100	INTEREST REVENUE	.00	.00	600.00	600.00	.0
	TOTAL REVENUE	.00	.00	600.00	600.00	.0
	TOTAL FUND REVENUE	.00	.00	600.00	600.00	.0

TOWN OF HUACHUCA CITY  
 EXPENDITURES WITH COMPARISON TO BUDGET  
 FOR THE 7 MONTHS ENDING JANUARY 31, 2021

VOL FIREFIGHTER PENSION FUND

	<u>PERIOD ACTUAL</u>	<u>YTD ACTUAL</u>	<u>BUDGET</u>	<u>UNEXPENDED</u>	<u>PCNT</u>
<u>EXPENDITURES</u>					
22-40-800 MISCELLANEOUS EXPENSE	.00	.00	600.00	600.00	.0
TOTAL EXPENDITURES	.00	.00	600.00	600.00	.0
TOTAL FUND EXPENDITURES	.00	.00	600.00	600.00	.0
NET REVENUE OVER EXPENDITURES	.00	.00	.00	.00	.0

TOWN OF HUACHUCA CITY  
 REVENUES WITH COMPARISON TO BUDGET  
 FOR THE 7 MONTHS ENDING JANUARY 31, 2021

ROAD USER FUND

		<u>PERIOD ACTUAL</u>	<u>YTD ACTUAL</u>	<u>BUDGET</u>	<u>UNEXPENDED</u>	<u>PCNT</u>
<u>REVENUE</u>						
23-30-300	GAS TAX REVENUES - HURF	13,822.08	113,615.67	150,677.00	37,061.33	75.4
23-30-320	HURF REPAYMENT	.00	.00	17,000.00	17,000.00	.0
23-30-800	MISCELLANOUS REVENUE	.00	.00	100.00	100.00	.0
TOTAL REVENUE		<u>13,822.08</u>	<u>113,615.67</u>	<u>167,777.00</u>	<u>54,161.33</u>	<u>67.7</u>
TOTAL FUND REVENUE		<u>13,822.08</u>	<u>113,615.67</u>	<u>167,777.00</u>	<u>54,161.33</u>	<u>67.7</u>



TOWN OF HUACHUCA CITY  
EXPENDITURES WITH COMPARISON TO BUDGET  
FOR THE 7 MONTHS ENDING JANUARY 31, 2021

ROAD USER FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>ROAD USERS ADMIN</u>					
23-40-100 PERSONNEL SERVICES	.00	.00	46,000.00	46,000.00	.0
23-40-130 EMPLOYEE BENEFITS	.00	.00	25,000.00	25,000.00	.0
23-40-460 MAINTENANCE AND SUPPLIES	.00	1,879.67	6,000.00	4,120.33	31.3
23-40-470 VEHICLE EXPENSE	.00	.00	2,500.00	2,500.00	.0
23-40-475 FUEL	.00	.00	1,080.00	1,080.00	.0
23-40-490 ROAD REPAIR	.00	.00	56,472.00	56,472.00	.0
23-40-610 EQUIPMENT REPAIR	.00	3,728.56	5,000.00	1,271.44	74.6
23-40-831 CAPITAL OUTLAY	.00	.00	25,725.00	25,725.00	.0
TOTAL ROAD USERS ADMIN	.00	5,608.23	167,777.00	162,168.77	3.3
TOTAL FUND EXPENDITURES	.00	5,608.23	167,777.00	162,168.77	3.3
NET REVENUE OVER EXPENDITURES	13,822.08	108,007.44	.00	( 108,007.44)	.0

TOWN OF HUACHUCA CITY  
 REVENUES WITH COMPARISON TO BUDGET  
 FOR THE 7 MONTHS ENDING JANUARY 31, 2021

		STATE HURF				
		PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>REVENUE</u>						
	28-30-300 STATE HURF	.00	.00	161,448.00	161,448.00	.0
	TOTAL REVENUE	.00	.00	161,448.00	161,448.00	.0
	TOTAL FUND REVENUE	.00	.00	161,448.00	161,448.00	.0

TOWN OF HUACHUCA CITY  
 EXPENDITURES WITH COMPARISON TO BUDGET  
 FOR THE 7 MONTHS ENDING JANUARY 31, 2021

STATE HURF

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>STATE HURF EXPENDITURES</u>					
28-40-122 MISC. EXPENSE	.00	.00	161,448.00	161,448.00	.0
TOTAL STATE HURF EXPENDITURES	.00	.00	161,448.00	161,448.00	.0
TOTAL FUND EXPENDITURES	.00	.00	161,448.00	161,448.00	.0
NET REVENUE OVER EXPENDITURES	.00	.00	.00	.00	.0

TOWN OF HUACHUCA CITY  
 REVENUES WITH COMPARISON TO BUDGET  
 FOR THE 7 MONTHS ENDING JANUARY 31, 2021

WATER FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>REVENUE</u>					
51-30-100 INTEREST EARNINGS	.00	.00	220.00	220.00	.0
51-30-200 WATER SALES	31,006.11	255,670.67	325,000.00	69,329.33	78.7
51-30-202 RC: RECONNECT FEE	120.00	800.00	1,000.00	200.00	80.0
51-30-203 WTO: WATER TURN ON FEE	.00	79.00	.00	( 79.00)	.0
51-30-300 CONNECTION FEES	150.00	1,045.00	1,000.00	( 45.00)	104.5
51-30-400 PENALTIES & FORFEITURES	.00	80.00	6,000.00	5,920.00	1.3
51-30-900 MISCELLANEOUS	.00	25.00	250.00	225.00	10.0
TOTAL REVENUE	31,276.11	257,699.67	333,470.00	75,770.33	77.3
TOTAL FUND REVENUE	31,276.11	257,699.67	333,470.00	75,770.33	77.3

TOWN OF HUACHUCA CITY  
EXPENDITURES WITH COMPARISON TO BUDGET  
FOR THE 7 MONTHS ENDING JANUARY 31, 2021

WATER FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>WATER EXPENDITURES</u>					
51-40-100 PERSONNEL SERVICES	5,061.53	38,062.01	71,000.00	32,937.99	53.6
51-40-105 OVERTIME	360.81	1,588.25	3,400.00	1,811.75	46.7
51-40-107 STAND BY TIME	.00	.00	4,160.00	4,160.00	.0
51-40-110 UNIFORM EXPENSE	.00	397.97	2,400.00	2,002.03	16.6
51-40-130 EMPLOYEE BENEFITS	1,849.23	13,480.01	35,000.00	21,519.99	38.5
51-40-280 INSURANCE	.00	393.18	3,110.00	2,716.82	12.6
51-40-290 OFFICE SUPPLIES	.00	.00	2,000.00	2,000.00	.0
51-40-340 UTILITIES	554.91	15,157.92	47,200.00	32,042.08	32.1
51-40-360 CONTRACT LABOR	500.00	7,760.00	8,000.00	240.00	97.0
51-40-370 SALES TAX	.00	3,833.72	30,000.00	26,166.28	12.8
51-40-440 POSTAGE	.00	790.06	3,400.00	2,609.94	23.2
51-40-460 MAINTENANCE & SUPPLIES	2,542.36	11,188.89	25,000.00	13,811.11	44.8
51-40-470 VEHICLE EXPENSE	86.53	5,095.51	12,000.00	6,904.49	42.5
51-40-475 FUEL EXPENSE	1,227.67	5,336.40	14,000.00	8,663.60	38.1
51-40-480 COMPUTER EXPENSE	.00	25.75	200.00	174.25	12.9
51-40-510 WATER TESTS	.00	300.00	7,500.00	7,200.00	4.0
51-40-610 EQUIPMENT MAINTENANCE	7,481.58	16,376.69	19,000.00	2,623.31	86.2
51-40-650 PROFESSIONAL SERVICES	2,906.25	40,228.55	30,000.00	( 10,228.55)	134.1
51-40-660 TRAVEL	.00	.00	1,000.00	1,000.00	.0
51-40-840 WATER CAPITAL OUTLAY	.00	.00	15,000.00	15,000.00	.0
51-40-900 BAD DEBT EXPENSE	.00	.00	100.00	100.00	.0
<b>TOTAL WATER EXPENDITURES</b>	<b>22,570.87</b>	<b>160,014.91</b>	<b>333,470.00</b>	<b>173,455.09</b>	<b>48.0</b>
<b>TOTAL FUND EXPENDITURES</b>	<b>22,570.87</b>	<b>160,014.91</b>	<b>333,470.00</b>	<b>173,455.09</b>	<b>48.0</b>
<b>NET REVENUE OVER EXPENDITURES</b>	<b>8,705.24</b>	<b>97,684.76</b>	<b>.00</b>	<b>( 97,684.76)</b>	<b>.0</b>

TOWN OF HUACHUCA CITY  
 REVENUES WITH COMPARISON TO BUDGET  
 FOR THE 7 MONTHS ENDING JANUARY 31, 2021

SEWER FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>REVENUE</u>					
52-30-100 INTEREST EARNINGS	.00	.00	200.00	200.00	.0
52-30-200 SEWER SERVICES	22,130.36	157,836.08	229,160.00	71,323.92	68.9
52-30-300 CONNECTION FEES	.00	.00	1,000.00	1,000.00	.0
TOTAL REVENUE	22,130.36	157,836.08	230,360.00	72,523.92	68.5
TOTAL FUND REVENUE	22,130.36	157,836.08	230,360.00	72,523.92	68.5

TOWN OF HUACHUCA CITY  
EXPENDITURES WITH COMPARISON TO BUDGET  
FOR THE 7 MONTHS ENDING JANUARY 31, 2021

SEWER FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>SEWER EXPENDITURES</u>					
52-40-100 PERSONNEL SERVICES	8,951.73	60,691.59	76,000.00	15,308.41	79.9
52-40-105 OVERTIME	360.81	1,588.22	3,200.00	1,611.78	49.6
52-40-107 STAND BY TIME	.00	.00	4,160.00	4,160.00	.0
52-40-110 UNIFORM EXPENSE	147.80	545.77	1,000.00	454.23	54.6
52-40-130 EMPLOYEE BENEFITS	3,239.80	21,958.39	31,000.00	9,041.61	70.8
52-40-280 INSURANCE	.00	393.18	3,110.00	2,716.82	12.6
52-40-340 UTILITIES	8.66	4,919.30	7,100.00	2,180.70	69.3
52-40-360 CONTRACT LABOR	.00	1,200.00	15,000.00	13,800.00	8.0
52-40-440 POSTAGE	.00	.00	1,500.00	1,500.00	.0
52-40-460 MAINTENANCE AND SUPPLIES	343.54	2,677.69	12,800.00	10,122.31	20.9
52-40-470 VEHICLE EXPENSE	.00	6,431.39	3,000.00	( 3,431.39)	214.4
52-40-475 FUEL	1,227.66	5,758.66	13,000.00	7,241.34	44.3
52-40-480 COMPUTER EXPENSE	.00	.00	200.00	200.00	.0
52-40-516 ADEQ FEES	2,000.00	4,500.00	4,000.00	( 500.00)	112.5
52-40-610 EQUIPMENT MAINTENANCE	.00	2,086.67	8,890.00	6,803.33	23.5
52-40-630 SEWER CHEMICALS	180.00	905.44	800.00	( 105.44)	113.2
52-40-650 PROFESSIONAL SERVICES	2,906.25	16,126.25	12,000.00	( 4,126.25)	134.4
52-40-702 SEWAGE POND COMPLIANCE	1,737.50	2,980.00	5,000.00	2,020.00	59.6
52-40-900 BAD DEBT EXPENSE	.00	.00	100.00	100.00	.0
52-40-925 MUFFIN MONSTER PAYMENT	.00	.00	3,500.00	3,500.00	.0
52-40-950 PAYMENT ON WIFA LOAN	.00	.00	25,000.00	25,000.00	.0
<b>TOTAL SEWER EXPENDITURES</b>	<b>21,103.75</b>	<b>132,762.55</b>	<b>230,360.00</b>	<b>97,597.45</b>	<b>57.6</b>
<b>TOTAL FUND EXPENDITURES</b>	<b>21,103.75</b>	<b>132,762.55</b>	<b>230,360.00</b>	<b>97,597.45</b>	<b>57.6</b>
<b>NET REVENUE OVER EXPENDITURES</b>	<b>1,026.61</b>	<b>25,073.53</b>	<b>.00</b>	<b>( 25,073.53)</b>	<b>.0</b>

TOWN OF HUACHUCA CITY  
 REVENUES WITH COMPARISON TO BUDGET  
 FOR THE 7 MONTHS ENDING JANUARY 31, 2021

GARBAGE FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>REVENUE</u>					
54-30-100 INTEREST EARNINGS	.00	.00	200.00	200.00	.0
54-30-200 SALES RECEIPTS	11,897.81	83,393.32	145,000.00	61,606.68	57.5
TOTAL REVENUE	11,897.81	83,393.32	145,200.00	61,806.68	57.4
TOTAL FUND REVENUE	11,897.81	83,393.32	145,200.00	61,806.68	57.4



TOWN OF HUACHUCA CITY  
 EXPENDITURES WITH COMPARISON TO BUDGET  
 FOR THE 7 MONTHS ENDING JANUARY 31, 2021

GARBAGE FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>GARBAGE EXPENDITURES</u>					
54-40-360 CONTRACT LABOR	11,334.80	79,266.14	132,000.00	52,733.86	60.1
54-40-450 EQUIPMENT/SUPPLIES	.00	.00	500.00	500.00	.0
54-40-821 TOWN TRASH SERVICE	.00	.00	500.00	500.00	.0
54-40-850 ADMIN FEES TRANSFER TO GF	563.01	4,127.18	12,200.00	8,072.82	33.8
TOTAL GARBAGE EXPENDITURES	11,897.81	83,393.32	145,200.00	61,806.68	57.4
TOTAL FUND EXPENDITURES	11,897.81	83,393.32	145,200.00	61,806.68	57.4
NET REVENUE OVER EXPENDITURES	.00	.00	.00	.00	.0

TOWN OF HUACHUCA CITY  
REVENUES WITH COMPARISON TO BUDGET  
FOR THE 7 MONTHS ENDING JANUARY 31, 2021

LANDFILL FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>REVENUE</u>					
55-30-100 INTEREST EARNINGS	.00	.00	500.00	500.00	.0
55-30-200 SALES - LANDFILL	106,479.33	804,871.32	1,240,000.00	435,128.68	64.9
55-30-201 LATE PENALTIES	.00	.00	500.00	500.00	.0
55-30-205 MISC.REVENUE	.00	540.00	600.00	60.00	90.0
55-30-210 TIPPING FEES	9,385.44	75,736.91	142,500.00	66,763.09	53.2
<b>TOTAL REVENUE</b>	<b>115,864.77</b>	<b>881,148.23</b>	<b>1,384,100.00</b>	<b>502,951.77</b>	<b>63.7</b>
<u>SOURCE 36</u>					
55-36-400 SALE OF FIXED ASSETS	.00	46,880.50	55,000.00	8,119.50	85.2
<b>TOTAL SOURCE 36</b>	<b>.00</b>	<b>46,880.50</b>	<b>55,000.00</b>	<b>8,119.50</b>	<b>85.2</b>
<b>TOTAL FUND REVENUE</b>	<b>115,864.77</b>	<b>928,028.73</b>	<b>1,439,100.00</b>	<b>511,071.27</b>	<b>64.5</b>

TOWN OF HUACHUCA CITY  
EXPENDITURES WITH COMPARISON TO BUDGET  
FOR THE 7 MONTHS ENDING JANUARY 31, 2021

LANDFILL FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>LANDFILL EXPENDITURES</u>					
55-40-100 PERSONNEL SERVICES	13,301.02	114,847.98	185,000.00	70,152.02	62.1
55-40-102 NEW HIRE	.00	.00	300.00	300.00	.0
55-40-105 OVERTIME	2,195.43	11,705.83	16,900.00	5,194.17	69.3
55-40-110 UNIFORM EXPENSE	479.47	2,391.06	5,000.00	2,608.94	47.8
55-40-130 EMPLOYEE BENEFITS	3,815.84	39,136.20	75,000.00	35,863.80	52.2
55-40-250 ADVERTISING	.00	.00	200.00	200.00	.0
55-40-265 BANK COSTS/FEES	2,647.94	20,682.96	40,000.00	19,317.04	51.7
55-40-280 INSURANCE	.00	768.49	6,400.00	5,631.51	12.0
55-40-290 OFFICE SUPPLIES	361.10	361.10	400.00	38.90	90.3
55-40-337 PROPERTY LEASE	47,599.42	333,195.94	592,297.29	259,101.35	56.3
55-40-338 LF FINANCIAL ASSURANCE	370.00	11,887.32	110,657.71	98,770.39	10.7
55-40-340 UTILITIES	123.93	5,585.92	14,000.00	8,414.08	39.9
55-40-350 SAFETY EQUIPMENT	624.33	943.68	1,400.00	456.32	67.4
55-40-360 CONTRACT LABOR	380.00	7,637.00	42,000.00	34,363.00	18.2
55-40-440 POSTAGE	.00	.00	1,300.00	1,300.00	.0
55-40-460 MAINTENANCE & SUPPLIES	2,119.08	5,227.13	50,000.00	44,772.87	10.5
55-40-470 VEHICLE EXPENSE	17.00	17,030.60	4,500.00	( 12,530.60)	378.5
55-40-475 FUEL EXPENSE	3,963.13	32,509.97	58,000.00	25,490.03	56.1
55-40-480 COMPUTER EXPENSE	101.22	410.12	1,500.00	1,089.88	27.3
55-40-500 BUILDING MAINTENANCE	.00	377.20	1,500.00	1,122.80	25.2
55-40-510 LAB FEES	2,507.00	2,558.04	6,000.00	3,441.96	42.6
55-40-515 ENGINEERING SERVICES	.00	.00	500.00	500.00	.0
55-40-516 ADEQ FEES	4,844.25	7,080.24	13,500.00	6,419.76	52.5
55-40-610 EQUIPMENT MAINTENANCE	5,413.47	16,240.03	60,000.00	43,759.97	27.1
55-40-650 PROFESSIONAL SERVICES/AUDIT	5,812.50	13,812.50	18,565.00	4,752.50	74.4
55-40-660 TRAVEL - TRAVEL/TRAINING	.00	.00	500.00	500.00	.0
55-40-705 CAPITAL LEASE	.00	40,588.14	81,180.00	40,591.86	50.0
55-40-840 LANDFILL CAPITAL OUTLAY	.00	.00	48,000.00	48,000.00	.0
55-40-855 METHANE MONITORING	.00	3,547.28	4,500.00	952.72	78.8
<b>TOTAL LANDFILL EXPENDITURES</b>	<b>96,676.13</b>	<b>688,524.73</b>	<b>1,439,100.00</b>	<b>750,575.27</b>	<b>47.8</b>
<b>TOTAL FUND EXPENDITURES</b>	<b>96,676.13</b>	<b>688,524.73</b>	<b>1,439,100.00</b>	<b>750,575.27</b>	<b>47.8</b>
<b>NET REVENUE OVER EXPENDITURES</b>	<b>19,188.64</b>	<b>239,504.00</b>	<b>.00</b>	<b>( 239,504.00)</b>	<b>.0</b>

TOWN OF HUACHUCA CITY  
 REVENUES WITH COMPARISON TO BUDGET  
 FOR THE 7 MONTHS ENDING JANUARY 31, 2021

CDBG #136.08

	<u>PERIOD ACTUAL</u>	<u>YTD ACTUAL</u>	<u>BUDGET</u>	<u>UNEXPENDED</u>	<u>PCNT</u>
<u>REVENUE</u>					
72-30-850 GRANT REVENUES	( 237.69)	( 237.69)	.00	237.69	.0
TOTAL REVENUE	( 237.69)	( 237.69)	.00	237.69	.0
TOTAL FUND REVENUE	( 237.69)	( 237.69)	.00	237.69	.0
NET REVENUE OVER EXPENDITURES	( 237.69)	( 237.69)	.00	237.69	.0

TOWN OF HUACHUCA CITY  
 REVENUES WITH COMPARISON TO BUDGET  
 FOR THE 7 MONTHS ENDING JANUARY 31, 2021

HOLIDAY FUND

	<u>PERIOD ACTUAL</u>	<u>YTD ACTUAL</u>	<u>BUDGET</u>	<u>UNEXPENDED</u>	<u>PCNT</u>
<u>REVENUE</u>					
86-30-200 HOLIDAY FUND DONATION	.00	.00	4,000.00	4,000.00	.0
TOTAL REVENUE	.00	.00	4,000.00	4,000.00	.0
TOTAL FUND REVENUE	.00	.00	4,000.00	4,000.00	.0

TOWN OF HUACHUCA CITY  
 EXPENDITURES WITH COMPARISON TO BUDGET  
 FOR THE 7 MONTHS ENDING JANUARY 31, 2021

HOLIDAY FUND

	<u>PERIOD ACTUAL</u>	<u>YTD ACTUAL</u>	<u>BUDGET</u>	<u>UNEXPENDED</u>	<u>PCNT</u>
<u>HOLIDAY FUND EXPENDITURES</u>					
86-40-100 CHILDREN'S FUND GIFTS/FOOD	198.68	198.68	4,000.00	3,801.32	5.0
TOTAL HOLIDAY FUND EXPENDITURES	198.68	198.68	4,000.00	3,801.32	5.0
TOTAL FUND EXPENDITURES	198.68	198.68	4,000.00	3,801.32	5.0
NET REVENUE OVER EXPENDITURES	( 198.68)	( 198.68)	.00	198.68	.0

TOWN OF HUACHUCA CITY  
 REVENUES WITH COMPARISON TO BUDGET  
 FOR THE 7 MONTHS ENDING JANUARY 31, 2021

BACK TO SCHOOL FUND

	<u>PERIOD ACTUAL</u>	<u>YTD ACTUAL</u>	<u>BUDGET</u>	<u>UNEXPENDED</u>	<u>PCNT</u>
<u>REVENUE</u>					
87-30-200 BACK TO SCHOOL FUND DONATION	.00	.00	2,000.00	2,000.00	.0
TOTAL REVENUE	.00	.00	2,000.00	2,000.00	.0
TOTAL FUND REVENUE	.00	.00	2,000.00	2,000.00	.0

TOWN OF HUACHUCA CITY  
 EXPENDITURES WITH COMPARISON TO BUDGET  
 FOR THE 7 MONTHS ENDING JANUARY 31, 2021

BACK TO SCHOOL FUND

	<u>PERIOD ACTUAL</u>	<u>YTD ACTUAL</u>	<u>BUDGET</u>	<u>UNEXPENDED</u>	<u>PCNT</u>
<u>BACK TO SCHOOL EXPENDITURES</u>					
87-40-100 BACK TO SCHOOL EXPENSES	.00	.00	2,000.00	2,000.00	.0
TOTAL BACK TO SCHOOL EXPENDITURES	.00	.00	2,000.00	2,000.00	.0
TOTAL FUND EXPENDITURES	.00	.00	2,000.00	2,000.00	.0
NET REVENUE OVER EXPENDITURES	.00	.00	.00	.00	.0



# TOWN OF HUACHUCA CITY

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THE HUACHUCA CITY POLICE DEPARTMENT

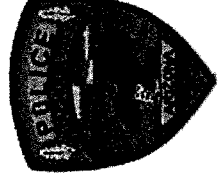
## Town of Huachuca City

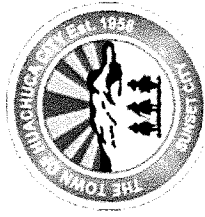
The Sunset City

500 N Gonzales Blvd • Huachuca City,  
Arizona 85616

Phone: (520) 456-1354 • TDD: (520) 456-

1353 • Fax: (520) 456-2230





- Recently, there has been a significant climate change within our country regarding the relationship between law enforcement and the communities we serve. Reasons for the disconnect vary just as much as community responses, however the result is a climate of fear, distrust, and danger being felt by all.
- The fracture of our community trust is more evident in larger cities/counties / municipalities where transparency and community outreach are not as successful as in rural areas such as Cochise County.
- In the past year, amid nationwide protests and riots, there has been a call for “de-funding” the Police which has exacerbated the disconnect and tense relationship between law enforcement and community members.
- Many who advocate for “de-funding the police” do not really understand what it means or the impact it would have on communities. **“Defund the police” means** reallocating or redirecting funding away from the police department to other government agencies funded by the local municipality. The potential impact of such “de-funding” could be devastating: would likely result in a lack of personnel to respond to calls for service, immediate emergency or civil in nature, in what equates to an analogy of calling 9-1-1 only to be put on hold for the next available operator.
- In an effort to educate our communities in the duties, policies, procedures, and functionality of Cochise County law and legal processes, Sheriff Mark Dannels and County Attorney Brian McIntyre are working together to create a community outreach protocol to enhance the current transparency that is already in place.



The joint project between CCSO and CAO to enact an "official" A.C.T. program is a goal to have been researched, developed, and implemented in the first quarter of 2021 for the betterment and benefit to all.

A.C.T. is defined for our intents and purposes as:

- (A) accountability
- (C) community Engagement
- (T) transparency

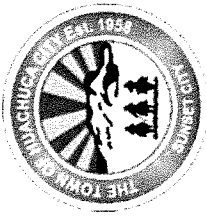


- With this common definition, we anticipate adjustments to already existing and similar programs in other locations to be made considering the rural climate we work and live in, as well as the needs established by both Offices.

### **Goals:**

Establish a process to identify community members/leaders to liaison with CCSO/CAO. Outline and finalize a group Mission Statement.

1. Define rules/procedures for such group to operate under
2. Create benchmarks for the group to meet and timelines in which to meet them
3. Gather input from members of each department for creation of the group
4. Develop a comprehensive media “roll-out” to introduce the project

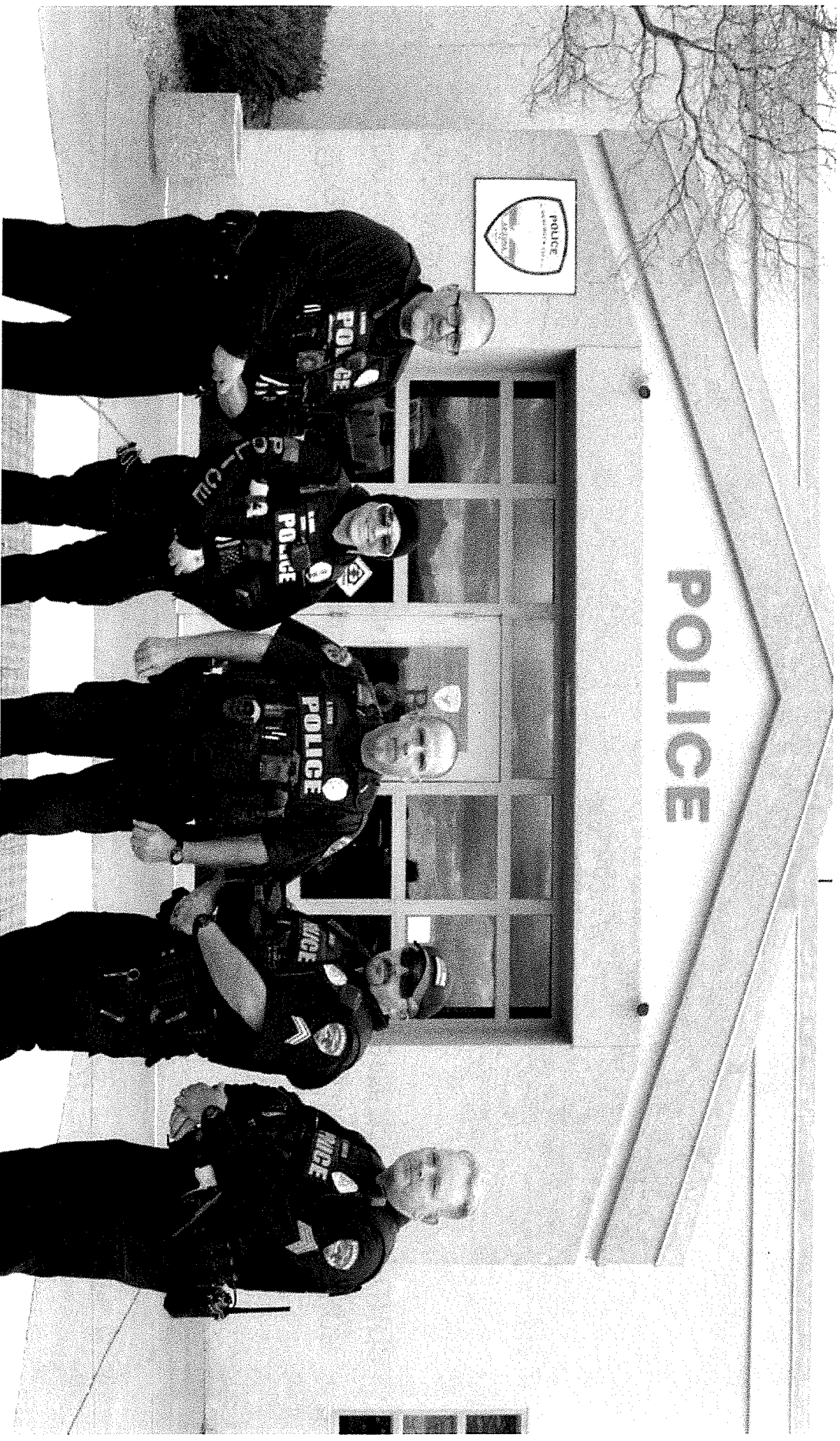


- In closing, I am requesting a volunteer from the Town of Huachuca City Council to sit on this board.
  - I will provide your name to the committee. Details will follow.
  - Your contribution to our community and Cochise County overall is greatly appreciated!
- Thank you!
- Sincerely,
- Chief James L. Thies HC-1  
[jthies@huachucacityaz.gov](mailto:jthies@huachucacityaz.gov)  
Huachuca City Police Department (HCPD)  
500 N. Gonzalez Blvd, Huachuca City, AZ 85616  
Dispatch: 520-456-1353



# TOWN OF HUACHUCA CITY

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## HCPD DEPARTMENT STATISTICS FOR 2020



- “Presentation of the Police Department callout and activity statistics for calendar year 2020, including information concerning grant funds received and associated expenditures.”







## TRAFFIC VIOLATIONS



- **Traffic Citations: 597**
- **Traffic Warnings: 675**
- **Traffic Repair Orders: 195**
- **Traffic Stops Total: 1,518**



## TRAFFIC INCIDENTS



- **DUI's: 20**
- **Reckless Driver's: 49**
- **Traffic Accidents: 12**
- **Stolen Vehicle/Recovery: 1**



## ARRESTS



- **Warrant Arrests:** 19
- **Adult Arrests:** 119
- **Juvenile Arrests:** 3
- **Mult. Arrests (Same Call):** 4
- **Felony Cases:** 20



## Miscellaneous



- **Domestic Violence:** 32
- **Assault:** 2
- **Disorderly Conduct:** 28
- **Criminal Damage:** 18
- **Disturbance/Noise Complaint:** 32



## Miscellaneous



- Suspicious Circumstance: 152
- Burglary: 6
- Theft/Shoplifting: 24
- Trespassing: 17
- Juvenile Problems: 15
- Arson: 0



## ASSIST OTHER AGENCY

- **Public Assists: 150**
- **Agency Assists: 320**
- **Check Welfares: 94**
- **Pedestrian Contacts: 154**
- **Death Investigations: 12**



## ANIMAL CONTROL OFFICER CALLS



- **Animal Problems: 24**
- **Barking Dogs: 5**
- **Total ACO Calls: 116**
- **This includes but is not limited to: registration of animals, phone calls, agency assist, proof of vaccination, Walk in traffic Town surplus of property, public assist.**



## OPERATION STONEGARDEN



- Operation Stonegarden Support for Federal partners
- Total hours worked: 654.5
- Grant dollars received: \$ 10,779.38

2/24/2021





## DUI TASKFORCE



- **GOVERNOR'S OFFICE OF HIGHWAY SAFETY  
DUI/TASKFORCE PARTNERS**
- **Total hours worked: 142.50**
- **Grant dollars received: \$ 5,778.59**

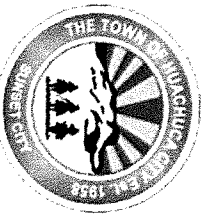


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# FINES AND SANCTIONS THROUGH HC/MC

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- Total for 2020 into General Fund: \$ 110,120.58



## AZ ATTORNEY GENERAL'S OFFICE



- **Grant from Arizona Attorney Generals Office**
- **\$10,000.00 Used For The Purchase Of 1.5 Mobile Vehicle Radios In New Suv's.**



## COCHISE COUNTY SAT TEAM



- **Grant from Cochise County SAT team**
- **\$ 1,461.00 funds used for animal control officer vest, outer carrier and accessories**

2/24/2021



## WALMART SIERRA VISTA



- **Grant From Walmart Of Sierra Vista**
- **\$200.00 used for the purchase of office supplies**



## ARIZONA DEPARTMENT OF PUBLIC SAFETY



- **Grant Arizona Department of Public Safety**
  - **Receive 8 each mdc (mobile data computer) New approximately \$4,700.00 each**
- This is approximately \$37,600.00 not spent over the next 3 years for replacement**
- **8 new tables and pedestal approximately \$4,800.00 new total**
  - **This equipment is Newer than what HCPD currently possess**



## ADOT/GOHS Tracs



- **Tracs – ADOT and Governor’s Office of Highways Safety**
- **\$5,500.00 software, printer, hand scanner and wire harness, paper. No hand written tickets.**
- **Improved speed and accuracy for officer and court personnel. No cost to purchased citations (approximately \$ 1,200.00 per order, every 1 ½ years).**



## 100 CLUB OF ARIZONA



- **100 CLUB OF ARIZONA**
- **\$3,420.00 purchased 2 vests, 5 carriers and all equipment associated with the vests. First aid kits that travel in vehicles or on the officers person.**





• Presentation of the Police Department callout and activity statistics for calendar year 2020, including information concerning grant funds received and associated expenditures.”

•	Fines / Sanctions Hcmc	\$ 110,120.58
	Operation Stonegarden	\$ 10,779.38
	Attorney general's office	\$ 10,000.00
	DUI Taskforce grant	\$ 5,778.59
	Tracs – ADOT / GPHS	\$ 5,500.00
	100 Club of Arizona	\$ 3,420.00
	Cochise County SAT team	\$ 1,461.00
	Walmart	\$ 200.00

**Total \$ 147,259.55**



**AGREEMENT BETWEEN  
ARIZONA DEPARTMENT OF PUBLIC SAFETY  
AND  
HUACHUCA CITY POLICE DEPARTMENT**

1. The Arizona Department of Public Safety ("DPS"), and the Huachuca City Police Department ("HCPD") agree to the following terms and conditions.
2. DPS will transfer the (8) CF-31 mobile date computers (MDC) and (8) docking stations ("Equipment"), described below, to HCPD at no cost.

Equipment #	Description (name, make, & model)	Serial #
DPS124513	Panasonic CF-31 MDC	7LKKB35963
DPS124492	Panasonic CF-31 MDC	8BKKB40984
DPS124498	Panasonic CF-31 MDC	8BKKB40954
DPS124518	Panasonic CF-31 MDC	7LKKB35376
DPS124499	Panasonic CF-31 MDC	8BKKB40950
DPS124520	Panasonic CF-31 MDC	8AKKB36520
DPS124502	Panasonic CF-31 MDC	8BKKB41001
DPS124524	Panasonic CF-31 MDC	8BKKB40964
DPS122288	Docking Station	26968-0135
DPS122310	Docking Station	26911-0255
DPS122303	Docking Station	26911-0263
DPS122318	Docking Station	26911-0292
DPS122290	Docking Station	26968-0136
DPS122309	Docking Station	26911-0256
DPS122328	Docking Station	26911-0276
DPS122297	Docking Station	26911-0270

3. Upon transfer, DPS relinquishes all rights, responsibility, and control over the Equipment. Upon transfer, HCPD shall be the sole custodian and owner of the Equipment. When of no further use, HCPD shall be responsible for the disposal of the Equipment. HCPD agrees not to transfer or dispose of the equipment within a six-month period from the effective date without prior approval of the Arizona Department of Administration Surplus Property Administrator.
4. HCPD agrees to be fully responsible for the custody, use and maintenance of the equipment, after transfer.
5. Neither DPS nor HCPD may charge any administrative fees or costs of any kind for any activities performed for

property transferred pursuant to this agreement.

6. In the event of dispute under this agreement, the parties agree to use arbitration to the extent required under A.R.S. § 12-1518 and 12-133.
7. Both parties are put on notice that this agreement is subject to cancellation for conflicts of interest under the provisions of A.R.S. § 38-511.
8. This document contains the entire agreement between the parties and may not be modified, amended, altered, or extended except through a written amendment signed by both parties.
9. HCPD agrees to be fully responsible for the custody and use of the Equipment after transfer. HCPD shall indemnify, defend, save and hold harmless DPS from and against any and all claims, actions, liabilities, damages, losses, or expenses, including court costs, attorneys' fees, and costs of claim processing, investigation, and litigation for any injuries (including death), or loss or damage to tangible or intangible property arising from HCPD's possession or use of the equipment.

The parties hereto have caused this agreement to be executed by the proper officer and officials:

**ARIZONA DEPARTMENT OF PUBLIC SAFETY**

BY: *Kent Heston* Date: 2/8/2021  
Heston Silbert, Colonel  
Director

**HUACHUCA CITY POLICE DEPARTMENT**

BY: *James Thies* Date: 2-9-2021  
James Thies, Chief  
Chief of Police

**This is an excerpt from the approved minutes of the Council Meeting held on September 24,2020:**

E.5 Discussion and/or Action [Chief Thies]: Chief Thies will seek approval for proceeds from sales of Police Department seized property to be placed into the Police Department savings account and for the savings account to be renamed to "Police Department Seized Property."

**Motion:** Item E.5, Action: Open for Discussion and/or Action, Moved by Johann Wallace, Seconded by Cynthia Butterworth.

Mayor Wallace recognizes Chief Thies. Chief Thies explains that in Town Code, it states that any proceeds from items surplused goes back into the general fund. He is requesting that proceeds from items belonging to the Police Department that are surplused go into the Police Department savings instead. He is also requesting that the name of the account be changed to " Police Equipment Savings Account". Mayor Pro Tem Johnson asks why the name should be changed to this. Chief Thies states that right now it is specifically for cars, however if it is changed, it opens up for other uses, such as other equipment upgrades which there is a grant for. The money for these items could come from the savings account, and be put back when the grant money is received. This way the money isn't coming out of the operating account. This allows for transparency.

Mayor Wallace states that they have discussed it and that in some ways it may look like the Police Department is being incentivized for certain actions, however that is in no way the case. With that being said, there will be a time limit on it when he makes his motion. Town Code is very specific and we have to be careful not to set a precedent. Chief Thies states that this is only when the Police Department has followed all protocols and at the end of the day the Police Department ends up with said property and are governed by disposal. If the item is placed on Public Surplus and we get money for it, that the money then is placed into the Police Department Equipment Savings. Mayor Wallace asks for clarification of the terms seized and what else? Chief Thies says seized, abandoned, impounded, forfeiture. Any term that covers that the Police Department has the item, it is ours to dispose of per ARS.

Mayor Pro Tem Johnson asks don't we already do that? Don't you already get that money? Mayor Wallace advises that Town Code says that it goes into the general fund. That means the money is not just for the Police Department. The Code states that any department that surpluses something, that money goes into the general fund, for Town use. Those departments are funded from the general fund. We can identify the proceeds of sales from specific items go to a specific department.

Mayor Wallace asks what the actual term is when an item becomes our property. Chief Thies provides several thoughts, however Attorney Benavidez states that the term would be title. He further advises that legal title does not just mean a slip of paper, it involves ownership of items that have no paper showing their title, such as a pen.

**Motion:** The proceeds of the sale of Police Department legally titled property to be placed into the Police Department savings account and for the account to be renamed to the "Police Equipment Savings Account" up until June 30, 2021, Action: Approve, Moved by Johann Wallace, Seconded by Christy Hirshberg.  
Motion passed unanimously.



INVOICE DATE	INVOICE NUMBER	DESCRIPTION	INVOICE AMOUNT
02/08/2021	02-01	Animal Control Enclosure for N PO #: 20210144 - POLICE OPERATIONS  GL#:0012102 - 47400	\$5,000.00

Vendor No.	Vendor Name	Check No.	Check Date	Check Amount
19943	TOWN OF HUACHUCA CITY	00245619	02/12/2021	\$5,000.00

THIS CHECK IS VOID WITHOUT A BLUE & GREEN BACKGROUND AND AN ARTIFICIAL WATERMARK ON THE BACK - HOLD AT AN ANGLE TO VIEW



City of Sierra Vista

(520) 458-3319  
1011 N. Coronado Drive  
Sierra Vista, AZ 85635

Bank of America  
33 N. Stone Avenue  
Tucson, AZ 85701  
91-170/1221

Vendor  
Number  
19943

Check  
Date  
02/12/2021

Check  
Number  
00245619

VOID 120 DAYS FROM DATE OF ISSUE

\$5,000.00

Pay \*Five Thousand Dollars and 00 Cents\*

00245619

Pay To the Order Of  
TOWN OF HUACHUCA CITY  
ATTN: CHIEF JIM THIES  
500 N GONZALES BLVD  
HUACHUCA CITY, AZ 85616

Authorized Signature  
*[Signature]*  
Authorized Signature

MP

MP

BORDER CONTAINS MICROPRINTING

⑈00245619⑈ ⑆122101706⑆ 000073783595⑈







# TOWN OF HUACHUCA CITY

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**INVOICE #02-01**  
Feb 11, 2021  
Due upon receipt

**FROM:** Town of Huachuca  
500 N. Gonzales Blvd  
Huachuca city, AZ 85616  
520-456-1354

---

**TO:** City of Sierra Vista  
Sierra Vista, AZ 85635

<u>Item</u>	<u>Unit Price</u>	<u>Total Amount</u>
Animal Carrier	\$5,000	\$5,000

Total Now Due: \$5,000

Please include note on check re: Animal Carrier or return a copy of this invoice with the check. Thank you.





**Chief James L. Thies**  
**HUACHUCA CITY POLICE DEPARTMENT**  
500 North Gonzales Boulevard  
Telephone (520) 456-1353  
Fax (520) 456-9208  
HUACHUCA CITY, ARIZONA 85616



## **Chapter 3.20**

### **SURPLUS PROPERTY**

Sections:

#### **3.20.010 Property tracking – Disposal – Proceeds.**

##### **3.20.010 Property tracking – Disposal – Proceeds.**

A. The town manager shall be responsible for the tracking and management of town supplies and property during their entire life cycle.

B. The town manager may sell, lease, transfer, or dispose of surplus supplies and property (but excluding real property interests) with a value of \$500.00 or less, in accordance with state law, in the best interests of the town, and in as competitive a manner as the town manager determines to be practicable.

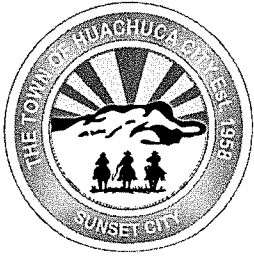
C. The town manager shall make recommendations and present for council approval all transfers and disposals of real property interests, and surplus supplies and other property, with a value of \$501.00 or more.

D. No town employee or his immediate family shall be entitled or permitted to purchase or otherwise acquire any surplus supplies or property from the town.

E. Unless otherwise provided by law or council direction, all proceeds from the sale of surplus supplies and property will be deposited into the town's general fund. Proceeds from sale of enterprise, federal or state grant or other special designation property will be reimbursed, less prorated selling expenses, to the appropriate fund, after completion of each sale. (Ord. 18-01 § 1, 2018).

F. Proceeds received from the disposal of Police Department impounded, seized or abandoned property shall be moved from the general fund to the Police Department savings account and shall be used for the purchase of Police Department equipment only.





# Town of Huachuca City

The Sunset City

500 N Gonzales Blvd • Huachuca City, Arizona 85616  
Phone: (520) 456-1354 • TDD: (520) 456-1353 • Fax: (520) 456-22



## CITIZENS' REVIEW BOARD PROCEDURES

### Membership/Qualifications/Selection Process:

Membership shall consist of seven members: five (5) voting and two (2) non-voting Ex-Officio members. All voting members shall reside within Huachuca City, Whetstone and surrounding communities. No member shall have ever been convicted of a felony or be under felony indictment. No member will have criminal charges pending with any law enforcement agency or court. No member shall be a sworn peace officer. No member will have a family member that is an employee of the Town of Huachuca City.

Members shall be available for at least one meeting per month or as necessary, as determined by the Town Manager or Town Council.

The Mayor and Town Council shall seek to reflect the diversity of the Town of Huachuca City's and surrounding communities' populations to encourage input from a broad spectrum of interests, views and concerns. In pursuit of that objective, the Mayor and Town Council should seek board members from different personal, professional, ethnic and cultural backgrounds.

The Mayor and Council shall appoint the voting members of the board. Initial training shall be provided to each voting board member prior to reviewing any matters. Such training shall be mandatory and shall be designed and implemented by town staff. Mandatory training topics shall include the limited authority and procedures of the Board and Arizona's open meeting and conflict of interest laws. Other training topics will be presented as opportunities arise.

### Section 1 – Board Authority Related to Citizen Complaints

1.1. The Board is authorized to:

- 1.1.1. Comment on the fairness and thoroughness of investigations conducted by the Huachuca City Police Department.
- 1.1.2. Request the Town Manager review actions taken by the town on citizen complaints.

- 
- 1.1.3 Provide comment and recommendations on the citizen complaint review process.
  - 1.1.4. Provide comment and recommendations on Huachuca City Police Department policy, procedure, and practice.
  - 1.2. The Board is not authorized to:
    - 1.2.1 Review or comment on a citizen complaint where criminal charges are still under investigation, except in those instances where the Chief of Police has determined that the citizen complaint is not related to the investigation.
    - 1.2.2 Conduct any activity that could be construed as quasi-judicial review of police actions.
    - 1.2.3. Conduct independent investigations of citizen complaints.
    - 1.2.4. Disseminate or disclose legally protected, privileged or confidential information or records.
    - 1.2.5. Create or adopt town policies. However, the Board may convey recommendations to the Town Manager, Mayor and / or Town Council, when appropriate.

## Section 2 – Complaint Referral

- 2.1. A citizen who has a complaint against the Huachuca City Police Department shall be referred to the Town Manager. The citizen must provide the complaint to the Town Manager within 120 days of the event giving rise to the complaint.
- 2.2. The Board shall keep a log of the name, address, and telephone number of persons making statements to the Board at its meetings.
- 2.3. The Board Chair shall advise citizens of the Board's authority and review process.
- 2.4. The Board will inform the citizens of the Board's actions, if any, on the citizens' complaints.

## Section 3 – Case Review

- 3.1. The Board may only review administratively complete inquiries of the citizen complaints, as deemed appropriate by the Town Manager.
- 3.2. The Board shall keep a record of all matters which come before it for action.

- 3.3. The Board shall ask the Huachuca City Police Department if there are any pending criminal charges relating to the matter brought before the Board.
- 3.4. Before reviewing a complaint, town staff shall provide the Board with a copy of the completed administrative review.
- 3.5. If a complaint matter is placed on the Board's agenda for consideration, the complaining citizen shall be notified that the matter is on the Board's agenda.
- 3.6. Board members shall not discuss or comment on cases reviewed by the Board other than during Board meetings. Only the Chairperson, acting as spokesperson for the Board, may comment publicly on cases that have been reviewed by the Board.
- 3.7. At the Town Manager's discretion, the Board may review completed Huachuca City Police Department citizen complaint inquiries whether or not requested by the complaining citizen.
- 3.8. Issues the Board may consider addressing include, but are not limited to:
  - Excessive force concerns;
  - Slow response times;
  - Community communications and relations;
  - Enforcement activities or programs;
  - Juvenile crime or juvenile activities;
  - Equipment, Staffing, Funding needs;
  - Racial bias or profiling;
  - Abuse of authority;
  - Unsafe use of town vehicles;
  - Traffic violation concerns;
  - Crime in and around schools;
  - Criminal activity in specific areas or Town-wide
- 3.9. The Board will work through the Town Manager to promote and encourage community policing policies that:
  - Reflect a concern for the overall well-being of the community;
  - Seek to address underlying causes of problems;
  - Deal with the combination of physical and social issues that are at the heart of many community problems;
  - Require active involvement by community residents;

- 
- Establish partnerships and involvement with law enforcement prevention efforts;
  - Continue to establish a strong relationship between the Police Department and the community based on trust, assistance and mutual respect.

#### Section 4 – Board Findings

- 4.1. Upon completing its review of a complaint matter brought before it, the Board shall, in writing, enter one of the following findings:
  - 4.1.1. The town's administrative review of the citizen complaint was fair and thorough and the Board has no concerns about the process or report.
  - 4.1.2. The town's administrative review of the citizen complaint was fair and thorough, but the Board has the following concerns regarding the review.
  - 4.1.3. The town's administrative review of the citizen complaint was unfair, incomplete, or both. Specifically, the Board recommends that the Town Manager \_\_\_\_\_.
  - 4.1.4. The Board cannot complete its review at this time due to insufficient information or other reason. The Board recommends that the Town Manager provide additional information that is necessary to complete the review, which includes: \_\_\_\_\_.

#### Section 5 – Report of Findings in Individual Cases

- 5.1. The Board's findings or other actions shall be communicated to the complaining citizen and Town Manager in writing.

#### Section 6 – Annual Report by the Board

- 6.1. The Board shall prepare an annual report that may include the following information:
  - 6.1.1 Number of citizen complaint matters reviewed at the request of the Town Manager.
  - 6.1.2 Any significant trends and patterns observed.



- 6.1.3. Comments and recommendations on how the town handles complaints about the police department.
- 6.1.4. Comments and recommendations on any police department activity, policy, practice and procedure.

The Citizen Police Advisory Review Board shall submit such additional reports as it deems necessary or as requested by the Town Manager or Mayor and Council. The Board's annual report shall be filed on or before June 1 of each year. The report shall be submitted to the Town Manager.

### Section 7 – Meetings

- 7.1.1. Regular Board meetings shall be held as determined by the Mayor and Town Council, Town Manager and the Board's chairperson to be necessary. Special meetings may be held as determined by the Town Manager or Board's chairperson or upon request of one or more of the Board's voting members, but only after at least 24-hours' notice to all Board members and members of the public.
- 7.1.2. A quorum of the Board shall consist of a majority of voting members then appointed and serving.
- 7.1.3. Written minutes of all Board meetings shall be prepared. All Board meetings shall also be recorded.

### Section 8 – Officers

- 8.1. The Board shall nominate a chairman and vice-chairman from among its own members, who shall serve for a two-year term and until their successors are appointed and qualified. The chairman shall preside at all meetings. The vice-chairman shall perform the duties of the chairman in the absence or disability of the chairman. Vacancies in an office created by any cause shall be filled for the unexpired term by a new appointed member.

### Section 9 – Staff Representatives

- 9.1. The Town Manager shall select and appoint staff representatives and/or clerical support for the Board.

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Role and Responsibility:

1. The Citizen Police Advisory Review Board **is authorized** to:

- a) Refer citizens who wish to file complaints against the police department to the Town Manager.
- b) Conduct public outreach to educate the community on the role of the police department and Town Manager in the review of complaints against the city police department employees.
- c) Request from the Town Manager a review of completed action taken the police department on a citizen complaint or a review of incidents, which create community concern or controversy.
- d) Review completed inquiries of citizen complaints which are brought before the Board alleging police officer misconduct in order to comment on the fairness and thoroughness of an inquiry and to report any concerns regarding the inquiry to the town manager.
- e) Provide comments and recommendations to the town manager on the citizen complaint review process.
- f) Provide comments and recommendations to the town manager on police department policy, procedure, and practice.

2. The Citizen Police Advisory Review Board **May Also**:

- a) Consult with the governing body from time to time as may be required by the mayor and council.
- b) Assist the police in achieving a greater understanding of the nature and causes of complex community problems in the area of human relations, with special emphasis on the advancement and improvement of relations between police and community groups.
- c) Study, examine, and recommend methods, approaches, and techniques to encourage and develop an active citizen police partnership in the prevention of crime.
- c) Promote cooperative citizen-police programs and approaches to the solutions of community crime problems, emphasizing the principle that the administration of justice is a responsibility which requires total community involvement.
- d) Recommend procedures, programs, and/or legislation to enhance cooperation among the citizens and the police.

e) Strive to strengthen and ensure, throughout the community, the application of the principle of equal protection under the law for all persons.

g) At the discretion and express direction of the Town Manager or Mayor and Council, assume and undertake such other tasks or duties as will facilitate the accomplishment of these goals and objectives, except as hereinafter provided.

### 3. Limitation of Powers:

Neither the citizen police advisory review board nor any member thereof, except as otherwise authorized by law, shall:

a) Incur city expense or obligate the city in any way without prior authorization of the Town Manager or Mayor and Council.

b) Except for the chairperson who is the official spokesperson for the Board, make any written or oral report of any Board activity to any individual or body other than to the Town Manager or Mayor and Council.

c) Independently investigate citizen complaints against the police department or individual police officers by questioning witnesses or otherwise.

d) Conduct any activity, which might constitute or be construed as a quasi-judicial review of police actions.

e) Conduct any activity, which might constitute or be construed as establishment of town policy.

f) Violate legal confidentiality or otherwise disclose protected or legally privileged information.

g) Review or comment on a citizen complaint where criminal charges are under investigation, except in those instances where the Police Department has determined that the citizen complaint is not related to the investigation and the town's administrative review has been completed.

### Quorum:

A quorum of the Board shall consist of a majority of the currently appointed voting members.

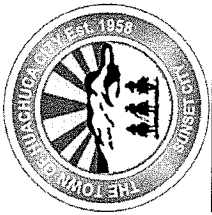
### Terms of Board Appointment:

All voting member appointments shall be for (4) year terms. Three successive unexcused or unexplained absences from any regular or special meetings shall be grounds for removal at the will and pleasure of the Town Council, without the necessity of a formal hearing or notice, and such action shall be final.

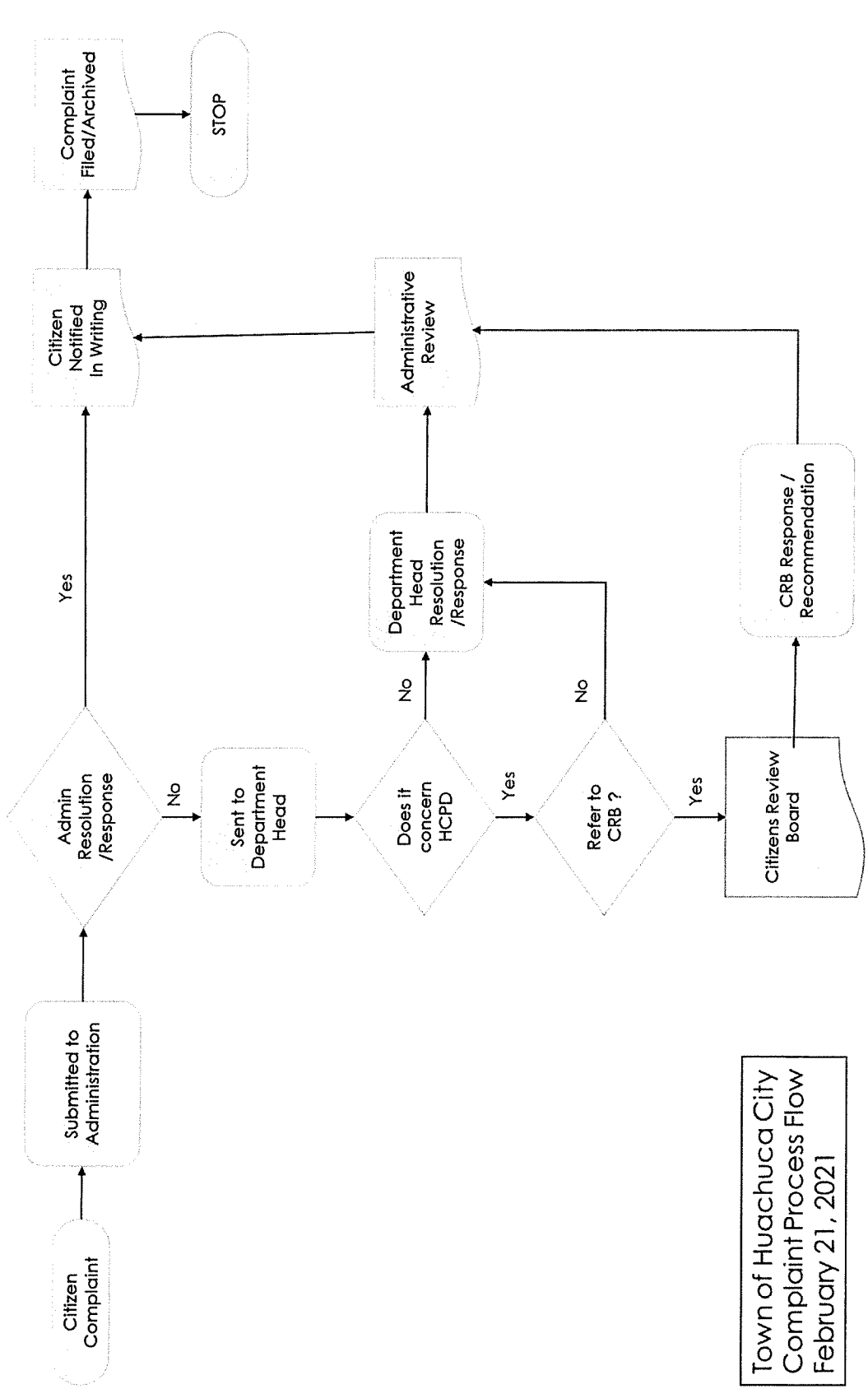
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Open Meeting Law Requirements:

The Board shall comply with all the applicable provisions of the Arizona Open Public Meeting Law.



# Complaint Flow Chart



Town of Huachuca City  
 Complaint Process Flow  
 February 21, 2021





# Town of Huachuca City

The Sunset City

500 N Gonzales Blvd • Huachuca City, Arizona 85616  
Phone: (520) 456-1354 • TDD: (520) 456-1353 • Fax: (520) 456-2230



## TOWN OF HUACHUCA CITY APPLICATION TO THE CITIZENS POLICE ADVISORY REVIEW BOARD

### VACANCY RESUME AND AFFIDAVIT

Submit application by: \_\_\_\_\_, 2021, at 5:00 pm. Submit application to: Town Clerk's Office 500 N. Gonzales Blvd., Huachuca City, AZ 85616.

**Honorable Mayor and Council:**

I would respectfully request that you give, (my name)

\_\_\_\_\_, consideration for appointment to fill the vacant seat on the Citizens Police Advisory Review Board for the Town of Huachuca City. The following facts are submitted for your consideration **(if necessary, applicant may attach additional pages)**:

I. Previous Employment or Business Ownership: Employer Job Title Dates


II. Civic Participation: Clubs/Organization Office Held Dates


III. Please answer the questions below:

A. What are your interests or concerns relating to the Town of Huachuca City?


B. Tell us about your volunteer activities and community involvement.


C. Describe any initiatives you would like to institute.




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D. Describe any additional areas of expertise or experiences you have regarding town project involvement and any experience pertaining to a police review board or any board, committee or panel that may be relevant to this seat on the Citizens Police Advisory Review Board.


E. If there was one issue you could address to make a positive difference for our citizens and visitors, what would it be?


IV. Other information you believe might be relevant:


\_\_\_\_\_  
Name of Applicant (printed)

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Signature

\_\_\_\_\_  
E-Mail Address

---

**AFFIDAVIT**

State of Arizona  
County of Cochise

I, \_\_\_\_\_,

being first duly sworn, upon my oath say: I do hereby certify that I have never been convicted of a felony and am not currently under felony indictment. I further certify that I have no criminal charges pending with any law enforcement agency or court, am not a sworn peace officer and no member of my family is an employee of the Town of Huachuca City.

\_\_\_\_\_  
Signature of Applicant Date

Subscribed and sworn to (affirmed) before me this      day of

,

Notary's Signature My Commission Expires (Seal)



## Arizona Public Entity Pool Member Portal Confidentiality Agreement

In consideration of gaining access to the Arizona Public Entity Pool Member Portal administered by Berkley Risk, you acknowledge your agreement to the following terms and conditions, without limitation or qualification.

All Company documents, data, records, files, manuals or other materials of any kind or description whatsoever disclosed to or used by User through this website shall remain the sole property of Berkley Risk ("Company") or its affiliates. Nothing contained in this Agreement shall be construed as granting or conferring any rights by license or otherwise in any confidential or proprietary information of Company or its affiliates disclosed to or accessed by User under this Agreement.

User acknowledges that through its, his or her access to this website, User may be provided or have access to certain information, documents and records of a confidential or proprietary nature regarding Company, its employees, affiliates and customers, including but not limited to business records and non-public personal and/or medical information. User agrees that all such confidential or proprietary information shall remain confidential and shall not be disclosed by User to any individual, corporation, other business organization or governmental agency unless expressly required by law, with the exception of User's employees or representatives who have been given express permission to access this website on User's behalf. User shall not use any customer or claimant information for any purpose other than the specific purpose that resulted in User receiving the information. User shall comply with the requirements of all applicable federal, state and local laws, rules and regulations, including but not limited to Title V of the Gramm Leach Bliley Act, the Health Insurance Portability and Accountability Act, and any state laws and regulations regarding privacy or data security of Company's customer information, including 201 Code of Massachusetts Regulations 17:00, et seq. User also agrees to comply with Company's Privacy Policies, IT Security Policies and Data Breach Notification procedures. The obligations contained in this paragraph shall extend to User's employees or other persons acting on behalf of or with User who may have access to Company's confidential or proprietary information, documents and records through this website, and User shall inform said persons of their obligation to maintain the confidentiality of this information.

In the event User is requested or required in connection with any audit, administrative or legal proceeding to disclose any confidential or proprietary information of Company, its employees, affiliates, claimants or customers, User shall provide Company with prompt written notice of any such request or requirement so that Company may seek a protective order against such disclosure. If, in the absence of a protective order or the receipt of a written waiver by Company of its rights under this Agreement, User is nonetheless, in the written opinion of legal counsel, legally compelled to disclose the confidential or proprietary information, User may disclose only that portion of the confidential or proprietary information which such counsel has advised is legally required to be disclosed.



User acknowledges that you must have an authorized username and password to access portions of this site. User agrees to provide true, accurate, current, and complete information about yourself. User also agrees not to impersonate any person or entity, misrepresent any affiliation with another person, entity, or association, use false headers, or otherwise conceal your identity from us for any purpose. For your protection and the protection of our other customers and website users, you may not share your username and password with any other person for the purpose of facilitating their access and unauthorized use of this website. User is solely responsible for maintaining the confidentiality of your username and password. User acknowledges and agrees that you are responsible for any unauthorized activities, charges, damages, and/or liabilities made through the use of your username and password. In no event will the Company be liable for the unauthorized use or misuse of your username or password. If you do share your account information with anyone, we will consider their activities to have been authorized by you.

In the event of a breach of the above confidentiality and nondisclosure provisions, User agrees that serious damage would be caused to Company, its business, and its competitive position. User further agrees that monetary damages, alone, would not be an adequate remedy for such a breach. Accordingly, User agrees that, in the event of any breach or threatened breach of these confidentiality and nondisclosure provisions, Company shall be entitled (in addition to all other available remedies) to equitable relief (including injunctive remedies) without the necessity of proof of irreparable harm or the posting of a bond or other security therefore to prohibit disclosures of confidential or proprietary information.

All trademarks, service marks, trade names, logos, and icons of Company or its affiliates are proprietary to the Company or its affiliates. Use of the trademarks, service marks, trade dress, or other logos displayed on this website, without prior written authorization of the Company is strictly prohibited.

IN WITNESS WHEREOF, the undersigned certifies that: (i) he/she is legally authorized to execute this Agreement on behalf of the Member referenced below; (ii) he/she has carefully read the entire Agreement; and (iii) he/she intends to legally bind the Member to this Agreement.

---

Member

---

Signature/Date

---

Printed Name

---

Title

---

Email Address





# E-Rate SOA Carrier Services Order - National (QCC)

## Carrier Service Order Value

Description of Service: IQ INTERNET

Item	AZ Service ID No.	Qty	Minimum Service Period
Item 1:	AZIA-00072	1	Renewal
Item 2:			
Item 3:			
Item 4:			
Item 5:			

**Total Monthly Recurring Charge:** \$800.00  
Applicable Usage Charges May Apply

**\* Total Non Recurring Charge:** \$0.00  
(see attached Quote).  
 Additional charges may be indicated in a separate Scope of Work (SOW) as applicable.

**\*\* Expiration Date:** June 30, 2023  
\*\* Referred to as Contract Term

**Arizona Service Area:** Rural Arizona - 8 hour Travel Time

This CSO (Customer Service Order) is a supplement to the State of Arizona Carrier and Broadband Provider Services Agreement CTR049872 ("Underlying Agreement") (CenturyLink Pramata ID: 1331492) and is between { Town of Huachuca City } and CenturyLink Communications, LLC., for the provisions of services. Pricing for this CSO is based on Attachment 4 Pricing Structure in the Underlying Agreement and the terms, service level agreements, special construction charges, and termination charges, as applicable, control to the extent of a conflict with the Underlying Agreement, provided that the conflicting terms do not modify the Underlying Agreement. This supplement becomes effective on the date all parties sign the CSO ("Initiation Date").

The customer represents and certifies that it is a Primary Customer or Other Customer authorized to purchase under the Underlying Agreement.

- In accordance with Scope of Work 3.5.1(2), the Service Level Agreement applicable to the Services under this CSO shall be found at <http://www.centurylink.com/legal/sla.html> and <https://www.centurylink.com/Pages/AboutUs/Legal/Tariffs/displayTariffLandingPage.html>

Services ordered do not include Special Construction Charges and/or "new infrastructure construction" Charges as defined in the Scope of Work 3.4.2 Non-Recurring Costs (NRC) and the Total Non Recurring Charge stated above reflect these charges that are agreed to by Customer.

- QCC services will commence billing after 5 business days once the services are ready for customer use.
- Service Termination Notices. Customers notice of termination for Centurylink QCC Services must be sent via mail, facsimile or email to Centurylink, ATTN.: GBM Discounts, 112 Sixth St., Bristol, TN. 37620, Fax: 866.887.6633, email: GBMdiscounts@centurylink.com. Such termination is effective 30 days after Centurylink's receipt of the notice, unless a longer period is otherwise required.
- For services provided under this CSO, Customer agrees that termination liability will apply if the Minimum Service Period stated above is not met, calculated by Months remaining in the Minimum Service Period x Monthly Cost = MSP Liability.

**Customer Name:** Town of Huachuca City

**Customer Name:** CenturyLink Communications, LLC.,  
 Acting on behalf of itself and as agent for its affiliates

To verify eligibility, please visit <https://spo.az.gov/procurement-services/cooperative-procurement/state-purchasing-cooperative>

**Signature:** \_\_\_\_\_  
**Date:** \_\_\_\_\_  
**Printed Name:** \_\_\_\_\_  
**Title:** \_\_\_\_\_  
**Phone Number:** \_\_\_\_\_  
**Address:** \_\_\_\_\_  
 STREET CITY STATE ZIP CODE

**Signature:** \_\_\_\_\_  
**Date:** \_\_\_\_\_  
**Printed Name:** Joe Walden  
**Title:** Manager Global Sales  
**Phone Number:** (602)563-3378  
**Address:** 20 E. Thomas Road  
 PHOENIX CITY AZ 85012 STATE ZIP CODE

498 ID: 143001157

Contract OMR No.: R065758

Deal OMR No.:



Quote Prepared For:  
**Town of Huachuca City**

Quote Prepared By:  
Thomas Blachowski

Customer Name: Town of Huachuca City Date: Tuesday February 23, 2021  
 Customer Address: 500 N Gonzales Blvd Jurisdiction: National  
AZ 85616 ZIP CODE  
City State Contract Term: June 30, 2023

AZ Service ID	Product Description	Service Address	Minimum Service Period	Quantity	Monthly Recurring Charges (MRC)	One Time Charge or ** NRC	SUBTOTAL MONTHLY RECURRING CHARGES	SUBTOTAL ONE TIME CHARGES or ** NRC	(1) Special Construction Costs	(1) Special Construction Waiver	(1) Special Construction Billable	(1) Special Construction Conduit Build Charge
AZIA-00072	On-Net Flat Rate Internet with bundled transport and access port 500 Mbps	506 N Gonzales Blvd, Huachuca City, AZ 85616	Renewal	1	\$800.00	\$2000.00	\$800.00	Renewal				

<b>SECTION TOTALS</b>	<b>Total Monthly Recurring Charges</b>	<b>* (4) Total One Time Charges ** NRC</b>	<b>Special Construction Total Cost</b>	<b>* (5) Special Construction Waiver</b>	<b>* (6) Special Construction Billable</b>	<b>* (7) Special Construction Conduit Build</b>
	\$800.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00



**Additional Information (as applicable)**  
 This is a Monthly Recurring Charge (MRC) Service Based Quote. Applicable NRC's and Usage Charges may apply. Waivers are subject to MSP and Contract Term as applicable.  
 account number: 89626135, circuit ID: ETH1000-23797247, service id: 154249163  
 500 Mbps local loop is \$155.00  
 500Mbps Internet Port is \$645.00  
 Total = \$800.00 MRC

Deal No.:  
 ContraX Version SP/1.0A1 2021 KJB 2143165046 Feb-23-2021 10:38:34 AM  
**TERMS AND CONDITIONS** - All products and services listed are governed by tariffs, terms of service, or terms and conditions of Customer Service Order and State MSA contract CTR049872.  
 \* **MINIMUM SERVICE PERIOD** - The Minimum Service Period is product and/or service specific as indicated in this quote offer. Minimum Service Period of 12 months is required on all Products, unless otherwise noted.  
 \* **NRC Waiver** - Waived CenturyLink NRCs specified above are waived so long as such Services remains installed and used by Customer for at least the \* Minimum Service Period of consecutive months ("Minimum Waiver Term"). If this Agreement or any Service subject to this waiver is terminated or cancelled prior to the conclusion of the \* Minimum Service Period for reasons other than a default by CenturyLink, Customer shall be required, within thirty (30) days of such termination to repay (in addition to any applicable early termination fees set forth in the Agreement) the amount of the applicable CenturyLink NRC(s) waived pursuant to this section.  
 SLA - In accordance with Scope of Work, 3.5.1 Service Level Guarantees, the Service Level Agreement applicable to the Services under this CSO shall be found at <https://www.centurylink.com/Pages/AboutUs/Legal/Tariffs/displayTariffLandingPage.html> and <http://www.centurylink.com/legal/sla.html>

**SERVICE AVAILABILITY** - Service may be subject to network disclosure and availability in some areas. Check with your local sales team for further details.  
**(1) SPECIAL CONSTRUCTION CHARGES** - Special Construction charges may be amortized via a increase in the monthly recurring payments and will be subject to the terms and conditions of the CSO. If a customer disconnects service prior to the end of the "(2) Contract Term", Early Termination Charges will equal all recurring cost plus all amortized NRC multiplied by the remaining months on Term. Early Termination Charges will not apply if services are terminated due to non-appropriation as otherwise stated in the Contract, except for Termination Charges related to unpaid NRC or amortized NRC.  
**(2) CONTRACT TERM** - Non-Erate Contract Term is specified as 3 year term and survives contract termination. E-Rate Only Contract Term expires as stated on June 30, 2023 only. There are no exceptions to these terms. (2) Contract Term is separate and independent of the \* Minimum Service Contract.  
**(3) VOICE SERVICES DOMESTIC LONG DISTANCE (LD)** is at the State contracted price per minute as indicated in the International Voice Rates tab of the state contract. CSO agreement will indicate "LD Usage Based Service" and is charged based on a per minute of usage.

**TARIFFS - FCC ACCESS SERVICE TARIFF NO. 11 / ACCESS SERVICE TARIFF NO. 4** as applicable and as indicated in attached Customer Service Order.





# Town of Huachuca City

The Sunset City

500 N Gonzales Blvd • Huachuca City, Arizona 85616

Phone: (520) 456-1354 • TDD: (520) 456-1353 • Fax: (520) 456-2230

## RESOLUTION NO. 2018-10

### **A RESOLUTION OF THE MAYOR AND TOWN COUNCIL OF THE TOWN OF HUACHUCA CITY, COCHISE COUNTY, ARIZONA, AMENDING THE FEE SCHEDULE FOR BUSINESS LICENSES.**

**WHEREAS**, the Town Council of the Town of Huachuca City has adopted by Resolution No. 84-002 a code known as the Town Code of the Town of Huachuca City, Arizona [the “Code”], and has amended and republished the Code from time to time, as authorized by A.R.S. 9-240 (B) (28) and Town Ordinance No. 15-02; and

**WHEREAS**, pursuant to A.R.S. section 9-240 (B) (10), (18) & (19), and the Code section 5.05.160, the Town Council may establish fees for issuing and renewing business licenses; and

**WHEREAS**, pursuant to A.R.S. section 9-499.15, the Town Council published notice on its website, sixty days in advance, of its intent to consider an increase in business license fees; and

**WHEREAS**, the Town Manager has reviewed the costs of issuing and renewing business licenses, and has determined that the fee schedule, attached hereto as Exhibit “A” and incorporated herein by this reference, is necessary and appropriate to recover those costs; and

**WHEREAS**, the Town Council has determined that it would be in the best interests of the Town and its residents to adopt the fee schedule, attached hereto as Exhibit “A.”

**NOW, THEREFORE, BE IT RESOLVED** by the Mayor and Council of the Town of Huachuca City, as follows:

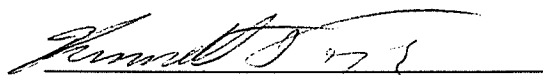
**SECTION 1.** The Fee Schedule, attached hereto as Exhibit “A” is hereby adopted.

**SECTION 2.** All ordinances, parts of ordinances, resolutions, parts of resolutions, policies, and parts of policies in conflict with the provisions of this Resolution, or any part hereof, are hereby repealed.

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**PASSED AND ADOPTED BY THE MAYOR AND TOWN COUNCIL OF THE  
TOWN OF HUACHUCA CITY, COCHISE COUNTY, ARIZONA, THIS 14<sup>th</sup> DAY OF  
JUNE, 2018.**

  
Ken Taylor, Mayor

ATTEST:

Approved as to Form:

  
Jennifer Fuller, Town Clerk

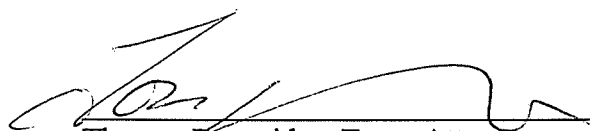
  
Thomas Benavidez, Town Attorney

EXHIBIT A

*[Fee schedule for business licenses must be attached]*

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## **SCHEDULE OF TOWN OF HUACHUCA CITY BUSINESS LICENSE FEE INCREASES**

The Town of Huachuca City, Arizona is proposing to increase its fees for business licenses, as follows:

**Increase the license fees from \$40.00 annually to \$75.00 for new licenses, \$50.00 annually for the following types of businesses:**

- Restaurants\*
- Entertainment
- Consumer Service
- Manufacturing
- Distributor
- Vending
- General Office
- Auto Service
- Contractor
- Service
- Retail
- Medical Office\*\*

**Increase the licenses fees from \$40.00 to \$75.00 for new licenses, \$60.00 renewal fee annually for the following type of businesses:**

- Tow Companies
- Junk Yards & Dealers
- Waste Hauling
- Metal Recyclers

**Increase the new license fees from \$100.00 to \$150.00, with licenses for these and the following businesses to be \$100.00 renewal fee annually:**

- Bars\*
- Pawn Shops
- Banks
- Finance, Title & Loan Shops
- Medical Marijuana Dispensaries
- Theaters & Movie Houses

Home-based businesses will increase from \$10.00 annually to \$50.00 for a new license and \$25.00 renewal fee annually.

\*excludes liquor license fees required by the Town and State.

\*\*excludes Medical Marijuana Dispensaries.



## SUPPORT DATA FOR INCREASE OF BUSINESS LICENSE FEES

Huachuca City Business License fees are antiquated; the fees were last adjusted in 2001. In addition, the fees are also very low. The potential for new businesses coming to Huachuca City is becoming more of a reality. Because of these reasons, the Town of Huachuca City is proposing to increase the fees for business licenses. Therefore, the following schedule is proposed to replace any and all existing fee schedules.

<u>Business Type</u>	<u>New License Fee</u>	<u>Annual Renewal Fee</u>	<u>Rate Number</u>
Restaurants*	\$75.00	\$50.00	
Entertainment	\$75.00	\$50.00	
Consumer Service	\$75.00	\$50.00	
Manufacturing	\$75.00	\$50.00	
Distributor	\$75.00	\$50.00	
Vending	\$75.00	\$50.00	
General Office	\$75.00	\$50.00	
Auto Service	\$75.00	\$50.00	
Contractor	\$75.00	\$50.00	
Service	\$75.00	\$50.00	
Retail	\$75.00	\$50.00	
Medical Office**	\$75.00	\$50.00	
Tow Company	\$75.00	\$60.00	
Waste Hauling	\$75.00	\$60.00	
Junk Yards/Dealers	\$75.00	\$60.00	
Metal Recyclers	\$75.00	\$60.00	
Bars*	\$150.00	\$100.00	525
Pawn Shops	\$150.00	\$100.00	
Banks	\$150.00	\$100.00	
Finance/Title/Loan	\$150.00	\$100.00	
MMJ Dispensary	\$150.00	\$100.00	
Theater/Movie Hs	\$150.00	\$100.00	
Home-Based	\$50.00	\$25.00	
Apartments	\$75.00	\$50.00	
Motels/Hotels	\$75.00	\$50.00	
Trailer Courts	\$75.00	\$50.00	

\*excludes liquor license fees required by Town of Huachuca City and State of AZ.

\*\*excludes Medical Marijuana Dispensaries.



Excerpt from Sierra Vista business license application showing fees:

**CERTIFICATION**

By clicking the Submit Application button below, I attest that I have read, acknowledge, and will comply with the following:

1. This application must be approved before I can lawfully engage in any business activities in the City of Sierra Vista.
2. A separate license is required for each business location.
3. Written notification of any changes or cancellation of this application must be made immediately to the License Clerk. Without written notification of cancellation, billing will continue.
4. This license is **non-transferable** and shall be valid until revoked by the City Clerk.
5. The fee for a new license is \$100 and is **not proratable**. The annual renewal fee is \$50, payable on January 1 of each year.
6. I certify that if applicable, I will submit the application for an Arizona State Sales Tax number for the location described within five (5) working days of the approval of this application.
7. Non-profits must submit proof of exemption (Letter of Determination).
8. A separate permit is required for any business sign.
9. When operating from a commercial location, I will be required to submit a Zoning Compliance Certificate. If operating from my home within City limits, I will be required to complete a Home Occupation Application.

Excerpt from Benson business license application showing fees:

Type of License Daily \$25\_\_\_\_\_ Quarterly \$50\_\_\_\_\_ Annually \$75\_\_\_\_\_ Business Ownership  
Type of Ownership: Individual(s)\_\_\_\_\_ Partnership\_\_\_\_\_ Corporation\_\_\_\_\_ LLC\_\_\_\_\_ Legal  
Domicile (Address where Business was established) Name of Ownership, Partner(s) or Officers  
Name\_\_\_\_\_ Name Title\_\_\_\_\_

Title Address\_\_\_\_\_ Address  
\_\_\_\_\_ Attach additional sheet if necessary In Case of

Emergency Name\_\_\_\_\_ Phone  
Name\_\_\_\_\_ Phone This should be someone that can be contacted  
24 hours a day 7 days a week Dates From\_\_\_\_\_ To\_\_\_\_\_



Finance Department  
76 Erie St., P.O. Box 4601 • Bisbee, Arizona 85603  
Phone (520) 432-6009 or Fax (520) 432-6069  
Email: [yward@bisbeeaz.gov](mailto:yward@bisbeeaz.gov)

## BUSINESS LICENSE FEES

### Fee Schedule:

1 Employee \$47.47  
2 Employees \$79.12  
3 Employees \$126.59  
4 Employees \$158.24  
5 - 8 Employees \$189.88  
9 - 12 Employees \$316.47  
13 - 20 Employees \$379.77  
21 - 30 Employees \$475.93  
31 - 40 Employees \$636.60  
41 + Employees \$727.89  
Operating without a Franchise Fee \$2,921.28  
Individual Auctioneers \$316.47  
Carnivals/Circus (per-day) \$39.56  
Newspaper-Daily \$158.24  
Newspaper-Weekly \$94.94  
Fortune Tellers/Palmist \$63.29  
Licensed Inpatient Hospitals TBD  
Special Event Promoter (per-day) \$39.56  
Special Event Vendor (per-day) \$6.00 Other  
fees are located on the City of Bisbee website  
at [BisbeeAz.gov](http://BisbeeAz.gov).



Bisbee Fees for Operating without a license:

First Offense Not more than \$500

Second Offense Not more than \$1000

Third Offense 60 Day Suspension + \$1500 or 50% of gross monthly revenue whichever is greater

Fourth Offense Banned from Operating and \$1500 or 50% of gross monthly revenue whichever is greater

Benson Fees for Operating without a license:

Section 8-1-10 Violations and Evidence of Violations

A. The fact that a person or organization is engaged in any business which, pursuant to this article, requires a license, or that such person or organization has exhibited a sign indicating such business is being pursued, shall be prima facie evidence of the liability of such person or organization to pay a license fee.

B. In any legal action initiated by the city for the violation of any of the provisions of this article, in the absence of proof by the defendant otherwise, it shall be presumed that no license has been issued and the burden of proof as to the issuance of the license shall be upon the defendant. BUSINESS: LICENSES AND TAXES 8.4

C. Each day of failure to obtain a required business license or renew an expired business license shall constitute a single offense punishable as provided in the city code or by injunction or both.

D. Any person, partnership or other entity believed to be conducting a business as defined in Section 8-1-1, shall be mailed, or personally delivered, a copy of this chapter, including any subsequent amendments thereto, and not less than ten calendar days thereafter, may be found guilty of a violation of these requirements if not then in possession of a currently issued business license.

E. A violation of this article shall constitute a civil offense punishable by a penalty of up to twenty-five dollars for each offense or occurrence determined by the court to have occurred plus court and related enforcement costs.

Sierra Vista Fees for Operating without a license:

#### **110.02 LICENSE REQUIRED.**

(A) It shall be unlawful for any person to commence, transact or carry on any business, as set out in this chapter, without first having procured a license from the city to do so, or without complying with any and all regulations of the business designated in this chapter.

(B) The practicing, transaction or carrying on of any business specified in this chapter, without first having procured a license from the city to do so, or without complying with any and all regulations of

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the business contained in this chapter shall constitute a separate violation of this chapter for each and every day that the business is practiced, transacted, or carried on.

(C) The granting of a license is not to be deemed as evidence or proof that the licensee has complied with the provisions of this chapter or other provisions of the city code, nor shall it stop the prosecution by the city for any violation of city code.

('76 Code, § 8-1-1) (Ord. 371, passed 4-13-78; Am. Ord. 844, passed 8-10-89; Am. Ord. 873, passed 12-13-90; Am. Ord. 899, passed 3-26-92; Am. Ord. 2014-003, passed 1-23-14) Penalty, see § 10.99

**10.99 GENERAL PENALTY.**

Any person found guilty of violating any provisions of this code, except as otherwise provided in this code, shall be guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of not to exceed \$2,500 or by imprisonment for a period not to exceed six months, or by both such fine and imprisonment. Each day that violation continues shall be a separate offense punishable as hereinabove described.

('76 Code, Art. 1-8)

**Town of Huachuca City and  
Water Infrastructure Finance Authority of Arizona**

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***Loan Resolution 2021-030 – Town of Huachuca 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 Huachuca 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: February 24, 2021

By:           Approved-Signature Pending            
          Chairman

Attest:           Approved-Signature Pending            
          Executive Director



# ***Loan Resolution 2021-030 – Town of Huachuca City*** ***Water Infrastructure Finance Authority of Arizona***

## **Section 2: Project Summary**

### **2.1 Project Number(s)**

CW 015-2021

### **2.2 Project Priority Data**

<u>PPL Rank</u>	<u>Funding Cycle</u>	<u>Population Served</u>	<u>Subsidy Rate</u>
4	CW 2021	1,797	80%

### **2.3 Project Description(s)**

This loan will fund the clean closing of a wastewater lagoon system to resolve the facility's APP violation and protect the Babocomari River and the San Pedro River from the potential of being polluted by the sludge in the ponds. Construction activities will include removing vegetation and concrete, as well as filling in two ponds and capping them with clay-type soil to seal the areas and prevent pollutants from spreading to the groundwater or the Babocomari River. A third pond will be graded and used as a stormwater retention basin to prevent runoff from entering the Babocomari River.

WIFA staff recommends up to \$20,000 in Technical Assistance funding to contract with Southeastern Arizona Governments Organization to provide compliance assistance with Davis-Bacon and related act requirements.

### **2.4 Previous Board or Committee Actions**

None, the Town of Huachuca City is a first-time borrower.

### **2.5 Project Finance Committee Recommendations**

Not reviewed by the Project Finance Committee

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

**Financial Assistance Amount:** \$1,770,000 with \$531,000 in forgivable principal

**Primary Repayment Source:** System Revenues

**Secondary Repayment Source:** None





# ***Loan Resolution 2021-030 – Town of Huachuca City*** ***Water Infrastructure Finance Authority of Arizona***

**Loan Term:** 30 years

**Frequency of Repayment:** Semi-Annual

**Loan Structure:** Standard Governmental - Level 3; Disadvantaged Community

**Debt Service Reserve Fund Requirements:** Local, Separate Account

**Repair and Replacement Fund Requirements:** Local - Not 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 A:**

Observation 1: Upon borrower notification of construction commencement

Final Observation: 80% construction budget disbursement

**Withholding Percentage:**

10% (released after deliverables received)

**Requirements Prior to Loan Execution:** No Requirement

**Requirements Prior to Construction:**

**Prior Review and Approval of Construction Bids:** Yes



***Loan Resolution 2021-030 – Town of Huachuca City***  
***Water Infrastructure Finance Authority of Arizona***

**Require Construction Signs: 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 Final Disbursements:**

**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 Huachuca City**  
(the “Local Borrower”)

Evidencing a Loan from the  
Authority to the Local Borrower

Dated as of TBD



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**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** 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 Huachuca 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 Huachuca City  
Attention: Suzanne D. Harvey, Town Manager  
500 N Gonzales Blvd  
Huachuca City, Arizona 85616  
Telephone: (520) 456-1354  
Fax: (520) 456-2230

#### **Section 1.2 Authorized Officer(s) of Local Borrower.**

Town of Huachuca City  
Attention: Suzanne D. Harvey, Town Manager  
500 N Gonzales Blvd  
Huachuca City, Arizona 85616  
Telephone: (520) 456-1354  
Fax: (520) 456-2230

**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 7<sup>th</sup> 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** 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 Sewer 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 Huachuca City**

By: \_\_\_\_\_  
Suzanne D. Harvey, Town Manager

**Attest:**

By: \_\_\_\_\_  
Clerk





## LOAN AGREEMENT ADDENDUM

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

#### Water Infrastructure Finance Authority of Arizona

This document (this “Wage Rate and Forgivable Principal 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 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 and Forgivable Principal 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 and Forgivable Principal 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 (including interest and fees at rates adjusted from those originally in effect as described herein).

#### **Additional Requirement for Subrecipients that are not Governmental Entities:**

Obtaining Wage Determinations - Under this Wage Rate and Forgivable Principal 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. P.L. 111-88 Compliance - Forgivable Principal Portion.**

(a) Section 1 of Exhibit A to the Loan Agreement specifies the Total Financial Assistance Amount, the amount, if any, designated as the Forgivable Principal Portion, the Intended Repayment Amount, and the required amount of reserves to be established based upon the Intended Repayment Amount. Section 2 of Exhibit A to the Loan Agreement specifies a schedule of interest and principal payments based on the Intended Repayment Amount. If the Local Borrower fails to comply with the requirements of P.L. 111-88, including those set forth in this Wage Rate and Forgivable Principal Addendum:

(i) WIFA will provide a revised Exhibit A for the Loan Agreement to amortize the entire Total Financial Assistance Amount with the Forgivable Principal Portion set to \$531,000.00, adjusted, as necessary, to incorporate, previous principal payments.



(ii) The Local Borrower will repay the Total Financial Assistance Amount.

**Section 2. P.L. 111-88 Compliance - Wage Rate Requirements.**

This 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](http://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 be appropriate, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in 29 CFR 5.5.

(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, and 7. 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 3. General Provisions.**

(a) Binding Effect. This Wage Rate and Forgivable Principal 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 and Forgivable Principal 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 and Forgivable Principal 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 and Forgivable Principal 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 and Forgivable Principal 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 and Forgivable Principal 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 and Forgivable Principal 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 and Forgivable Principal 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 and Forgivable Principal Addendum is subject to cancellation pursuant to A.R.S. § 38-511, the provisions of which are hereby incorporated herein.

[SIGNATURE PAGE FOLLOWS]



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

**Water Infrastructure Finance Authority of Arizona**

By: \_\_\_\_\_

Dan Dialessi, Executive Director

**Town of Huachuca City**

By: \_\_\_\_\_

Suzanne Harvey, Town Manager

[Signature page to Wage Rate and Forgivable Principal 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 Huachuca City**

By: \_\_\_\_\_

Suzanne Harvey, 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 Huachuca City 25-Feb-21

Loan Number.....		910193-21
Closing Date.....		TBD
First Payment Period.....		07/01/21
<b>Financial Assistance Terms and Conditions</b>		
Original Loan Amount as of the Closing Date.....	\$	1,770,000.00
Forgivable Principal Amount.....	\$	531,000.00
Intended Repayment Amount.....	\$	1,239,000.00
Loan Term.....		30
Combined Interest & Fee Rate		2.400%
Total # of Payment Periods within Loan Term.....		60
<small>* Combined Interest and Fee Rate (CIFR) allocation: Fee = 1.5% (150 basis points); Interest = CIFR minus Fee.</small>		
<b>Principal Repayments</b>		
Period Principal Repayments Begin.....		2
First Principal Repayment Date.....		07/01/21
Final Principal Repayment Date.....		07/01/50
<b>Combined Interest and Fee Payment Dates</b>		
First Combined Interest and Fee Payment Date*.....		07/01/21
Final Combined Interest and Fee Payment Date.....		07/01/50
<small>* Actual initial Combined Interest and Fee payment calculated only on dollar amount drawn against loan as of initial payment date</small>		
<b>Debt Service Reserve Fund Requirements</b>		
Total Reserve Amount.....	\$	58,410.03
Annual Amount.....	\$	11,682.01
Reserve Funded by (Date).....		01/01/26
<b>Repair and Replacement Fund Requirement</b>		
Begin Funding on (Date).....		07/01/26
Annual Amount.....	\$	11,682.01
Semi-Annual Deposit.....	\$	5,841.01
<b>Annual Payment</b>		
Years 1 through 5.....	\$	58,410.03
Years 6 through 10.....	\$	58,410.03
Years 11 through 15.....	\$	58,410.03
Years 16 through 20.....	\$	58,410.03



**Section 2: Loan Repayment Schedule**  
**Town of Huachuca City**  
**25-Feb-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	01/01/21	2.400%	0.00		
1	2	07/01/21	2.400%	7,847.00	28,674.03	36,521.03
2	3	01/01/22	2.400%	14,523.91		
2	4	07/01/22	2.400%	14,523.91	29,362.21	58,410.03
3	5	01/01/23	2.400%	14,171.57		
3	6	07/01/23	2.400%	14,171.57	30,066.89	58,410.03
4	7	01/01/24	2.400%	13,810.77		
4	8	07/01/24	2.400%	13,810.77	30,788.49	58,410.03
5	9	01/01/25	2.400%	13,441.30		
5	10	07/01/25	2.400%	13,441.30	31,527.43	58,410.03
6	11	01/01/26	2.400%	13,062.97		
6	12	07/01/26	2.400%	13,062.97	32,284.09	58,410.03
7	13	01/01/27	2.400%	12,675.57		
7	14	07/01/27	2.400%	12,675.57	33,058.89	58,410.03
8	15	01/01/28	2.400%	12,278.85		
8	16	07/01/28	2.400%	12,278.85	33,852.33	58,410.03
9	17	01/01/29	2.400%	11,872.63		
9	18	07/01/29	2.400%	11,872.63	34,664.77	58,410.03
10	19	01/01/30	2.400%	11,456.65		
10	20	07/01/30	2.400%	11,456.65	35,496.73	58,410.03
11	21	01/01/31	2.400%	11,030.69		
11	22	07/01/31	2.400%	11,030.69	36,348.65	58,410.03
12	23	01/01/32	2.400%	10,594.51		
12	24	07/01/32	2.400%	10,594.51	37,221.01	58,410.03
13	25	01/01/33	2.400%	10,147.86		
13	26	07/01/33	2.400%	10,147.86	38,114.31	58,410.03
14	27	01/01/34	2.400%	9,690.48		
14	28	07/01/34	2.400%	9,690.48	39,029.07	58,410.03
15	29	01/01/35	2.400%	9,222.13		
15	30	07/01/35	2.400%	9,222.13	39,965.77	58,410.03
16	31	01/01/36	2.400%	8,742.54		
16	32	07/01/36	2.400%	8,742.54	40,924.95	58,410.03
17	33	01/01/37	2.400%	8,251.44		
17	34	07/01/37	2.400%	8,251.44	41,907.15	58,410.03
18	35	01/01/38	2.400%	7,748.56		
18	36	07/01/38	2.400%	7,748.56	42,912.91	58,410.03
19	37	01/01/39	2.400%	7,233.60		
19	38	07/01/39	2.400%	7,233.60	43,942.83	58,410.03
20	39	01/01/40	2.400%	6,706.29		
20	40	07/01/40	2.400%	6,706.29	44,997.45	58,410.03
				491,411.92	1,239,000.00	1,730,411.92





**Exhibit B**

**Technical Terms and Conditions**

**Section 1  
Budget**

<b>Uses by Budget Item</b>	<b>Amount Budgeted</b>
Planning.....	\$0.00
Design & Engineering.....	\$49,000.00
Legal/Debt Authorization.....	\$10,000.00
Financial Advisor.....	\$0.00
Land/System Acquisition.....	\$0.00
Equipment/Materials.....	\$0.00
Construction/Installation/Improvement.....	\$1,706,776.00
Inspection & Construction Management.....	\$4,224.00
Project Officer.....	\$0.00
Administration.....	\$0.00
Staff Training.....	\$0.00
Capitalized Interest.....	\$0.00
Refinance Loan.....	\$0.00
Other.....	\$0.00
<b>Total Budget.....</b>	<b>\$1,770,000.00</b>

**Section 2  
Project Description**

This loan will fund the clean closing of a wastewater lagoon system to resolve the facility’s APP violation and protect the Babocomari River and the San Pedro River from the potential of being polluted by the sludge in the ponds. Construction activities will include removing vegetation and concrete, as well as filling in two ponds and capping them with clay-type soil to seal the areas and prevent pollutants from spreading to the groundwater or the Babocomari River. A third pond will be graded and used as a stormwater retention basin to prevent runoff from entering the Babocomari River.

**Section 3  
Estimated Observation and Disbursement Schedule**

**Observation Schedule A:**

Observation 1: Upon borrower notification of construction commencement



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 refer to the Loan Agreement Addendum for wage rate reporting requirements.



## **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 Requirements**

### **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**

**Held By Local Borrower – No Separate Account**

The Local Borrower shall either spend or maintain a replacement reserve (the “Replacement Reserve”) 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 Huachuca 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 TBD (the "*Loan Agreement*") by and between the Authority and the Local Borrower; and

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

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

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

1. The Local Borrower is a political subdivision of the State of Arizona with the legal right to carry on the business of the System as currently being conducted and as proposed to be conducted.
2. The Local Borrower has full legal right and authority to pledge the Source of Repayment for the Loan Repayments and to execute and deliver the Loan Agreement, and to observe and perform its duties, covenants, obligations and agreements thereunder and to undertake and complete the Project; subject, however, to the effect of restrictions and limitations imposed by or



resulting from, bankruptcy, insolvency, moratorium, reorganization, debt adjustment or other similar laws affecting creditors rights generally ("*Creditor's Rights Limitations*") heretofore or hereafter enacted.

3. The Local Borrower has duly and validly pledged the Source of Repayment for the punctual payment of the principal of and interest on the Loan and all other amounts due under the Loan Agreement and the Local Borrower Bond according to their respective terms.

4. All additional debt tests and reserve and other requirements applicable to the Local Borrower with respect to the pledge of the Source of Repayment have been satisfied.

5. The authorizing proceedings of the Local Borrower's governing body approving the Loan Agreement and authorizing its execution, issuance and delivery on behalf of the Local Borrower, and authorizing the Local Borrower to undertake and complete the Project (hereinafter collectively called the "*Authorizing Resolutions*") have been duly and lawfully adopted and authorized in accordance with applicable Arizona law, at a meeting or meetings which were duly called pursuant to necessary public notice and held in accordance with applicable Arizona law, and at which quorums were present and acting throughout.

6. The Loan Agreement has been duly authorized, executed and delivered by the authorized officers of the Local Borrower; and, assuming that the Authority has all the requisite power and authority to authorize, execute and deliver, and has duly authorized, executed and delivered the Loan Agreement, the Loan Agreement constitutes the legal, valid and binding obligation of the Local Borrower enforceable in accordance with its terms; subject, however, to the effect of and to restrictions and limitations imposed by or resulting from Creditor's Rights Limitations or other laws, judicial decisions and principles of equity relating to the enforcement of contractual obligations generally.

7. To the best of my knowledge, after such investigation as I have deemed appropriate, the authorization, execution and delivery of the Loan Agreement by the Local Borrower, the observance and performance by the Local Borrower of its duties, covenants, obligations and agreements thereunder and the consummation of the transactions contemplated therein and the undertaking and completion of the Project do not and will not contravene any existing law or any existing order, injunction, judgment, decree, rule or regulation of any court or governmental or administrative agency, authority or person having jurisdiction over the Local Borrower or its property or assets or result in a breach or violation of any of the terms and provisions of, or constitute a default under, any existing bond resolution, trust agreement, indenture, mortgage, deed of trust or other agreement to which the Local Borrower is a party or by which it, the System or its property or assets is bound.

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



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

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

Very truly yours,





## Exhibit H Tax Compliance Certificate of Local Borrower

Water Infrastructure Finance Authority of Arizona

\$1,770,000.00 Loan to Town of Huachuca City

The Water Infrastructure Finance Authority of Arizona (the “Authority”) and Town of Huachuca 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 Huachuca 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<sup>1</sup> 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.<sup>2</sup>

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.<sup>3</sup>

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.

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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<sup>4</sup> is the 6-Month Spending Exception.

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<sup>4</sup> 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**



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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<sup>1</sup> 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 DWRP and CWRP 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.

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<sup>1</sup> 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 CWRP Financial Assistance Account and DWRP Financial Assistance Accounts established under the Bond Documents, does not constitute payment of the amounts due under this Loan Agreement. If at any time the amounts on deposit in the Bond Reserves or the CWRP Financial Assistance Account and DWRP Financial Assistance Accounts shall be less than the amounts required by the Bond Documents as the result of any transfer of moneys from the Bond Reserves or the CWRP Financial Assistance Account and DWRP Financial Assistance Accounts which in turn is the result of a failure by the Local Borrower to make any Loan Repayments required hereunder, the Local Borrower agrees to (i) replenish such moneys so transferred, and (ii) replenish any deficiency arising from losses incurred in making such transfer as the result of the



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

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.

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

*“Debt Management Fee”* means the fee component of the combined interest and fee payments made by the Borrower, see Exhibit A 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.

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

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

*“Event of Default”* means any occurrence or event specified in Section 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. Magnuson-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.

\*\*\*\*\*





# Borrower Contact Data

BORROWER NAME: \_\_\_\_\_

LOAN NUMBER: \_\_\_\_\_

MAILING ADDRESS:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

TAX I.D. NO.: \_\_\_\_\_

**FOR WIFA HELD DEBT SERVICE RESERVE (DSR) LOANS ONLY - ACTION REQUIRED**

**APPLICATION OF DEBT SERVICE RESERVE (DSR) EARNINGS** - Annually, WIFA will provide a statement of DSR balance and interest earnings. Borrower has the option to select when interest earned is applied to loan principal, please elect an option below. Contact Jane Thompson, WIFA Controller, at 602-364-1323 for questions.

Borrower elects DSR interest earnings be applied annually (in December).

Borrower elects DSR interest earnings be applied as a portion of the final payment.

<b>AUTHORIZED REPRESENTATIVE</b> <i>(authorized to execute loan)</i>	<b>DESIGNATED CONTACT</b> <i>(responsible for loan on behalf of borrower)</i>	<b>FINANCE DIRECTOR</b> <i>(if applicable)</i>
NAME:	NAME:	NAME:
PHONE NUMBER:	PHONE NUMBER:	PHONE NUMBER:
E-MAIL ADDRESS:	E-MAIL ADDRESS:	E-MAIL ADDRESS:
MAILING ADDRESS (if different than above):	MAILING ADDRESS (if different than above):	MAILING ADDRESS (if different than above):

<b>AUDIT CONFIRMATION CONTACT</b> <i>(responsible for confirming loan balance info)</i>	<b>ANNUAL LOAN REVIEW CONTACT</b> <i>(responsible for audited financial statements)</i>	<b>ACCOUNTS PAYABLE CONTACT</b> <i>(responsible for debt service payments)</i>
NAME:	NAME:	NAME:
PHONE NUMBER:	PHONE NUMBER:	PHONE NUMBER:
E-MAIL ADDRESS:	E-MAIL ADDRESS:	E-MAIL ADDRESS:
MAILING ADDRESS (if different than above):	MAILING ADDRESS (if different than above):	MAILING ADDRESS (if different than above):

1. Complete this form in its entirety.
2. If DSR is held by WIFA, ensure an election on when to apply interest earnings is made.
3. Notify WIFA as soon as possible if, at any time, a change occurs in contact information (as per loan agreement).

WIFA Main Line: 602-364-1310

\_\_\_\_\_  
Authorized by

\_\_\_\_\_  
Date





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**with**  
**ARIZONA DEPARTMENT OF HOUSING**

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- C    **Budget**
- D    **Request for Payment Form**
- E    **Special Conditions of the Agreement**
- F    **Certification and Other Requirements Relating to Title I or Title II Assistance**
- G    **Authorizing Resolution(s)**
- H    **Additional Provisions of the 2013 HOME Final Rule (Effective August 23, 2013)**



AGREEMENT NO. 126-21  
TERMINATION DATE March 1, 2022

**FUNDING AGREEMENT  
BETWEEN THE ARIZONA DEPARTMENT OF HOUSING  
AND  
HUACHUCA CITY  
FOR  
PARK IMPROVEMENTS**

This Funding Agreement is made by and between:

The **Arizona Department of Housing ("ADOH")**, located at, 1110 West Washington Street, Suite 280, Phoenix, Arizona 85007, acting pursuant to A.R.S. § 41-3953 and (please select applicable funding source):

- Title I of the Housing and Community Development Act of 1974, as amended (Community Development Block Grant) ("**CDBG**").
- Title II of the National Affordable Housing Act of 1990, as amended (HOME Investments Partnerships Program) ("**HOME**").
- A.R.S. § 41-3955 (State Housing Trust Fund) ("**HTF**").
- A.R.S. § 41-3957 (State Housing Program Fund) ("**HPF**").
- The AIDS Housing Opportunity Act of 1992, as amended, 42 U.S.C. Section 12902 (Housing Opportunities for Persons with HIV/AIDS) ("**HOPWA**").
- Title IV Part 578 of the McKinney-Vento Homeless Assistance Act of 1987, as amended, 42 USC. 11301 et seq. and the Continuum of Care Program regulations as amended by the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009 (Continuum of Care) ("**COC**").
- Title I of the Housing and Economic Recovery Act of 2008, Section 1338 (Public Law 110-289). (National Housing Trust Fund) ("**NHTF**").
- Part A of the Energy and Conservation in Existing Buildings Act of 1976, as amended and 42 U.S.C. Section 6861 (Department of Energy Weatherization Assistance Program for Low Income Persons) ("**DOE WAP**").
- Low Income Energy Assistance Act of 1981, as amended, 42 U.S.C. Section 8621-8630, (Low Income Home Energy Assistance Program) ("**LIHEAP WAP**").





Southwest Gas Corporation, Weatherization Assistance Program ("SWG WAP").  
and

HUACHUCA CITY  
*(Entity)*

An Arizona Town ("Recipient") DUNS #002467413, located at

500 N. Gonzales Boulevard  
*Street*  
Huachuca City, Arizona 85616-9610  
*City State Zip*

In consideration of the mutual representations and obligations hereunder,  
ADOH and Recipient agree as follows:

**Section 1. FUNDS PROVIDED**

ADOH agrees to provide \$498,736.00 in the following type of funds to Recipient in accordance with this Agreement. ADOH is entitled to change the funding sources as described in this section, in its sole discretion, so long as the total amount of funds to be disbursed is not affected thereby.

**CDBG, CFDA # 14.228**  
Federal Fiscal Year 2020  
\$498,736.00

**HOME, CFDA # 14.239**  
Federal Fiscal Year \_\_\_\_\_  
\$\_\_\_\_\_

**HTF**  
State Fiscal Year \_\_\_\_\_  
\$\_\_\_\_\_

**HPF**  
State Fiscal Year \_\_\_\_\_  
\$\_\_\_\_\_

**HOPWA, CFDA # 14.241**  
Federal Fiscal Year \_\_\_\_\_  
\$\_\_\_\_\_

**COC, CFDA # 14.267**  
Federal Fiscal Year \_\_\_\_\_  
\$\_\_\_\_\_



NHTF, CFDA # 14.275  
Federal Fiscal Year \_\_\_\_\_  
\$ \_\_\_\_\_

DOE WAP, CFDA # 81.042  
Federal Fiscal Year \_\_\_\_\_  
\$ \_\_\_\_\_

LIHEAP WAP, CFDA # 93.568  
Federal Fiscal Year \_\_\_\_\_  
\$ \_\_\_\_\_

SWG WAP  
State Fiscal Year \_\_\_\_\_  
\$ \_\_\_\_\_

## Section 2. OTHER FUNDS

If applicable, Recipient agrees to secure funding other than that listed in **Section 1** for the completion of this Agreement as indicated in the *Budget* attached hereto as **Attachment C**. ADOH reserves the right to rescind some or all of the funding committed through this Agreement if other funding sources become unavailable.

## Section 3. ACCEPTANCE OF FUNDS

Recipient hereby accepts the award of funds under the terms of this Agreement and agrees to execute and return this Agreement to ADOH within thirty (30) days of receipt unless Recipient receives a written waiver of this requirement by ADOH.

## Section 4. DURATION

This Agreement shall be effective beginning on the date of execution by ADOH and shall remain in effect until MARCH 1, 2022 unless sooner terminated, extended or otherwise amended in accordance with the terms of this Agreement.

## Section 5. INCORPORATION OF TERMS FOR COMPLIANCE WITH PROGRAM REQUIREMENTS AND APPLICABLE STATE AND FEDERAL LAW

Recipient shall carry out each activity in compliance with all applicable State and Federal laws, Federal regulations and other requirements including, but not limited to, the provisions indicated as marked below and hereby incorporated into this Agreement, as if fully set forth herein. Also incorporated into this Agreement as applicable, are the terms of any resolution authorizing Recipient's application for funds, which is attached hereto as



**Attachment G, Authorizing Resolution(s)** and any *Special Conditions of the Agreement* attached hereto as **Attachment E**.

- CDBG** funds require adherence to the following provisions as revised: (1) 24 CFR Part 570; (2) *Certification and Other Requirements Relating to Title I Assistance* attached hereto as Attachment F; (3) the provisions contained in the *State of Arizona Consolidated Plan*; (4) *ADOH ERR Handbook*; (5) *ADOH Labor Standards Handbook*; (6) *CDBG Application Handbook*; (7) *CDBG Grant Administration Handbook*; and (8) *CDBG Procurement, Contracts and Acquisition Handbook* (collectively “the Incorporated Documents”) as each may be amended from time to time. In the event of a conflict between the terms of this Agreement and the terms of the Incorporated Documents, the terms of this Agreement shall govern.
- HOME** funds require adherence to the following provisions as revised: (1) 24 CFR Part 92; (2) *Certification and Other Requirements Relating to Title II Assistance* attached hereto as Attachment F; (3) the provisions contained in the *State of Arizona Consolidated Plan*; (4) *ADOH ERR Handbook*; (5) *ADOH Labor Standards Handbook*; and (6) the *State Housing Fund Program Summary and Application Guide*.
- HTF** funds require adherence to the *State Housing Fund Program Summary and Application Guide* as revised.
- HPF** funds require adherence to the *Special Needs Housing Manual* as revised.
- COC** funds require adherence to the following provisions as revised: (1) 24 CFR Part 578; and (2) the *Special Needs Housing Manual*.
- HOPWA** funds require adherence to the following provisions as revised: (1) 24 CFR Part 574; and (2) the *Special Needs Housing Manual*.
- NHTF** requires adherence to the following provisions as revised: (1) 24 CFR Parts 91 and 93, Housing Trust Fund Interim Rule; (2) the provisions contained in the *State of Arizona Consolidated Plan*; (3) *State Housing Fund Program Summary and Application Guide*; (4) *State of Arizona Qualified Allocation Plan*; and (5) *National Housing Trust Fund Allocation Plan*.
- DOE WAP** funds require adherence to the following provisions as revised: (1) 10 CFR Part 440 as revised; (2) the *Arizona Weatherization Assistance Program State Plan (State Plan)*; (3) *Health and Safety Plan (HSD Plan)*; (4) the *Arizona Weatherization Policies and Procedures Handbook*; (5) *Arizona Weatherization Assistance Program Field Guide*; (6) *Standard Work Specifications*; and (7) *WAP Memorandum 15-10 Quality Management Plan*.
- LIHEAP WAP** funds require adherence to the following provisions: (1) 45 CFR Part 96 as revised; (2) the *Arizona Weatherization Assistance Program State Plan (State Plan)*; (3) *Health and Safety Plan (HSD Plan)*; (4) the *Arizona Weatherization Policies and*



*Procedures Handbook; (5) Arizona Weatherization Assistance Program Field Guide; (6) Standard Work Specifications; and (7) WAP Memorandum 15-10 Quality Management Plan.*

- SWG WAP** funds require adherence to the following provisions: (1) *the Arizona Weatherization Assistance Program State Plan (State Plan); (2) Health and Safety Plan (HSD Plan); (3) the Arizona Weatherization Policies and Procedures Handbook; (4) Arizona Weatherization Assistance Program Field Guide; (5) Standard Work Specifications; and (6) WAP Memorandum 15-10 Quality Management Plan.*

## **Section 6. SCOPE OF WORK**

Recipient agrees to utilize all funds made available under this Agreement only for the purpose of implementing the *Scope of Work* hereby incorporated into this Agreement and described in Attachment A.

Revisions to Scope of Work. Recipient agrees to follow the procedures indicated as marked below regarding changes to the *Scope of Work*.

Revisions to the *Scope of Work* that change the manner in which an activity is to be executed or that change final outcome such as number of units, feet of utility line, number of households served, square footage of building, etc. require written approval from ADOH. The following substantial revisions to the *Scope of Work* require written amendment to this Agreement:

- (a) The purpose of the project changes;
- (b) The location of the project changes;
- (c) A project activity is added, deleted or altered such that it becomes a different activity;
- (d) The beneficiary of any activity changes;
- (e) Recipient is requesting a change to the loan or grant terms. Recipient must submit a written request for an Agreement amendment to ADOH, with a revised *Scope of Work* attached;
- (f) The ownership entity changes; and
- (g) Any other changes that involve program requirements.

ADOH will respond to the written request within fourteen (14) business days. Amendments may not be implemented until ADOH consents in writing and an amendment to the Agreement has been executed.

## **Section 7. REPORTS**

Recipient shall be responsible for providing various reports of all activities related to this Agreement as identified below and as requested by ADOH or HUD. Recipient shall also provide to ADOH any additional written information requested by ADOH in a timely manner and within reasonable deadlines as shall be set by ADOH.





**7.1 Performance Report.** Recipient agrees to submit the ADOH *Performance Report* respective of the types of projects indicated below and attached as Attachment B.

- HOME, NHTF, HTF** funded rental development projects (“Rental Projects”) or **HPF** funded rapid rehousing projects: Recipient must submit a *Bimonthly Performance Report* attached hereto as Attachment B. The Bimonthly Progress Report must be submitted to ADOH on the 20<sup>th</sup> of January, March, May, July, September and November and address activities of the preceding two (2) months (i.e. the January report covers the months of November and December).
- HOME, HTF and CDBG** non-rental projects (“HOME, HTF and CDBG Non-Rental Projects”). Recipient must submit a *Monthly Progress Report* attached hereto as Attachment B. The Monthly Progress Report must be submitted to ADOH on the 15<sup>th</sup> of each month and address activities of the preceding one (1) month (i.e. the July report covers the month of June). Failure to submit timely Monthly Progress Reports will result in suspension of payment reimbursement requests until such reports are brought current.
- COC** funded assistance for persons who are homeless (“Homeless Projects”). ADOH is required to administer the program during the contract term, which is synonymous with the HUD grant term and as set forth in Section 4. Recipient must submit a *Bimonthly Performance Report* attached hereto as Attachment B. The Bimonthly Progress Report must be submitted to ADOH on the 20<sup>th</sup> of January, March, May, July, September and November and address activities of the preceding two (2) months (i.e. the January report covers the months of November and December). Recipient shall submit *Annual Progress Report (APR)* data from HMIS to ADOH, no later than thirty (30) days following the contract termination date listed on Page 1 of the Agreement.
- HOPWA** funded rental assistance and services (“HOPWA Projects”). A Recipient of HOPWA awarded funding shall administer said program in the contract term as set forth in Section 4 and submit one (1) *HUD Consolidated Annual Performance Evaluation Report (CAPER)* in accordance with the schedule set forth in Attachment B no later than sixty (60) days following the end of Fiscal Year date which is June 30<sup>th</sup> annually.
- DOE WAP, LIHEAP WAP and SWG WAP** funded projects (“Weatherization Projects”). Recipient must submit a *Monthly Performance Report* attached hereto as Attachment B. The Monthly Performance Report must be submitted to ADOH on the 30<sup>th</sup> (for the month of February, the last calendar day of the month) of each month and address activities of the preceding month (i.e. the January 30<sup>th</sup> report covers the month of December).

**7.2 Contract Closeout—Completion Reports and Post-Funding Audits.** Recipient's obligation to ADOH under this Agreement shall not end until all closeout



requirements described in this paragraph are completed. ADOH will notify Recipient in writing that a Completion Report is due to ADOH within sixty (60) days of one (1) of the following occurrences:

- (a) The funds have been expended;
- (b) The Scope of Work has been completed;
- (c) The contract period set forth in this Agreement has expired; or
- (d) The Agreement has been otherwise terminated.

The Completion Report shall contain the information identified in the notice.

Following the receipt and approval of the Completion Report, ADOH will notify Recipient in writing that the Agreement is administratively closed.

After the project is administratively closed, Recipient must submit all required audits to ADOH. All audits for fiscal years in which Recipient received funds from ADOH must be received, reviewed and found to be satisfactory by ADOH. In the event that ADOH determines that any project costs described in a post-funding audit are unjustified or describe ineligible activities, Recipient will be required to refund such monies back to ADOH.

#### **Section 8. SCHEDULE OF COMPLETION**

Recipient agrees to make progress with the *Scope of Work* in accordance with the *Schedule of Completion* hereby incorporated into this Agreement and described in Attachment B.

**Revisions to the Schedule of Completion.** Recipient agrees to follow the procedures indicated as marked below regarding changes to the Schedule of Completion.

- Rental Projects funded with HOME or HTF.** Recipient must notify ADOH of revisions to the *Schedule of Completion* using the *Bimonthly Performance Report*, attached hereto as Attachment B. To the extent that the changes cause the schedule timeline to be extended, Recipient must submit a written request for a contract amendment to ADOH with a revised *Schedule of Completion* attached. Contract amendment requests must be received by ADOH a minimum of thirty (30) days prior to the contract expiration date. ADOH will respond to the written request within fourteen (14) business days. Amendments may not be implemented until ADOH consents in writing and an amendment to the Agreement has been executed.
- Non-Rental Projects funded with HOME, HTF and CDBG.** Recipient must notify ADOH of revisions to the *Schedule of Completion* using the *Monthly Performance Report*, attached hereto as Attachment B. To the extent that the changes cause the schedule timeline to be extended, Recipient must submit a written request for a contract amendment to ADOH with a revised *Schedule of Completion* attached. Contract amendment requests must be received by ADOH a minimum of thirty (30) days prior to the contract expiration date. ADOH will respond to the written request within



fourteen (14) business days. Amendments may not be implemented until ADOH consents in writing and an amendment to the Agreement has been executed.

**Homeless Projects funded with HTF, HPF or COC.** To the extent that the changes cause the schedule timeline to be extended, Recipient must submit a written request for a contract amendment to ADOH with a revised *Schedule of Completion and Performance Report* attached. Contract amendment requests must be received by ADOH a minimum of thirty (30) days prior to the contract expiration date. ADOH will respond to the written request within fourteen (14) business days. Amendments may not be implemented until ADOH consents in writing and an amendment to the Agreement has been executed.

**Weatherization.** Projects funded with DOE WAP, LIHEAP and/or SWG WAP. Recipients will have twelve (12) months to complete the Scope of Work with no extensions. ADOH may, based on a review of the progress of Recipient completed units and expenditures, move funds from a non or under-performing Recipient to a Recipient meeting or exceeding their performance goals. ADOH will review the performance of the Recipient on a monthly basis. The first re-allocation of funds if applicable would occur at six (6) months with additional re-allocations, if needed, at the eight (8) month and ten (10) month time periods.

## Section 9. BUDGET

Recipient agrees to use the funds provided pursuant to this Agreement in accordance with the Budget that is attached as Attachment C. Recipient further agrees that any project costs, unless otherwise specified, exceeding the Budget shall be the sole responsibility of Recipient.

Availability of funding under this Agreement is contingent on final review and approval of the Budget. Budgetary considerations for specific programs are described below:

**CDBG Revisions to the Budget.** Recipient must obtain written approval from ADOH to move funds from one Budget Activity Line Item to another. The following substantial revisions to the *Budget* require a contract amendment:

- (a) Funds are moved from one Budget Activity Line Item to another and the change in the Budget Activity Line from which it is moved or to which it is being moved exceeds fifty percent (50%), unless the move is from administration to a non-administration activity, in which case only written notice without a contract amendment is required;
- (b) Additional funding sources are added to the Project;
- (c) Recipient is requesting a change to the grant terms.



**HOME, HOPWA, HPF, NHTF and HTF Revisions to the Budget.** Recipient must obtain prior written approval from ADOH to move funds from one Budget Activity Line Item to another. ADOH will only approve changes to the Budget for eligible costs as outlined in the State Housing Fund program. The following substantial revisions to the *Budget* require a contract amendment:

- (a) Additional funding sources are added to the project which require a project to be re-underwritten to determine gap;
- (b) Recipient is requesting a change to the loan terms.

**WEATHERIZATION Revisions to the Budget.** Recipient must obtain written approval from ADOH to move funds from one Budget Activity Line Item to another.

See Section 10 for changes that affect the Budget.

Recipient shall not retain any funds that are drawn down in excess of immediate cash needs (to be utilized within fifteen (15) days of draw down) to cover subsequent requests for reimbursement and must return them to ADOH within thirty (30) days of receipt. Recipient must also return to ADOH any interest that is earned on these funds that are drawn down and not expended for eligible costs within fifteen (15) days of draw down.

#### **Section 10. AMENDMENTS AND MODIFICATIONS**

ADOH may consent to amendment or modification of this Agreement upon written request of Recipient. All amendments or modifications to this Agreement shall be by mutual consent of the parties in writing.

Requests for amendments or modifications that result in changes to the Budget must be supported by a revised Budget that is otherwise consistent with Section 9.

ADOH will respond to the request for amendment or modification to this Agreement within fourteen (14) business days.

#### **Section 11. ENVIRONMENTAL REVIEW CONDITIONS**

In accordance with 24 CFR 50 and 24 CFR 58 ("Environmental Review"), the environmental effects of each activity carried out with federal funds must be assessed. Local government entities are responsible for conducting environmental reviews and requesting a release of funds from ADOH. Non-profits and other non-governmental entities are responsible for conducting Environmental Reviews before ADOH requests a release of funds from HUD. Completion of the Environmental Review Record ("ERR") is mandatory before taking any physical action on a site or entering into contracts. Only exempt activities such as architecture, engineering and administration may be undertaken and reimbursed by ADOH prior to receiving a written release of funds. Exempt activities described in 24 CFR 58.34(a)(1)-





(11) are activities that generally have no physical impact on the environment. If federal funds are involved in a project, neither federal nor non-federal funds may be expended or committed by contract (conditional or not) for property acquisition, rehabilitation, conversion, lease, repair or construction activities, until HUD or ADOH has provided written authorization based on approval of an ERR.

An option agreement (to purchase land) on a proposed site or property is allowable prior to the completion of the Environmental Review if the option agreement is contingent upon an ADOH or HUD authorization to use funds based on a completed ERR. The cost of the option must be a nominal portion of the purchase price.

Projects funded solely with Housing Trust Funds do not require an ERR but are required to meet the requirements of the State Historic Preservation Act by consulting with the State Historic Preservation Office (SHPO). For State Housing Funded projects, Phase I Environmental Assessments are required to be completed on properties for which new construction/change in use is proposed, regardless of whether federal or state funds are the source of funding. Expenditures incurred or obligated by construction contract prior to ADOH's release of funds or consultation with SHPO will not be reimbursed by ADOH.

Recipients who had committed or expended non-federal funds to begin a project before receiving the authorization from ADOH or HUD may still be eligible to use federal funds on the project under the following circumstances:

- (a) Recipients started the project without the intention of using federal assistance (i.e. as evidenced by other anticipated funding, the original project budget, etc.);
- (b) All work on the project ceases once an application for federal funds is made and an ERR is begun on all activities (i.e. acquisition, construction, etc.). ADOH or HUD provides authorization to proceed based on the completed ERR.

**WEATHERIZATION (DOE WAP, LIHEAP WAP).** DOE has made a final NEPA determination for all activities under this Funding Agreement that are listed in the State Plan formally approved by DOE and incorporated into this Funding Agreement. Recipients are responsible for compliance with Section 106 pursuant to 36 CFR Part 800.2 (c)(4).

## **Section 12. APPLICATION AND OTHER PRE-AWARD COSTS**

Recipient may use a portion of the funds provided hereunder to reimburse itself for exempt activities pursuant to 24 CFR 58.34(a)(1)-(11) such as architecture, engineering, testing and sampling of asbestos and capital needs assessments and environmental reviews.

**CDBG.** If Recipient is receiving funding under this Agreement from the CDBG program, in accordance with federal procedures, Recipient may use funds provided



hereunder to reimburse it or to pay for costs incurred in preparing the application. In no event shall such compensation exceed eighteen percent (18%) of the total funding provided to Recipient by ADOH.

### **Section 13. COMPENSATION AND METHOD OF PAYMENT**

Subject to availability of and receipt of funds from the State's Unclaimed Property Fund (for state HTF funds) and/or the United States Treasury (for HOME, CDBG, COC, NHTF HOPWA, DOE WAP and LIHEAP WAP funds) and the commitment of other required funding as indicated in Recipient's application, ADOH agrees to reimburse or advance Recipient for authorized expenditures according to the *Budget* in Attachment C. Recipient must maintain invoices and other similar documentation to support payment expenses under those generally accepted accounting principles and procedures approved by ADOH and outlined in 2 CFR 200 as applicable; 24 CFR Parts 44, 92 and 570 as applicable; and 10 CFR 440 and 600 as applicable.

Recipient may request funds only after the date of the executed Agreement and other legal documents as applicable, provided Recipient has satisfied ADOH funding contingencies and federal Environmental Review conditions. Requests for reimbursement must be made using the ADOH *Request for Payment* form hereby incorporated into this Agreement and attached as Attachment D. For construction projects, Release of Lien documents must be attached to the Request for Payment in amounts proportionate to contractor reimbursement requests.

Recipient must maintain proof of said expenditures including checks, payrolls, time records, invoices, contracts, vouchers, orders and other accounting documents evidencing in proper detail the nature and propriety of the respective charges as may be required by applicable federal rules and regulations, including requirements by the Federal Office of Management and Budget, and as may be otherwise reasonably required to permit ADOH to determine or confirm that any such expenditures are prudent and within the Scope of Work.

Recipient's right to incur expenses under this Agreement shall cease upon expiration of this Agreement. All requests for reimbursement on expenditures made prior to expiration of this Agreement must be requested within sixty (60) days after expiration. Unless expressly authorized by ADOH in writing, expenditures not requested within the sixty (60) day period after expiration of this Agreement shall be disallowed and all funds shall be reclaimed by ADOH.

### **Section 14. FUNDS RECOUPED BY RECIPIENT, INTEREST AND PROGRAM INCOME**

**14.1 Definitions.** For purposes of this section, the following definitions shall apply:



**“Funds Recouped by Recipient”** means funds initially provided by ADOH to Recipient under this Agreement and any matching contributions that are recouped by Recipient when: (1) the funds provided by ADOH under this Agreement or matching contributions or the proceeds of funds provided by ADOH (including, but not limited to, equipment or housing) do not continue to be used for an approved purpose or eligible activity, as described in applicable law or regulations, for the full period of affordability required by this Agreement; or (2) when a State-assisted homeownership housing does not continue to be the principal residence of the assisted homebuyer for the full affordability period required by this Agreement. Funds Recouped by Recipient are subject to all the requirements of Program Income described below with the exception that Recipient shall not use Funds Recouped by Recipient for administrative purposes. For this reason, Recipient must separately account for all Funds Recouped by Recipient.

**“Interest”** means any compensation paid or to be paid for the use or deposit of the funds provided by ADOH to Recipient under this Agreement.

**“Program Income”** means gross income received by Recipient directly generated from the use of funds provided by ADOH under this Agreement. When Program Income is generated by housing that is only partially assisted with funds provided by ADOH under this Agreement or matching contributions, the income shall be prorated to reflect the percentage of funds provided by ADOH under this Agreement. Program Income includes, but is not limited to, the following: (1) proceeds from the disposition by sale or long-term lease of real property purchased or improved with funds provided by ADOH under this Agreement; (2) gross income from the use or rental of real or personal property acquired by Recipient with funds provided by ADOH under this Agreement, less costs incidental to generation of the income; (3) payments of principal and interest on loans made using funds provided by ADOH under this Agreement or matching contributions; (4) proceeds from the sale of loans made with funds provided by ADOH under this Agreement or matching contributions; (5) proceeds from sale of obligations secured by loans made with funds provided by ADOH under this Agreement or matching contributions; (6) Interest earned on Program Income pending its disposition; (7) proceeds from the disposition of equipment purchased with CDBG funds; (8) gross income from the use or rental of real property, owned by Recipient, that was constructed or improved with funds provided by ADOH under this Agreement, less costs incidental to generation of the income; (9) if the funds provided by ADOH under this Agreement are from the CDBG Program, funds collected through special assessments made against properties owned and occupied by households not of low and moderate income, where the assessments are used to recover all or part of the CDBG portion of a public improvement; and (10) if the funds provided by ADOH under this Agreement are from the HOME Program, any other interest or return on the investment permitted under 24 C.F.R. Part 92.205(b) of HOME funds or matching contributions.



**14.2 Use of Program Income and Funds Recouped by Recipient.**

Recipient is not authorized by ADOH to retain and reuse Program Income, Funds Recouped by Recipient or accrued Interest as described in the following paragraph(s) except as authorized by ADOH through a written agreement.

Recipient must return all Program Income, Funds Recouped by Recipient and Interest to ADOH within thirty (30) days of receipt.

Recipient must remit to ADOH any Program Income, Funds Recouped by Recipient or Interest on hand at the time of expiration, cancellation, or termination of this Agreement or subsequently received by Recipient within **thirty (30) days** of receipt by Recipient.

**Section 15. DE-OBLIGATION, RECAPTURE AND REPAYMENT OF FUNDS**

**15.1 De-obligation.** ADOH may reduce funds from the funding award evidenced by this Agreement without regard to the source of funding, under the following circumstances: (1) Recipient has completed performance under the *Scope of Work* (Attachment A) without using all of the funds provided by ADOH under this Agreement; (2) this Agreement expires and not all funds have been expended; (3) ADOH's original allocation was a loan and Recipient or Sub-recipient paid the loan; (4) Recipient, with the consent of ADOH, cancelled or changed an activity required under the *Scope of Work* for reasons other than non-performance; or (5) Recipient receives Program Income that has not been included in the budget or set forth in the *Scope of Work*; and (6) this Agreement has otherwise been terminated. ADOH may de-obligate funds under this Agreement under the foregoing circumstances upon written notice to Recipient.

**15.2 Reallocation of De-obligated HOME or State HTF Funds.** If the funds provided by ADOH under this Agreement are from the State HTF or the HOME Program, ADOH may reallocate funds that it has de-obligated under this Agreement as it determines in its sole discretion.

**15.3 Reallocation of De-obligated CDBG Funds.** If the funds provided by ADOH under this Agreement are from the CDBG Program, ADOH may reallocate funds that it has de-obligated under this Agreement to Recipient from which the funds were de-obligated for use under an existing or new funding contract of the same funding year if Recipient can immediately commit the reallocated funds to a project and execute a new or amended funding contract within sixty (60) calendar days of the reallocation. If ADOH is not able to reallocate funds that it has de-obligated under this Agreement in accordance with the foregoing sentence of this subsection, ADOH may reallocate those funds as it determines in its sole discretion.

**15.4 Recapture.** ADOH may reduce funds from the amount of the funding award evidenced by this Agreement, without regard to the source of funding, under the following





circumstances: (1) ADOH determines that Recipient has failed to use the funds provided by ADOH under this Agreement in compliance with the terms of this Agreement or the requirements of applicable laws and regulations (non-compliance); or (2) Recipient fails to perform in accordance with the performance obligations set forth in the *Scope of Work* (Attachment A) and the *Schedule of Completion* (Attachment B) or the terms of this Agreement. ADOH may recapture funds under this Agreement under the foregoing circumstances upon written notice to Recipient.

**15.5 Reallocation of Recaptured Funds.** ADOH may reallocate funds that it has recaptured under this Agreement, without regard to the source of funding, as it determines in its sole discretion.

**15.6 Repayment of Funds.** Recipient agrees to repay funds provided under this contract if ADOH determines that Recipient has failed to use the funds provided by ADOH under this Agreement in compliance with the terms of this Agreement or the requirements of applicable laws and regulations. ADOH may specify in writing the terms of the repayment or alternative terms in lieu of repayment; however, in no case shall repayment or alternative terms be accomplished later than 180 days following the written determination of non-compliance by ADOH.

## **Section 16. REVERSION OF ASSETS**

**16.1 Funds Remaining at Expiration.** Upon expiration of this Agreement, Recipient shall transfer to ADOH any unexpended funds advanced to Recipient by ADOH under this Agreement.

**16.2 Real Property Acquired or Improved with CDBG Funds.** Upon expiration of this Agreement, any real property under Recipient's control that was acquired or improved in whole or in part with CDBG funds, for non-owner occupied use, provided to Recipient by ADOH under this Agreement (including CDBG funds provided to Recipient in the form of a loan) in excess of \$25,000, shall either: (1) be used to meet one of the national objectives in 24 CFR Part 570.208 until five (5) years after expiration of this Agreement, or for such longer period of time as determined to be appropriate by Recipient; or (2) not be used in accordance with 24 CFR Part 570.503(b)(8)(i), in which event Recipient shall pay to ADOH an amount equal to the current market value of the property less any portion of the value attributable to expenditures of non-CDBG funds for the acquisition of, or improvement to, the property. No payment is required after the period of time specified in 24 CFR Part 570.503 (b)(8)(i).

**16.3 Real Property Acquired or Improved with HOME Funds.** Upon expiration of this Agreement, any real property under Recipient's control that was acquired or improved in whole or in part with HOME funds, for non-owner occupied uses, provided to Recipient by ADOH under this Agreement (including funds provided to Recipient in the form of a loan), must be occupied only by households that are eligible as low-income families and must meet the requirements to qualify as affordable housing and is subject to encumbrances and



obligations described in any applicable Declaration of Conditions, Covenants and Restrictions ("CC&Rs") for the period of affordability set forth in 24 CFR Part 92.252.

**16.4 Real Property Acquired or Improved with State Housing Trust Funds.** Upon expiration of this Agreement, any real property under Recipient's control that was acquired or improved in whole or in part with state HTF funds, for non-owner occupied uses, provided to Recipient by ADOH under this Agreement (including funds provided to Recipient in the form of a loan), must be occupied only by households that are eligible as low-income families and must meet the requirements to qualify as affordable housing and is subject to encumbrances and obligations described in any applicable Declaration of CC&Rs for the period of affordability set forth in the CC&Rs.

## **Section 17. DEPARTMENT OF HOUSING RESPONSIBILITIES**

ADOH shall monitor and evaluate Recipient to determine compliance with and performance under this Agreement. A summary of discrepancies noted by ADOH during monitoring visits will be specified in writing. Appropriate time for correction of discrepancies will be specified in the written report to Recipient. ADOH shall follow up on discrepancies to ensure that they have been corrected in a timely manner. The failure of ADOH to require timely performance of any provision of this Agreement shall in no way affect the right of ADOH thereafter to enforce such provision nor shall the waiver of any succeeding breach of such provision act as waiver of the provision itself.

ADOH shall provide reasonable technical assistance to assist Recipient to comply with program requirements for the provision of services under this Agreement. However, this in no way relieves Recipient of full responsibility for its acts or omissions in the performance of activities required by this Agreement.

## **Section 18. SUBCONTRACTING**

Recipient shall not disburse any funds received under this Agreement without fully completed written agreements with subcontractors requiring they follow all provisions of this Agreement and a completed Environmental Review pursuant to Section 11 of this Agreement.

The use of subcontractors does not relieve Recipient of responsibility for ensuring the administration of the provided funds in accordance with all applicable program requirements. Recipient is responsible for determining the adequacy of performance under subcontractor agreements and procurement contracts and for taking appropriate action when performance issues arise.

## **Section 19. FAILURE TO MAKE PROGRESS**

Failure of Recipient to make progress according to the Schedule of Completion, attached hereto as Attachment B may result in contract termination, de-obligation of funds or



recapture of funds. Recipient agrees to meet with ADOH at the site in which the funded activity is taking place to discuss progress and allow ADOH to provide technical assistance if:

- (a) Recipient fails to begin work on its Environmental Review pursuant to Section 11 within the sixty (60) calendar days from the date ADOH executes this Agreement;
- (b) Recipient fails to expend any funds in performance of and in accordance with the terms of this Agreement within ninety (90) calendar days from the inception date of this Agreement.

ADOH will terminate any Agreement and recapture funds from the same Agreement in which Recipient does not commence any of the activities described in the *Scope of Work* (Attachment A) or fails to expend any funds in accordance with the *Budget* (Attachment C) within 180 calendar days from the full execution date of this Agreement. ADOH may in its sole discretion, forgo providing technical assistance and recapture funds as outlined in this Agreement under Section 15.4 hereof and/or terminate this Agreement for cause pursuant to Section 20 of this Agreement.

#### **Section 20. TERMINATION FOR CAUSE**

ADOH may terminate this Agreement in whole or in part at any time whenever it determines that Recipient has failed to comply with the conditions hereof including, but not limited to the Scope of Work set forth in Attachment A, Schedule of Completion set forth in Attachment B and Budget set forth in Attachment C to this Agreement. If ADOH so determines, it shall notify Recipient in writing by certified mail, return receipt requested, of such termination for cause with such notification to include the reason(s) for the termination and the effective date of termination. If ADOH terminates this Agreement pursuant to this Section, ADOH shall recapture all funds allocated to Recipient under this Agreement pursuant to Section 15.4 hereof and obtain repayment of funds expended pursuant to Section 15.6, hereof.

#### **Section 21. TERMINATION FOR CONVENIENCE**

ADOH or Recipient may terminate this Agreement in whole or part (one (1) or more activities) if either party believes that continuation will not produce beneficial results. If ADOH so determines, it shall notify Recipient in writing by certified mail, return receipt requested, of such termination for convenience and the effective date of termination. If Recipient so determines, it shall notify ADOH in writing by certified mail, return receipt requested, of such termination for convenience and the effective date of termination. If ADOH terminates this Agreement pursuant to this Section, ADOH shall de-obligate, recapture or receive repayment, as applicable, all funds allocated to Recipient under this Agreement pursuant to Section 15 hereof.



## Section 22. ENFORCEMENT

**22.1 Remedies for Noncompliance.** If Recipient materially fails to comply with any term of this Agreement or applicable law, ADOH may take one or more of the following actions, as appropriate in the circumstances:

- (a) Temporarily withhold cash payments pending correction of the deficiency by Recipient or more severe enforcement action by the awarding agency;
- (b) Disallow (that is, deny both use of funds and matching credit for) all or part of the cost of the activity or action not in compliance;
- (c) Wholly or partly suspend or terminate the award evidenced by this Agreement;
- (d) Withhold further awards to Recipient's project funded by the award evidenced by this Agreement;
- (e) Recapture funds and terminate contract;
- (f) Withhold future ADOH grant awards from all sources; or
- (g) Take other remedies that may be legally available.

**22.2 Appealable Agency Action.** Enforcement action taken under this section is an appealable agency action pursuant to A.R.S., Title 41, Chapter 6, Article 10.

**22.3 Effects of suspension and termination.** Costs incurred by Recipient resulting from obligations incurred by Recipient during a suspension or after termination of an award are not allowable unless ADOH expressly authorizes them in the notice of suspension or termination or subsequently.

**22.4 Relationship to debarment and suspension.** The enforcement remedies identified in this section, including suspension and termination, do not preclude Recipient from being subject to "Debarment and Suspension" under the United States President's Executive Order 12549.

## Section 23. CANCELLATION

Pursuant to A.R.S. § 38-511, ADOH may, within three (3) years after its execution, cancel this Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of ADOH, at any time while this Agreement or any extension of this Agreement is in effect, is or becomes an employee or agent of any other party to this Agreement in any capacity or a consultant to any party of this Agreement with respect to the subject matter of the contract. A cancellation notice made pursuant to this provision shall be effective when Recipient receives written notice of the cancellation unless the notice specifies a later time.





#### Section 24. RECORDS RETENTION

Pursuant to A.R.S. § 35-214, Recipient shall retain and require that its subcontractors retain for inspection and audit by ADOH, all books, accounts, reports, files including information regarding actual beneficiaries of the fund, and other records relating to the bidding and performance of this Agreement for a period of five (5) years following the date of the letter informing Recipient of the Administrative Closeout or termination.

- CDBG funded projects only:** All CDBG records must be retained for at least three (3) years after the grant agreement close out between HUD and ADOH has been approved by HUD. ADOH will notify recipients of the records retention date of expiration for CDBG funded projects.
- WEATHERIZATION projects only:** All records must be retained for at least three (3) years after the grant agreement close out between DOE or SWG and ADOH has been approved. ADOH will notify recipients of the records retention date of expiration for Weatherization projects.

Upon request by ADOH, Recipient shall produce a legible copy of all such records at the Administrative Office of ADOH or at the Office of the Auditor General. The original records shall be available and produced for inspection and audit when required by ADOH or the Auditor General.

Recipient shall maintain records that adequately identify the source and application of the funds provided under this Agreement (including Program Income and Recaptured Funds) as part of the financial transactions of their funding program, consistent with generally accepted accounting principles and the requirements of 2 CFR 200. Recipient will provide reports regarding the capture and reuse of Program Income and Recaptured Funds as requested by ADOH from time to time.

In addition, in the event that the project resulted in Recipient holding any liens or notes as a result of this funding, Recipient must retain all pertinent records for five (5) years beyond the expiration or release of such liens or notes.

#### Section 25. NO OBLIGATION OF STATE GENERAL APPROPRIATIONS FUNDS

Nothing herein shall be construed as obligating state general appropriation funds, excepting HTF funds, for payment of any debt or liability of any nature arising hereunder. The parties expressly recognize that all payments to be made by ADOH are from federal funds and HTF funds made available to ADOH for this purpose.



## **Section 26. AVAILABILITY OF FUNDS**

Payments under this Agreement are subject to the availability of the federal funds provided to the ADOH for the HOME and CDBG programs and the availability of state funds provided for the state HTF Program. Every payment obligation of ADOH under this Agreement is conditioned upon the availability of funds appropriated or allocated for the payment of such obligation. If funds are not allocated and available for the continuance of this Agreement, this Agreement may be terminated by ADOH at the end of the period for which funds are available. No liability shall accrue to ADOH in the event this provision is exercised, and ADOH shall not be obligated or liable for any future payments or for any damages as a result of termination under this paragraph.

## **Section 27. APPLICABLE LAW AND ARBITRATION**

This Agreement shall be governed and interpreted by the laws of the State of Arizona. The parties to this Agreement agree to resolve all disputes arising out of or relating to this Agreement through arbitration, after exhausting applicable administrative review, to the extent required by A.R.S. § 12-1518 except as may be required by other applicable statutes.

## **Section 28. INDEMNIFICATION**

Recipient shall indemnify, defend, and save harmless ADOH, the State of Arizona and its agents, officials and employees from any and all claims, demands, suits, actions, proceedings, loss, costs and damages of every kind and description, including any attorney's fees and litigation expenses, which may be brought or made against or incurred by the State on account of loss of or damage to any property or for injuries to or death of any person, caused by, arising out of or contributed to, in whole or in part, by reason of any alleged act, omission, professional error, fault, mistake or negligence of Recipient, its employees, agents, representatives or subcontractors, their employees, agents or representatives in connection with or incidental to the performance of this Agreement, or arising out of Workmen's Compensation claims, Unemployment Compensation claims or Unemployment Disability Compensation claims of employees of Recipient or its subcontractors or claims under similar such laws or obligations. Recipient's obligation under this section shall not extend to any liability caused by the sole negligence of ADOH, the State of Arizona or its employees.

## **Section 29. FEDERAL GOVERNMENT LIABILITY**

It is agreed by all parties that the Federal Government and particularly the U.S. Department of Housing and Urban Development ("HUD") and the U.S. Department of Energy (DOE) is not a party to this Agreement and that no legal liability on the part of the Federal Government is inferred or implied under the terms of this Agreement.



### **Section 30. AUDIT**

If federal funds are paid to Recipient through this Agreement, Recipient shall comply with the audit requirements set forth in 2 CFR 200. Recipient shall comply with A.R.S. § 35-181.03 if any state funds are paid through this Agreement. Recipient agrees to rectify issues identified in audits within ADOH prescribed time periods. Failure to comply shall result in withholding of all present and future ADOH provided funds.

### **Section 31. AUDIT EXCEPTIONS**

If federal or state audit exceptions are made relating to this Agreement, Recipient shall reimburse all costs incurred by the State of Arizona and ADOH associated with defending against the audit exception or performing an audit or follow-up audit including but not limited to: audit fees, court costs, attorney's fees based upon a reasonable hourly amount for attorneys in the community, travel costs, penalty assessments and all other costs of whatever nature.

Immediately upon notification from ADOH, Recipient shall reimburse the amount of the audit exception and any other related costs directly to ADOH as specified by ADOH in the notification.

### **Section 32. UNALLOWABLE USE OF FUNDS**

Recipient, its officers, employees and agents, shall not utilize any of the federal funds or HTF provided under this Agreement to solicit or influence, or attempt to solicit or influence, directly or indirectly, any member of Congress regarding pending or prospective legislation.

### **Section 33. INTEREST OF MEMBERS OF DEPARTMENT OF HOUSING AND OTHERS**

No officer or employee of ADOH and no public official, employee or member of the governing body of Recipient who exercises any functions or responsibilities in review or approval of the undertaking or carrying out of this Agreement shall participate in any decision relating to this Agreement which affects their personal interest or the interest of any corporation, partnership or association in which they are directly or indirectly interested, or have any interest, direct or indirect, in this Agreement or its proceeds.

### **Section 34. ACCESS TO RECORDS, PARTICIPANTS AND STAFF**

Recipient agrees to provide ADOH and its representatives access at any reasonable time to all participants and staff involved in this Agreement and to all records and reports involving this Agreement.



### **Section 35. IDENTIFICATION OF DOCUMENTS**

All materials used for public outreach and for informational purposes as a part of this Agreement, other than documents exclusively for internal use by ADOH, shall identify the source of federal (CDBG, HOME, NHTF, COC, HOPWA, DOE WAP, LIHEAP WAP) or state (HTF) funds used as part of this Agreement as well as acknowledgement of support from ADOH.

### **Section 36. COPYRIGHT**

Reports, maps or other documents produced in whole or in part under this Agreement are works for hire and shall not be the subject of any application for copyright by or on behalf of Recipient, by any employee or subcontractor of Recipient. Recipient shall advise ADOH or its designee at the time of delivery of any copyrighted or copyrightable work furnished under this Agreement, or any adversely held copyrighted or copyrightable material incorporated in any such work and of any invasion of the right of privacy therein contained.

### **Section 37. RIGHTS IN DATA**

ADOH may duplicate, use and disclose in any manner and for any purpose whatsoever, within the limits established by federal and state laws and regulations, all information relating to this Agreement.

### **Section 38. FUNDING CONDITIONS**

ADOH will make the funding assistance available to Recipient upon execution of this Agreement by the parties. The obligation and utilization of the funding assistance provided through this Agreement are subject to the proper observation of the requirements incorporated by reference. Recipient shall require any subcontracting entities to observe and follow all provisions of this Agreement.

### **Section 39. NON-DISCRIMINATION**

- (a) Recipient shall comply with A.R.S. § 41-1463 and Executive Orders 99-4 and 2009-09, which prohibit Recipient from discriminating against persons, or depriving or tending to deprive any individual of employment opportunities or otherwise adversely affecting the individual's status as an employee on the basis of race, color, religion, sex, age, national origin, disability or political affiliation and require Recipient to take action to ensure that applicants are employed and that employees are treated during employment without regard to race, color, religion, sex, age, national origin, disability, or political affiliation. Recipient shall comply with all of the other requirements of Executive Order 2009-09.





- (b) Recipient agrees to comply with Title VII of the Civil Rights Act of 1964, as amended. Recipient shall also comply with applicable federal regulations that prohibit discrimination in the employment or advancement in employment of qualified persons with disabilities. Recipient shall comply with all applicable federal regulations regarding equal employment opportunity and relevant orders issued by the U.S. Secretary of Labor. Recipient agrees to comply, and will require any subcontractor(s) to comply with applicable federal nondiscrimination requirements, which may include: Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. §3789(d)); the Victims of Crime Act (42 U.S.C. §10604(e)); the Juvenile Justice and Delinquency Prevention Act of 2002 (42 U.S.C. §5672(b)); the Civil Rights Act of 1964 (42 U.S.C. §2000(d)); Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794); Title II of the Americans with Disabilities Act of 1990 (42 U.S.C. §§12132); Title IX of the Education Amendments of 1972 (20 U.S.C. §1681); the Age Discrimination Act of 1975 (42 U.S.C. §6102); 28 C.F.R. pt. 35 (DOJ Regulations- Nondiscrimination on the Basis of Disability in State and Local Government Services); 28 C.F.R. pt. 42 (DOJ Regulations- Nondiscrimination; Equal Employment Opportunity; Policies and Procedures); Executive Order 13279 (equal protection of the laws for faith-based and community organizations); and 28 C.F.R. pt. 38 (DOJ Regulations- Equal Treatment for Faith-Based Organizations).

#### **Section 40. THIRD PARTY ANTITRUST VIOLATIONS**

Recipient assigns to the State of Arizona any claim for overcharges resulting from antitrust violations to the extent that such violations concern materials or services supplied by third parties to Recipient toward fulfillment of this Agreement.

#### **Section 41. COMPLIANCE REQUIREMENTS FOR A.R.S. § 41-4401—IMMIGRATION LAWS AND E-VERIFY REQUIREMENT**

- (a) Recipient warrants compliance with all Federal immigration laws and regulations relating to employees and warrants its compliance with Section A.R.S. § 23-214, Subsection A. (That subsection reads: “After December 31, 2007, every employer, after hiring an employee, shall verify the employment eligibility of the employee through the E-Verify program.”)
- (b) A breach of a warranty regarding compliance with immigration laws and regulations shall be deemed a material breach of the contract and Recipient may be subject to penalties up to and including termination of this Agreement.
- (c) The ADOH retains the legal right to inspect the papers of any employee who works on this Agreement to ensure that Recipient or Recipient’s subcontractor is complying with the warranty under paragraph (a).



## Section 42. INSURANCE

During the contract period, Recipient shall purchase and maintain in full force the following insurance. All certifications of insurance must provide for a thirty (30) day notice to ADOH of cancellation, non-renewal or material change. Proof of insurance from Recipient shall be provided to ADOH prior to execution of this contract and periodic certifications must be furnished at the request of the Program Specialist.

Recipient and its subcontractors, at Recipient's and subcontractors' own expense, shall purchase and maintain the herein stipulated minimum insurance with companies duly licensed, possessing a current A.M. Best, Inc. Rating of A-, 7, local government insurance pools formed pursuant to ARS 11-952.01 or other as approved by ADOH and licensed in the State of Arizona with policies and forms satisfactory to ADOH.

All insurance required herein shall be maintained in full force and effect until all work or service required to be performed under the terms of this Agreement is completed satisfactorily and formally accepted; failure to do so may, at the sole discretion of ADOH, constitute a material breach of this Agreement.

Recipient's insurance shall be primary insurance as respects ADOH and any insurance or self-insurance maintained by ADOH shall not contribute to it.

Recipient shall not fail to comply with the claim reporting provisions of the insurance policies or cause any breach of an insurance policy warranty, which would affect coverage afforded under insurance policies to protect ADOH.

The insurance policies, except Worker's Compensation, shall contain a waiver of transfer of rights of recovery (subrogation) against ADOH, its agents, representatives, directors, officers and employees for any claims arising out of Recipient's acts, errors, mistakes, omissions, work or service.

The insurance policies may provide coverage, which contain deductibles or self-insured retentions. Such deductible and/or self-insured retentions shall not be applicable with respect to the coverage provided to ADOH under such policies. Recipient shall be solely responsible for the deductible and/or self-insured retention, and ADOH, at its option, may require Recipient to secure payment of such deductibles or self-insured retentions by a Surety Bond listing ADOH as the Obligee or co-Obligee or an irrevocable and unconditional letter of credit.

ADOH reserves the right to request and to receive, within ten (10) working days, certified copies of any or all of the herein required insurance policies and/or endorsements. ADOH shall not be obligated, however, to review same or to advise Recipient of any deficiencies in such policies and endorsements, and such receipt shall not relieve Recipient



from, or be deemed a waiver of ADOH's right to insist on, strict fulfillment of Recipient's obligations under this Agreement.

The insurance policies, except Worker's Compensation and Professional Liability, required by this Agreement, shall name ADOH, its agents, representatives, officers, directors, officials and employees as additionally insured.

#### 42.1 Required Coverage

**Commercial General Liability.** Recipient shall maintain Commercial General Liability insurance with a limit of not less than \$1,000,000 for each occurrence with a \$2,000,000 Products/Completed Operations Aggregate and a \$2,000,000 General Aggregate Limit. The policy shall include coverage for bodily injury, broad form property damage, personal injury, products and completed operations and blanket contractual coverage. Coverage will be at least as broad as Insurance Service Office, Inc. Policy Form CG 00011093 or any replacements thereof.

Such policy shall contain a severability of interest provision and shall not contain a sunset provision or commutation clause, nor any provision that would serve to limit third party action over claims. The Commercial General Liability additional insured endorsement shall be at least as broad as the Insurance Service Office, Inc. Additional Insured, Form B, CG 20101185, and shall include coverage for Recipient's operations and products and completed operations.

**Automobile Liability.** Recipient shall maintain Commercial/Business Automobile Liability insurance with a combined single limit for bodily injury and property damage of not less than \$1,000,000 each occurrence with respect to Recipient's any auto, all owned autos, scheduled autos, hired autos, non-owned autos assigned to or used in performance of Recipient's work. Coverage will be at least as broad as coverage code 1, "any auto", (Insurance Service Office, Inc. Policy Form CA 00011293, or any replacements thereof).

**Worker's Compensation.** Recipient shall carry Worker's Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of Recipient's employees engaged in the performance of the work or services; and Employer's Liability insurance of not less than \$100,000 for each accident, \$100,000 disease for each employee and \$500,000 disease policy limit.

In case any work is subcontracted, Recipient will require the subcontractor to provide Worker's Compensation and Employer's Liability to at least the same extent as required of Recipient.



#### **42.2 Certificates of Insurance**

Prior to commencing work or services under this Agreement, Recipient shall furnish ADOH with Certificates of Insurance, or formal endorsements as required by this Agreement, issued by Recipient's insurer(s), as evidence that policies providing the required coverage, conditions and limits required by this Agreement are in full force and effect.

In the event any insurance policy(s) required by this contract is (are) written on a "claims made" basis, coverage shall extend for two (2) years past completion and acceptance of Recipient's work or services and as evidenced by annual Certificates of Insurance.

If a policy does expire during the life of this Agreement, a renewal certificate must be sent to ADOH fifteen (15) days prior to the expiration date.

#### **42.3 Cancellation and Expiration Notice**

Insurance required herein shall not expire, be canceled, or materially changed without thirty (30) days written notice to ADOH.

### **Section 43. PRIVACY CONSIDERATIONS**

Recipients of federal funds (for the purpose of this section "federal funds" means funding from the CDBG, HOME, HOPWA and COC programs; *see* Section 1, above) from ADOH warrant and represent that commencing from the effective date of this Agreement and until the latest expiration or termination date of any promissory note, deed of trust, declaration or other agreement that secures the federal funds that are the subject of this Agreement, Recipient and Recipient's contractors shall comply with the requirements of the federal Privacy Act, 5 U.S.C. § 552a. Recipient warrants and represents that it has read and understands the requirements of the Federal Privacy Act and requires the same of its contractors and subcontractors.

### **Section 44. NOTICES**

When routine reports or correspondence is required to be sent to ADOH, it shall be addressed to Arizona Department of Housing, to the attention of the assigned Program Specialist at 1110 West Washington Street, Suite 280, Phoenix, Arizona 85007. Notices or correspondence regarding material changes to the contract or requests for amendment shall be addressed to the same. All correspondence regarding this Agreement must be identified by its ADOH Agreement number (which is located on the top left hand corner of the first page of this Agreement).





When notice or correspondence is required to be sent to Recipient, it shall be addressed to:

HUACHUCA CITY  
*Entity*  
BRANDYE THORPE, OFFICE MANAGER  
*Attention (if applicable)*  
500 N. GONZALES BOULEVARD  
*Mailing Address*  
HUACHUCA CITY, ARIZONA 85616-9610  
*City State Zip*

**Section 45. REGISTRATION WITH SOCIAL SERVE**

For new construction or rehabilitation of rental projects, Recipient agrees to register the project with [socialserve.com](http://socialserve.com) and keep the project listed with [socialserve.com](http://socialserve.com) for the duration of the period of affordability as indicated in the Conditions, Covenants and Restrictions.

**Section 46. ADOH SIGNAGE**

For new construction and rehabilitation projects, Recipient must erect a sign at the project site indicating that the project is funded through the Arizona Department of Housing and indicate the sources of funds. The sign must be a minimum size of twenty-four (24) inches high by thirty-six (36) inches wide, include a minimum five (5) inch high ADOH logo and text printed at a minimum seventy-two (72) point font. An individual ADOH sign does not have to be provided if Recipient incorporates ADOH information into a larger group sign.

**Section 47. PHOTOGRAPHS**

For new construction and rehabilitation projects, Recipient is required to provide to ADOH before and after photographs of the project in digital or film format.

**Section 48. STATE OF ARIZONA**

This Agreement shall be construed in accordance with the laws of the State of Arizona.

**Section 49. WRITTEN CERTIFICATION UNDER A.R.S. § 35-393.01.**

If the [Recipient] engages in for-profit activity and has ten (10) or more employees, and if this Agreement has a value of \$100,000 or more, then the [Recipient] certifies it is not currently engaged in, and agrees for the durations of this Agreement, not to engage in a boycott of goods and services from Israel. This certification does not apply to a boycott prohibited by 50 U.S.C. § 4842 or a regulation issued pursuant to 50 U.S.C. § 4842.



**Section 50. A.R.S. § 1-501 Relating to Federal Programs**

Notwithstanding any other state law and to the extent permitted by federal law, any person who applies for a federal public benefit that is administered by this state or a political subdivision of this state and that requires participants to be citizens of the United States, legal residents of the United States or otherwise lawfully present in the United States shall submit required documentation to the entity that administers the federal public benefit demonstrating lawful presence in the United States.

AGREED, effective as of the later date of the signatures of the duly authorized representatives subscribed below:

**THE STATE OF ARIZONA,  
ARIZONA DEPARTMENT OF HOUSING**

**HUACHUCA CITY  
RECIPIENT**

BY: \_\_\_\_\_

BY: \_\_\_\_\_

Carol L. Ditmore

John Wallace

TITLE: Director

TITLE: Mayor

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_



## Attachment A SCOPE OF WORK

### Town of Huachuca City – Park Improvements

**Activity #1 - Administration** **\$33,400 CDBG**

To carry out all required actions to administer activities funded from the FY 2020 SEAGO Regional Account for the Town of Huachuca City. Actions are to include requisite record keeping, reporting, monitoring and all other actions necessary to ensure compliance with CDBG Program requirements as identified in the 24 CFR 570.500 –570.614 and current Arizona Department of Housing Handbooks.

**Activity #2 – Park Improvements** **\$465,336 CDBG**

To use CDBG funds to construct Park improvements at various locations within Huachuca City Arizona. Improvements and locations will consist of:

Pool/Skate Park: New basketball court, water fountains and skate park upgrades.

Veteran’s Park: Landscaping, tables, concrete pads and signage.

Keyline Park: Landscape improvements, electrical upgrades, water fountains, playground equipment, restroom repairs, new grills, exercise stations, new bandstand and signage.

This activity will meet the Low to Moderate Income National Objective (LMA) and will benefit approximately 2,160 people of whom 1,155 (or 53%) are low-to-moderate income.

#### **HUD Performance Measures**

Objective: Suitable Living Environment

Outcome: Improved Sustainability

Indicator(s): Number of people (LMI included) with improved access

Data Collection Methodology: Document the number of residents living in the service area who have improved access to road/sidewalk improvements.





ADOH PERFORMANCE REPORT/SCHEDULE OF COMPLETION		Page 1 of 1	
Recipient	Huachuca City	Date	
Contract No	126-21	Contract Period:	from December 15, 2020 to March 1, 2022
Activity	Park Improvements	Revision	Month
Recipient Address	500 N. Gonzales Blvd.	City	Huachuca City
Contact Person	Keith Dennis	Zip Code	85616-9610
Phone	520-432-5310	County	Cochise
Program Specialist	Daniel Boyle	Email	<a href="mailto:kdennis@seago.org">kdennis@seago.org</a>
		Email	<a href="mailto:daniel.boyle@azhousing.gov">daniel.boyle@azhousing.gov</a>
Indicate adherence to contract or schedule changes. Due by the 15th of each month.			
<b>Contract Schedule</b>		<b>Contract Date</b>	<b>Complete Yes/No</b>
Execute ADOH contract		12/15/2020	
Environmental Review Completed		12/13/2020	
Finalize Documents & Prepare Bid Package		4/15/2021	
Bid Opening		5/15/2021	
Award Contract		6/1/2021	
Construction begins		6/15/2021	
Construction Complete		1/15/2022	
Final Inspections		2/1/2022	
Project Complete - Contract Expires		3/1/2022	
<p><b>Please provide: 1. a brief description of activities performed this period. Include occurrences that caused variation from schedule changes to plans, unforeseen circumstances, etc. Please be specific. 2. The date of submission of your last Request for Payment (RFP) RFP's should be submitted at a minimum every 6 months to remain compliant with HUD activity expenditure guidelines.</b></p>			
Last RFP submitted on:			
Recipient Authorized Signature		Date	Title













## ATTACHMENT F

### CERTIFICATION AND OTHER REQUIREMENTS RELATING TO TITLE I ASSISTANCE

The applicant hereby assures and certifies that:

1. It possesses legal authority to apply for Community Development Block Grant funds, and to execute the proposed program.
2. Prior to the submission of the application, the applicant's governing body has duly adopted or passed as an official act a resolution authorizing the submission of the application, including all understandings, assurances, statutes, regulations and orders contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.
3. Its chief executive officer or other officer of the applicant approved by the State:
  - a. Consents to assume the status of a responsible Federal official under the National Environmental Policy Act of 1969 (NEPA) and other provisions of Federal law, as specified at 24 CFR 58.1(a) (3) and (a)(4), which further the purposes of NEPA insofar as the provisions of such Federal law apply to this program.
  - b. Is authorized and consents on behalf of the applicant and him (her)self to accept the jurisdiction of the federal and State courts for the purpose of enforcement of his/her responsibilities as such an official.
4. It will comply with the provisions of Executive Order 11990, relating to evaluation of flood hazards and Executive Order 11288 relating to the prevention, control and abatement of water pollution.
5. It will, in connection with its performance of environmental assessments under the National Environmental Policy Act of 1969, comply with Section 106 of the National Historic Preservation Act of 1966 (16 U.S.C. 470), Executive Order 11593, and the Preservation of Archeological and Historical Data Act of 1966, P.L. 93-291 (16 U.S.C. 469a-1, et.seq.).
6. It will administer and enforce the labor standard requirements of the Davis Bacon Act, as amended at 40 U.S.C. 276a-276a-5, and the Contract Work Hours and Safety Standards Act at 40 U.S.C. 327-333.
7. It will comply with the provisions of 24 CFR Part 24 relating to the employment, engagement of services, awarding of contracts or funding of any contractors or subcontractors during any period of debarment, suspension or placement in ineligibility status.
8. It shall comply with the requirements of the 1992 Lead Based Paint Poisoning Prevention Act of 42 U.S.C. 4821-4846 (also Title X of the Housing and Community Development Act of 1992) and implementing regulations at 24 CFR Part 35.
9. It will comply with the provisions of 2 CFR part 200 "Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards".
10. It will comply with the American Disabilities Act and Section 504 of the Rehabilitation Act, as amended.
11. It will comply with
  - a. Title VI of the Civil Rights Act of 1964 (Pub. L. 88- 352), and the regulations issued pursuant thereto (24 CFR Part 1).
  - b. Title VIII of the Civil Rights Act of 1968 (Pub. L. 90- 284), as amended.



- c. Section 109 of the Housing and Community Development Act of 1974.
  - d. Executive Order 11063 pertaining to equal opportunity in housing and nondiscrimination in the sale or rental of housing built with Federal assistance.
  - e. Executive Order 11246, and the regulations issued pursuant thereto (24 CFR Part 130 and 41 CFR Chapter 60).
  - f. Section 3 of the Housing and Urban Development Act of 1968, as amended.
  - g. Federal Fair Housing Act of 1988, P.L. 100-430.
  - h. The prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1973, 42 U.S.C. 6101-07, and the prohibitions against discrimination against persons with handicaps under Section 504 of the Rehabilitation Act of 1973, (P.L. 93-112), as amended, and the regulations at 24 CFR Part 8.
  - i. The requirements of the Architectural Barriers Act of 1966 at 42 U.S.C. 4151-415.
12. It will comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations.
  13. It will comply with applicable conflict of interest provisions, incorporate such in all contracts and establish safeguards to prohibit employees from using positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties.
  14. It will comply with the provisions of the Hatch Act which limit the political activity of employees.
  15. It will give representatives of the State, the Secretary of HUD, the Inspector General, and the General Accounting Office access to all books, accounts, records, reports, files and other papers, things, or property belonging to it or in use by it pertaining to the administration of State CDBG assistance.
  16. It will ensure that the facilities under its ownership, lease or supervision which shall be utilized in the accomplishment of the program are not listed on the Environmental Protection Agency's (EPA) list of violating facilities and that it will notify the State of the receipt of any communication from the Director of the EPA Office of Federal Activities indicating that a facility to be used in the project is under consideration for listing by the EPA.
  17. It will comply with the flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973, Pub. L. 93-234, 87 Stat., 975, approved December 31, 1973. Section 103 (a) required, on and after March 2, 1974.
  18. It has AND WILL COMPLY WITH THE PROVISIONS OF THE STATE OF ARIZONA CITIZEN AND PUBLIC PARTICIPATION PLAN FOR THE STATE OF ARIZONA CDBG PROGRAM.
  19. It has developed plans to minimize displacement of persons as a result of activities assisted in whole or in part with CDBG funds and to assist persons actually displaced as a result of such activities, and has provided information about such plans to the public.
  20. It will not recover any capital costs of public improvements assisted in whole or in part with CDBG funds by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements **unless**:
    - a. the CDBG funds are used to pay the proportion of the fee or assessment that is financed from other revenue sources, or:
    - b. it will certify to the State in writing that it lacks sufficient CDBG funds to comply with (a) but that it will not assess properties owned by very low income persons.





21. It will provide all other funds/resources identified in the application, or any additional funds/resources necessary to complete the project as described in the application as submitted, or as may be later amended.
22. It will comply with 2 CFR 200, Subpart F – Audit Requirements; and if the grant is closed out prior to all funds having been audited, it shall refund to ADOH any costs disallowed as a result of any audit conducted after the date of grant closeout.
23. It hereby adopts and will enforce a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and will enforce applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such nonviolent civil rights demonstrations within its jurisdiction.
24. It will ensure that, to the best of the knowledge and belief of the undersigned:
  - a. no Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in the connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
  - b. if any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, and officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form - LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
  - c. the undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

"This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure."

25. It shall comply with the provisions of Section 102 of the HUD Reform Act of 1989.
26. It shall ensure that efforts are made to recruit minority, disabled and woman owned businesses for its vendor/supplier lists.



# Town of Huachuca City

## PROCLAMATION NO. 2021-03

A PROCLAMATION OF THE MAYOR OF THE TOWN OF HUACHUCA CITY, COCHISE COUNTY, ARIZONA, DECLARING THE MONTH OF MARCH, 2021, AS WOMEN'S HISTORY MONTH IN THE TOWN OF HUACHUCA CITY.

WHEREAS, women in Arizona's history have transformed the state and the entire nation through leadership in a wide range of fields including elected and appointed public service, military service, public safety, business, education, medicine, the arts and philanthropy; and

WHEREAS, Arizona became the tenth state to recognize full voting rights for women in 1912, nearly eight years before the U.S. Congress ratified the 19<sup>th</sup> Amendment; and

WHEREAS, the U.S. Congress passed legislation in 1981, which authorized and requested the President to proclaim the week of March 7, 1982, as "Women's History Week;" and

WHEREAS, 40 women are currently serving in the State Legislature, the most in state history; and

WHEREAS, the Governor of the state has proclaimed March, 2021, as Women's History Month; and

WHEREAS, many women from around the southeast region of our state have served the Town of Huachuca City with distinction in various capacities, including councilmembers, peace officers, educators, members of the armed services, judges, clerks, administrators, doctors and clergy.

NOW, THEREFORE, in honor and special recognition of the history of leadership and other important contributions of women to the Town and its residents, I, Johann R. Wallace, Mayor of the Town of Huachuca City, Arizona, by the authority vested in me by the laws of the State of Arizona and Town Code and by this Proclamation hereby declare March, 2021, as Women's History Month in the Town of Huachuca City.

PROCLAIMED by the Mayor of the Town of Huachuca City, Cochise County, Arizona, this \_\_\_\_ day of March, 2021, at \_\_\_\_\_.

\_\_\_\_\_  
Johann R. Wallace, Mayor

ATTEST:

\_\_\_\_\_  
Brandye Thorpe, Town Clerk

\_\_\_\_\_  
Thomas Benavidez, Town Attorney



Actual Charges	Penalty at 10%/annum	Payments Made	Amount Due
938.51			938.51
329.4		203.35	1064.56
418.05			1482.61
750.6		1050.3	1182.91
629.1		690.75	1121.26
859.15		614.25	1366.16
891.9			2258.06
1585.9		556.65	3287.31
591.4		575.2	3303.51
733.95		417.6	3619.86
193.5		1540.35	2273.01
310.6		702.9	1880.71
387.45			2268.16
379.68		828.2	1819.64
601.44	15.1		1834.74
862.08	20.22	872.2	1844.84
410.4	15.31	278.85	1991.7
476.64	16.53	462.84	2022.03
252	16.78		2290.81
563.52	19.01	418.08	2455.26
139.2	20.38	1015.52	1599.32
402.72	13.27		2015.31
306.24	16.73		2338.28
537.52	19.41	597.43	2297.78
519.36	19.07	627.84	2208.37
503.52	18.33		2730.22
285.12	22.66	200	2838
466.56	23.56		3328.12
155.04	27.62		3510.78
441.12	29.14		3981.04
231.36	33.04		4545.44
616.32	35.24		4897
610.56	40.65		5548.21
410.4	46.05		6004.66
479.04	49.84		6533.54
176.56	54.23		6764.33
321.6	56.14		7142.07
215.52	59.28		7416.87
0	61.56		7478.43
55.2	62.07		7595.7
332.16	63.04		7990.9
153.6	66.32		8210.82
294.24	68.15		8573.21
203.84	71.16		8848.21
708.4	73.44		9630.05
1345.12	79.93		11055.1

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776.16	91.76		11923.02
1211.28	98.96	5000	8233.26
660.24	68.34		8961.84
1365.28	74.38	660.24	9741.26
769.44	80.85		10591.55
266	87.91		10945.46
651.2	90.85		11687.51
496.16	97.01		12280.68
933.52	101.93	2000	11316.13
757.12	93.92		12167.17
737.52	100.99		13005.68
400.88	107.95	737.52	12776.99
291.76	106.05		13174.8
344.96	109.35		13629.11
0	113.12	1037.6	12704.63
0	105.45		12810.08
0	106.32	500	12416.4
62.16	103.06	500	12081.62
0	100.28	562.16	11619.74
	96.44	500	11216.18
	93.09	500	10809.27
	89.72	500	10398.99
	86.31	500	9985.3
	82.88	500	9568.18
	79.42	500	9147.6
	75.93	500	8723.53
	72.41	500	8295.94
	68.86	500	7864.8
	65.28	500	7430.08