

AGREEMENT: 941006-25PROJECT #: WSD-021-2025**WATER SUPPLY DEVELOPMENT REVOLVING FUND****FINANCIAL ASSISTANCE AGREEMENT****BETWEEN****City of Douglas****AND****The Water Infrastructure Finance Authority of Arizona**

THIS FINANCIAL ASSISTANCE AGREEMENT (the “**Agreement**”) is made effective as of the date of signature of the last signatory hereto (the “**Effective Date**”), by and between the Water Infrastructure Finance Authority of Arizona (the “**Authority**”), a body corporate and politic, and City of Douglas (the “**Local Entity**”). The Authority and the Local Entity may individually be referred to as “**Party**” or collectively as the “**Parties**.”

RECITALS

WHEREAS, the State of Arizona established the Water Supply Development Revolving Fund (“**WSDRF**”) under Title 49, Chapter 8, Article 3 of the Arizona Revised Statutes. A.R.S. §§ 49-1270 – 1282, to be administered by the Authority, and

WHEREAS, pursuant to A.R.S. § 49-1270(1), the following entities are eligible for financial assistance from the WSDRF: (1) A water provider that distributes or sells water outside of the boundaries on an initial active management area in which part of the Central Arizona Project aqueduct is located; and (2) Any city, town, county, district, commission, authority, or other public entity that is organized and that exists under the statutory laws of Arizona or under a voter-approved charter or initiative of Arizona that is located outside of the boundaries of an initial active management area in which part of the Central Arizona Project aqueduct is located; (each an “**Eligible Entity**”, and collectively “**Eligible Entities**”)

WHEREAS, the Authority is authorized to issue financial assistance in the form of grants and loans from the WSDRF to Eligible Entities for water supply development projects, outside of the boundaries of Active Management areas located in Maricopa, Pima or Pinal Counties that are expected to meet the unique water supply needs of small, rural communities, and

WHEREAS, WSDRF financial assistance may be issued for any of the purposes specified in A.R.S. § 49-1273(A), and

WHEREAS, the Local Entity is an Eligible Entity and has applied for financial assistance, pursuant to the Application attached to this Agreement as Exhibit A [*WSDRF Financial Assistance Application*]; and

WHEREAS, by the Board resolution attached to this Agreement as Exhibit B [*Water Supply Development (WSD) Financial Assistance Resolution*], the Authority has determined Local Entity is eligible for financial assistance from the WSDRF and has reviewed and approved the Local Entity’s Application in accordance with the requirements of A.R.S. §§ 49-1270 – 1282.

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NOW THEREFORE, in consideration of the mutual promises and covenants set forth below, the Authority and Local Entity agree as follows:

ARTICLE I - Definitions

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

- 1.1. “Application” means the Local Entity’s application for financial assistance from the Water Supply Development Revolving Fund, attached to this Agreement as Exhibit A [*WSDRF Financial Assistance Application*] and incorporated herein.
- 1.2. “Authority” or “WIFA” means the Water Infrastructure Finance Authority of Arizona
- 1.3. “Authorized Officer” means the Director of the Authority, or any other person or persons designated by the Director to act on behalf of the Authority, with respect to this Agreement.
- 1.4. “Financial Assistance” means the specific financial assistance amount awarded to Local Entity as described in this Agreement.
- 1.5. “Scope of Work” means the water supply development project described in Exhibit A [*WSDRF Financial Assistance Application*] as approved, amended, or modified in Exhibit B [*Water Supply Development (WSD) Financial Assistance Resolution*], attached to this Agreement and incorporated herein.
- 1.6. “Water Supply Development” has the same meaning as prescribed in A.R.S. § 49-1201.
- 1.7. Any capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Exhibits.

ARTICLE II – Financial Assistance

- 2.1. Financial Assistance. The Authority hereby agrees to provide the Local Entity with an award in the amount of Two Million (\$2,000,000) (the “**Financial Assistance**”), of which 0% is provided as a loan and 100% is provided as a grant, subject to the terms and conditions set forth in this Agreement and availability of funds. The Financial Assistance consists of:
 - ☐ A loan, subject to the terms and conditions set forth in Exhibit C
 - ☒ A grant in the amount of: Two Million (\$2,000,000)
- 2.2. Financial Assistance Availability. The Authority shall make the Financial Assistance available to Local Entity upon execution of this Agreement by the parties. Subject to the Local Entity’s compliance with all terms and conditions of this Agreement, and the continued non-existence of a breach or default, or any event, circumstance, act, or omission which with the giving of notice, the passage of time, or both would constitute a breach, default or give rise to the termination of this Agreement, the Authority agrees to disburse the Financial Assistance to the Local Entity in accordance with the provisions of Article III [*Disbursement and Funding*].
- 2.3. Acceptance of Financial Assistance. Local Entity hereby accepts the Financial Assistance under the terms and conditions of this Agreement, and agrees to execute and return this Agreement to the

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Authority within thirty (30) calendar days of receipt unless Local Entity receives a written waiver of this requirement by the Authority.

- 2.4. Purpose and Use of Financial Assistance. Local Entity agrees to undertake and complete the Scope of Work in a timely manner, and to receive and expend the Financial Assistance in accordance with this Agreement. Local Entity agrees to utilize the Financial Assistance only for the purpose of implementing the Water Supply Development project activities to complete the Scope of Work. Any expenditure deviating from the Scope of Work shall require the Authority's prior written approval. Supporting documents and attachments from the Application are incorporated herein by reference. If content in the Application differs from or conflicts with terms presented elsewhere in this Agreement, this Agreement takes precedence.
- 2.5. Prior Costs Incurred. The Financial Assistance may be used for costs incurred prior to the Effective Date of this Agreement provided the costs were incurred no earlier than twelve (12) months prior to the date Local Entity submitted its WSDRF Financial Assistance Application. *See Exhibit A [WSDRF Financial Assistance Application].*
- 2.6. Time of Performance. Local Entity must submit an initial reimbursement request no later than twelve (12) months after the Effective Date of this agreement and must submit reimbursement requests for the entire balance of the Financial Assistance no later than three (3) years after the Effective Date of this Agreement, unless otherwise approved in writing by the Authority's Director.
- 2.7. Term of Agreement. This Agreement remains in effect until all reporting requirements described in this Agreement have been fulfilled by the Local Entity and accepted by the Authority (the "**Term**").
- 2.8. Local Entity Obligations. This Agreement constitutes the valid and binding obligations of the Local Entity, enforceable in accordance with its terms. The obligation and utilization of the Financial Assistance provided through this Agreement are subject to the proper observation of the Agreement and any requirements incorporated by reference.
 - 2.8.1. Assignments. Unless otherwise approved in writing by the Authority, the Local Entity agrees not to transfer, assign, or pledge any right or interest in any payment or advance due pursuant to this Agreement, or any of the other benefits thereof. An assignment by the Local Entity shall not relieve the Local Entity from primary liability for any of its obligations under this Agreement. The Local Entity shall continue to remain primarily liable for the performance and observance under the terms of this Agreement, unless the Authority specifically releases the Local Entity in writing. Any such assignment made or attempted by the Local Entity without the prior written consent of the Authority shall be void and of no effect.
 - 2.8.2. Compliance with Applicable Laws. The Local Entity shall perform all activities under this Agreement in accordance with all applicable (whether present or future) laws, ordinances, rules, regulations, requirements and orders of any governmental or administrative authority having or claiming jurisdiction over the Local Entity's activities. The Parties further agree to cooperate in all ways reasonable and necessary to comply with the applicable statutes, including amending this Agreement as needed in the future and making any refunds or payments that might be required to bring the Parties into full compliance with applicable law.
- 2.9. Technical Terms and Conditions

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2.9.1. Budget.

Uses by Budget Item	Amount Budgeted
Legal/Debt Authorization	\$
Financial Advisor.....	\$
Planning.....	\$
Design & Engineering	\$
Equipment/Materials.....	\$
Construction/Installation.....	\$2,000,000
Project Management	\$
Administration.....	\$
Water Rights Acquisition.....	\$
Total Budget.....	\$2,000,000

2.9.2. Estimated Observation and Disbursement Schedule

2.9.2.1. Observation 1: Upon Local Entity notification of construction commencement

2.9.2.2. Additional Observations: At least one site observation within each 12-month period

2.9.2.3. Final Observation: 80% construction budget disbursement

2.9.3. Additional Observations: An Authority representative may perform additional observations based on information provided in the projects status reports included in each disbursement requisition form.

2.9.4. Withholding Percentage: 10% (released after deliverables received).

2.9.5. Requirements Prior to Construction. Submittal of Construction Bids. The Local Entity shall submit to the Authority for review and approval prior to execution:

2.9.5.1. Engineering contracts related to the project;

2.9.5.2. Bid documents related to the project;

2.9.5.3. Construction contracts related to the project.

2.9.6. User Charges. The Local Entity has established (or, if the system is not yet in operation, the Local Entity 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 Entity 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 Entity owes amounts under this Financial

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Assistance Agreement. The Local Entity 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.

- 2.9.7. Interest in Project Site. As a condition of the Financial Assistance, the Local Entity will demonstrate to the satisfaction of the Authority that the Local Entity 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.
- 2.9.8. Acknowledgement of Funding Source. Local Entity shall erect a construction sign or other appropriate signage displaying information on the project and funding source. The Authority shall provide specifications for such signs. Unless otherwise agreed upon in writing between the Parties, Local Entity agrees that any publications, studies, or reports which are made possible by or derived, in whole or in part, from this Agreement, and any news articles, brochures, seminars, or other promotional materials or media or events through which Local Entity publicizes the Scope of Work funded in whole or in part by this Agreement will acknowledge the Authority's support in the following manner: "Funding provided by the Water Infrastructure Finance Authority of Arizona."
- 2.9.9. Changes in Project Scope. The Local Entity 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.
- 2.9.10. Completion of Project and Provision of Moneys Therefor. The Local Entity 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 grant and/or loan proceeds it receives hereunder and under any subsequent grant and/or loan from the Authority, required to complete the project.
- 2.9.11. Inspections; Information. The Local Entity 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.
- 2.9.12. Adjustments for Ineligible Costs. The Local Entity shall promptly reimburse the Authority for any portion of the Financial Assistance which is determined to have been used for costs that are not eligible for funding, unless such matter is curable in some other manner by the Local Entity 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 Financial Assistance.

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

2.9.14. Requirements Prior to Releasing Withholdings.

2.9.14.1. Plan of Operation. After construction is 50% complete and prior to the release of the withholding, the Local Entity 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.

2.9.14.2. Final Approval. Prior to the release of the withholding, the Local Entity 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 and ADEQ 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.

2.10. Fund Availability. Any action by the Parties under this Agreement requiring the expenditure of funds is conditioned upon the availability of funds appropriated, assigned, and allocated for the payment of such obligation. If funds are not appropriated, assigned, allocated, and available or if the appropriation is changed by the legislature resulting in funds no longer being available for the continuance of this Agreement, this Agreement may be terminated by the Parties at the end of the period for which funds are available. No liability shall accrue to the Parties in the event this provision is exercised, and the Parties shall not be obligated or liable for any future payments or for any damages as a result of termination under this paragraph.

ARTICLE III - Disbursement and Funding

3.1. Reimbursement Basis. The Authority shall disburse the Financial Assistance on a reimbursement basis, upon presentation of accurate and complete claims to the Authority. Except as hereinafter provided, disbursements shall be made only:

3.1.1. For reimbursement of costs incurred in accordance with this Agreement. For purposes of this Agreement, "costs incurred" are determined using accrual accounting standards. Accrual accounting requires that transactions are recognized when they are incurred, regardless of when they are paid; and

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- 3.1.2. When a request for reimbursement is submitted in substantially the form provided by the Authority and is accompanied by the necessary certifications and documentation as required by the Authority; and
 - 3.1.3. When an Authorized Officer of the Authority has determined that such disbursement is proper.
- 3.2. Request for Reimbursement. Local Entity shall submit requests for reimbursement to the Authority using forms provided by the Authority. The Authority shall not distribute the Financial Assistance to the Local Entity until the Authority has received and processed a request for reimbursement. The Authority shall verify the request and claimed expenses against the reports required in this Agreement. A request for reimbursement must contain:
 - 3.2.1. An itemized accounting of expenses incurred;
 - 3.2.2. Receipts, vendor invoices, and other documentation of costs incurred;
 - 3.2.3. Certification that the reimbursement amount requested is a proper cost as evidenced by attached invoices;
 - 3.2.4. Certification that the signatory is duly authorized to submit the reimbursement request; and
 - 3.2.5. Any additional documents or information deemed necessary by the Authority.
- 3.3. Method of Disbursement. The Authority may disburse the Financial Assistance by check, electronic means, warrant, or other transfer medium basis within sixty (60) calendar days of the Authority's receipt of a properly completed request for reimbursement in a form acceptable to the Authority, and subject to funding availability. An Authorized Officer of the Authority shall approve disbursements directly to Local Entity and shall provide Local Entity with a copy of the approval and the date approved.
- 3.4. Affirmation of Representations and Warranties. Each request for reimbursement, disbursement, or the receipt of the Financial Assistance funds requested by the Local Entity, shall constitute Local Entity's affirmation that all representations and warranties of the Local Entity as described in this Agreement or any Exhibit therein, are true and correct as of the date thereof and throughout the Term of the Agreement, unless the Local Entity notifies the Authority to the contrary in writing prior to the request for reimbursement or release of the disbursement.
- 3.5. Withholding Disbursements. The Authority may elect in its sole discretion to withhold payment of the Financial Assistance in whole or in part if Local Entity breaches any provision of this Agreement or any Exhibit therein.
- 3.6. Required Notice. Local Entity shall provide the Authority with immediate written notification:
 - 3.6.1. Of any inability to expend the Financial Assistance in accordance with the Scope of Work; and
 - 3.6.2. Prior to any expenditure of the Financial Assistance deviating from the Scope of Work.

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- 3.7. Inspections – Expenses and Operations. The Authority shall have the option to undertake an inspection of the Local Entity's expenses and operations at any time to verify the information included in and with any and/or all requests for reimbursements under this Agreement.
- 3.8. Disbursement Funding Source. Financial Assistance will be disbursed based on the percentage of grant and/or loan funds to the total Financial Assistance amount identified in Section 2.1 [*Financial Assistance*].
- 3.9. Disallowed Costs. Prepayment of expenses for work not yet performed or for work performed more than twelve (12) months prior to the date Local Entity submitted its WSDRF Financial Assistance Application (Exhibit A [*WSDRF Financial Assistance Application*]) are not permissible.

ARTICLE IV - Representations and Warranties

- 4.1. Local Entity hereby represents and warrants that it is an Eligible Entity as defined under A.R.S. 49-1270(1) and that Local Entity is authorized to accept the Financial Assistance from the Authority.
- 4.2. Conflicts of Interest. The Parties each represent that, as of the date of execution of this Agreement, they are not aware of any facts or circumstances which would give rise to a cancellation right in favor of any Party pursuant to A.R.S. § 38-511. Local Entity represents and warrants that there exists no actual or potential conflict of interest between the Local Entity's performance under this Agreement and the Local Entity's engagement or involvement in any other personal or professional activities. In the event such conflict or potential conflict arises during the Term of this Agreement, or any extension thereof, the Local Entity shall immediately notify the Authority in writing.
- 4.3. Adverse Proceedings. Local Entity represents and warrants that there are no proceedings pending or, so far as the Local Entity knows, threatened, before any court or administrative agency that will materially adversely affect the Local Entity's ability to fully perform the Scope of Work. During the Term of this Agreement, should proceedings arise that will materially adversely affect Local Entity's ability to fully perform the Scope of Work, the Local Entity shall promptly notify the Authority in writing.
- 4.4. Authority to Sign. Local Entity represents and warrants that the Local Entity and the person signing on behalf of the Local Entity have the full power and authority to enter into and execute this Agreement, to legally bind the Local Entity and to perform and comply with the terms and conditions set forth herein.
- 4.5. Debarment, Suspension, U.S. Government Restricted Party Lists. Local Entity warrants that it is not, and its contractors or subcontractors are not, on the State of Arizona's Procurement Debarred and Suspended Firms list, U.S. government's Denied Parties List, the Unverified List, the Entities List, or the Specifically Designated Nationals and Blocked Parties List, and neither the Local Entity nor any contractors or subcontractors are presently debarred, suspended, proposed for debarment or otherwise declared ineligible for award of state or federal contracts or participation in state or federal assistance programs or activities.
- 4.6. Indemnification of the Authority. Local Entity agrees to indemnify, hold harmless, and on demand defend the Authority and its directors, officers, employees, agents, auditors, counsel, investment committee members and representatives for, from, and against any and all damages, losses, liabilities, costs, and expenses (including, without limitation, costs and expenses of litigation and reasonable attorneys' fees) arising from any claim or demand in respect of this Agreement, and

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arising at any time, whether before or after payment and performance of the Obligations. The obligations of the Local Entity and the rights of the Authority under this Section 4.6 [*Indemnification of the Authority*] shall survive payment and performance of the Obligations and shall remain in full force and effect without termination

- 4.7. Liability. Failure on the part of the Authority in any instance or under any circumstance to observe or perform fully any obligation assumed by or imposed upon the Authority by this Agreement or by law shall not make the Authority liable in damages to Local Entity or relieve Local Entity from fully performing any other obligation required of it under this Agreement; provided, however, that Local Entity may have and pursue any and all other remedies provided by law for compelling performance by the Authority of such obligation assumed by or imposed upon the Authority. Neither the Authority nor its board or committees, the State of Arizona, its elected and appointed officials, its agents, commissions, officers, directors, employees, volunteers or affiliates shall in any event be liable for damages, if any, for the nonperformance of any obligation or agreement of any kind whatsoever set forth in this Agreement.

Permits. Local Entity shall obtain all approvals and permits necessary to construct, operate, and maintain the Project required by any governmental entity having jurisdiction including, but not limited to, the United States of America, the State of Arizona, applicable county, and their agencies and subdivisions. Local Entity represents and warrants that during the development, construction, operation, maintenance, and reclamation of the Project, the Local Entity shall comply with all existing applicable air and water pollution control standards and regulations, and with all existing applicable statutes, ordinances, master plans, and regulations of any governmental entity having jurisdiction including, but not limited to, the United States of America, the State of Arizona, the County of the project location, and their agencies and subdivisions including, but not limited to, the following:

- 4.7.1. All applicable land use regulations,
- 4.7.2. All applicable zoning stipulations and conditions including, but not limited to, landscaping and dust control requirements,
- 4.7.3. All applicable air permitting, water use, discharge and/or disposal requirements of the Arizona Department of Water Resources, the County, and the Arizona Department of Environmental Quality.

ARTICLE V – Records and Reports

- 5.1. Accounting. Local Entity shall maintain for the purposes of this Agreement an accounting system or procedures and practices that conforms to generally accepted accounting procedure unless otherwise approved by the Authority.
- 5.2. Financial Records. Local Entity shall maintain satisfactory financial accounts, books, records, documents, and other evidence sufficient to properly reflect the amount, receipt, and expenditure of the Financial Assistance. Records shall be maintained by the Local Entity for a period of five years after the Financial Assistance funds have been expended or returned to the Authority, whichever is later. Failure to maintain proper financial records required under this Agreement as required is cause for termination of this Agreement or withholding of future disbursements.

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- 5.3. Retention. Pursuant to A.R.S. § 35-214 and 35-215, Local Entity shall retain all records relating to this Agreement for a period of five years from the date of final payment to Local Entity or as required by applicable law, whichever is longer.
- 5.4. Reporting Requirements. Local Entity shall provide reports of all activities related to this Agreement both as identified in the Agreement and as requested by the Authority. Local Entity shall also provide to the Authority any additional written information requested by the Authority in a timely manner and within reasonable deadlines as shall be set by the Authority.
- 5.4.1. All financial reports required under this Agreement shall be prepared in accordance with GAAP standards or otherwise approved by WIFA, and shall be in form and substance satisfactory to the Authority.
- 5.4.2. If there is any amount of the Financial Assistance remaining after the Scope of Work is completed, Local Entity shall report the remaining balance to the Authority and the Authority may de-obligate the remaining Financial Assistance balance pursuant to Section 6.5 [*De-obligation*].
- 5.4.3. Failure to provide reports required under this Agreement as required is cause for termination of this Agreement or withholding of future disbursements.
- 5.5. Audits and Inspections. The Authority shall have the right of access to records of the Local Entity in order to conduct audits or other investigations. Upon request, the Authority's authorized representatives shall be provided with access and shall have the right to examine all documents, financial records, facilities, and activities related to Local Entity's performance of this Agreement and to the receipt and expenditure of the Financial Assistance. Local Entity agrees to rectify issues identified in audits within the Authority prescribed time periods. Failure to comply with the request for audit or inspection, or a lack of documentation and records, is cause for termination of this Agreement or withholding of future disbursements.
- 5.6. Audit Exceptions. If audit exceptions are made relating to this Agreement, Local Entity shall reimburse all costs incurred by the State of Arizona and the Authority 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, travel costs, penalty assessments, and all other costs of whatever nature. Immediately upon notification from the Authority, Local Entity shall reimburse the amount of the audit exception and any other related costs directly to the Authority as specified by the Authority in the notification.
- 5.7. Final Report – Audit. Local Entity shall provide a final report (the “**Final Report**”) in a form acceptable to the Authority.
- 5.7.1. The Final Report shall be submitted to the Authority within thirty (30) calendar days of one of the following occurrences: (1) the Financial Assistance funds have been expended; (2) the Scope of Work has been completed; or (3) the Agreement has otherwise been terminated.
- 5.7.2. The Final Report shall contain the information deemed necessary by the Authority.
- 5.7.3. Following the receipt and approval of the Final Report, the Authority will notify Local Entity in writing that the Agreement is administratively closed.

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

ARTICLE VI - Enforcement & Remedies

- 6.1. **Breach.** The Parties agree that all conditions set forth herein are material to this and the occurrence of any of the following events is a Local Entity breach under this Agreement:
 - 6.1.1. Any certification, statement, representation, or warranty contained in this Agreement or report required under this Agreement, the Application, or any other document related to the Financial Assistance which the Authority determines at any time to be incorrect or misleading in any material respect either on the date when made or on the date when reaffirmed.
 - 6.1.2. The Local Entity's failure to comply with each and every term, covenant, condition, and/or agreement contained in this Agreement.
 - 6.1.3. The Local Entity's failure to make sufficient progress on the Scope of Work, in good faith and in manner acceptable to the Authority in accordance with section 2.6 [*Time of Performance*] of this Agreement.
 - 6.1.4. The Local Entity's use of the Financial Assistance proceeds for any purpose other than as authorized under the provisions of this Agreement.
 - 6.1.5. The Local Entity fails to comply with any law, ordinance, code, order, rule, or regulation of any governmental or administrative authority having jurisdiction over the Scope of Work within thirty (30) calendar days after notice in writing of such failure to comply has been given to the Local Entity from such governmental or administrative authority.
- 6.2. **Notice of Breach. Cure Period.** Upon the occurrence of a breach, the Authority shall issue a written notice of breach, identifying the nature of the breach and providing thirty (30) calendar days (or a lesser or additional time as may be agreed to by the Parties) in which the Local Entity shall have an opportunity to cure the breach. Time allowed for cure does not diminish or eliminate Local Entity's liability for damages.
- 6.3. **Default.** If Local Entity fails to cure a breach within the period specified in the written notice, Local Entity is in default of its obligations, and the Authority may exercise any or all of the following remedies:
 - 6.3.1. Withhold applicable payment until the default is remedied;
 - 6.3.2. Terminate this Agreement, in whole or in part;

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- 6.3.3. Recapture Financial Assistance funds provided to Local Entity under this Agreement, in whole or in part;
- 6.3.4. Suspend or de-obligate the Local Entity's authority to receive any undisbursed proceeds of the Financial Assistance; and/or;
- 6.3.5. Proceed at any time, or from time to time, to protect and enforce all rights and remedies available to the Authority, including demanding repayment of Financial Assistance funds, by suit or other appropriate proceedings, whether for specific performance of any covenant, term, or condition set forth in this Agreement, or for damages or other relief, or proceed to take any action authorized or permitted under applicable law, regulation, or in equity.
- 6.4. Good Faith. The Parties will attempt in good faith to resolve all disputes, disagreements, or claims relating to this Agreement.
- 6.5. De-obligation. The Authority may de-obligate Financial Assistance funds under this Agreement upon written notice to Local Entity. The Authority may de-obligate and reduce Financial Assistance funds under the following circumstances:
 - 6.5.1. Local Entity has completed performance under the Scope of Work without using all of the Financial Assistance provided by the Authority under this Agreement;
 - 6.5.2. Local Entity, with the consent of the Authority, cancelled or changed an activity required under the Scope of Work for reasons other than nonperformance;
 - 6.5.3. This Agreement has otherwise been terminated in whole or in part; or
 - 6.5.4. Mutual consent by the Parties.
- 6.6. Disallowed Costs. An expenditure that is reimbursed under this Agreement and that does not comply with this Agreement shall constitute a disallowed cost and be subject to recapture by the Authority and repayment to the Authority. Within fourteen (14) calendar days of the date of the Authority's written notice to Local Entity, unless a longer period is approved by the Authority in writing, Local Entity shall repay the Authority any portion of the Financial Assistance paid by the Authority which the Authority has in its sole discretion determined constitutes a disallowed cost.
- 6.7. Repayment. Local Entity agrees to repay the Financial Assistance in whole or in part if the Authority determines that Local Entity has failed to use the Financial Assistance in compliance with the terms of this Agreement or the requirements of applicable laws and regulations. The Authority may specify, in writing, the terms of the repayment or alternative terms in lieu of repayment, however, in no such case shall repayment or alternative terms be accomplished later than one hundred eighty (180) calendar days following the written determination of non-compliance by the Authority. This section does not apply to a Local Entity's failure to make sufficient progress on the Scope of Work of this Agreement, provided Local Entity made good faith efforts to complete the Scope of Work within the time for performance.
- 6.8. Remedies Cumulative and Concurrent. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other remedies provided for in this Agreement, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or under this Agreement, or now or hereafter existing at law or in equity by statute. Every right, power, and remedy given to the Authority shall be concurrent and may be pursued

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separately, successively, or together against the Local Entity, and every right, power, and remedy given the Authority may be exercised from time to time as often as may be deemed expedient by the Authority.

- 6.9. Strict Performance. No delay or omission of the Authority to exercise any right, power, or remedy accruing upon the happening of a Default shall impair any such right, power, or remedy, or shall be construed to be a waiver of any such Default or any acquiescence therein. No delay or omission on the part of the Authority to exercise any option granted to the Authority under this Agreement, in any one or more instances, shall constitute a waiver of any such Default and each such option shall remain continuously in full force and effect.
- 6.10. Attorneys' Fees and Costs. In the event of Local Entity's breach of this Agreement, Local Entity agrees to pay any and all costs and expenses, including attorneys' fees, incurred by the Authority in connection with the enforcement of this Agreement. If the Authority terminates this Agreement for cause, any costs incurred shall be the Local Entity's responsibility.

ARTICLE VII – Miscellaneous

Amendments and Modifications. This Agreement may be amended by mutual agreement in writing between Local Entity and the Authority. Any request to amend this Agreement by Local Entity must be in writing and state the amendment request and reason for the request. Local Entity shall make requests in a timely manner and in no event less than thirty (30) calendar days before the effective date of the proposed amendment.

7.1. Agreement Interpretation.

- 7.1.1. Captions and Headings. The captions and headings contained in this Agreement are included for convenience of reference only and are not intended to limit or enlarge the terms of this Agreement.
- 7.1.2. Choice of Law. The substantive laws of Arizona shall govern the interpretation, validity, performance and enforcement of this Agreement. A tribal government, by executing this Agreement, hereby waives any defense it may have of tribal sovereign immunity for the limited purpose of providing for the enforcement of this Agreement in accordance with its terms.
- 7.1.3. Date Calculation. If the last day of any time stated herein shall fall on a Saturday, Sunday, or legal holiday in the State of Arizona, then the duration of such time shall be extended so that it shall end on the next succeeding day which is not a Saturday, Sunday, or legal holiday.
- 7.1.4. Implied Agreement Terms. Each provision of law and any terms required by law to be in this Agreement are a part of this Agreement as if fully stated in it.
- 7.1.5. Order of Precedence. In the event of a conflict in the provisions of the Agreement, as accepted by the Local Entity and the Authority, and as they may be amended from time to time, the following shall prevail in the order set forth below:

- Agreement Amendments; then
- Agreement.

Water Supply Development Revolving Fund

- 7.1.6. Relationship of Parties. Neither Party to this Agreement shall be deemed to be the employee or agent of the other Party to the Agreement.
- 7.1.7. Severability. If any provision of this Agreement or the application thereof is held invalid, that invalidity shall not affect other provisions or applications of this Agreement which can be given effect without the invalid provision or application, and to this end the provisions of this Agreement are severable.
- 7.1.8. Third-Party Rights. Nothing in this Agreement is intended to create any third-party beneficiary rights; and Local Entity and the Authority expressly state that this Agreement does not create any third-party rights of enforcement.
- 7.1.9. Waivers. No term or provision hereof will be considered waived by either Party, and no breach is excused or consented to by either Party, unless such waiver or consent is in writing and signed on behalf of the Party against whom the waiver is asserted. No express or implied consent by either Party to, waiver of, or failure of a Party to enforce its rights with respect to a breach by the other Party shall constitute consent to or, waiver of any subsequent or other breach by the other Party. Neither the failure nor the delay of the Authority to exercise any right, power or privilege under this Agreement shall operate as a waiver thereof or shall any single or partial exercise of any right, power or privilege.
- 7.2. Agreement Administration and Operation.
- 7.2.1. Procurement. Procurement of labor, services, supplies, materials, and equipment shall be conducted according to applicable state, and local statutes.
- 7.2.2. Notices. All notices required or permitted under this Agreement, including technical correspondence, invoices, and reports from Local Entity, or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered, mailed by registered or certified mail, or emailed to Local Entity or the Authority at the following addresses:

Water Infrastructure Finance Authority of Arizona
3300 N Central Avenue, Suite 1050
Phoenix, Arizona 85007
Telephone: (602) 364-1310
WSDRF@azwifa.gov

Local Entity Project Manager

Water Supply Development Revolving Fund

Either Party may designate any further or different addresses to which subsequent notices or other communications shall be sent, by notice in writing given to the other Party.

- 7.3. Arbitration. The Parties to this Agreement agree to resolve all disputes arising out of or relating to this Agreement through arbitration, to the extent required by A.R.S. § 12-1518, except as may be required by other applicable statutes.
- 7.4. Electronic Signatures
- 7.4.1. A.R.S. § 44-7041 - 44-7043 authorizes the use of electronic records and electronic signatures. To the extent possible, the Parties shall utilize electronic signatures for all documents required or permitted under this Agreement. If electronic signatures are utilized, the electronic signature must satisfy all applicable requirements of A.R.S. § 18-106, including that:
- 7.4.1.1. Each electronic signature shall be unique to the person using it.
- 7.4.1.2. Each electronic signature shall be capable of reliable verification.
- 7.4.1.3. The process of using an electronic signature shall not allow an electronically signed record to be altered without invalidating the signature, or the record shall maintain, within the data set, evidence that the record was deleted or altered after signature.
- 7.5. Insurance. The Local Entity 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 Entity'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.
- 7.6. Certifications Required by State Law
- 7.6.1. Prohibition Against Boycott of Israel. If the Local Entity is a Company as defined in A.R.S. § 35-393, the Grantee certifies that it is not currently engaged in a boycott of Israel as described in A.R.S. § 35-393 and will refrain from any such boycott for the duration of this Agreement.
- 7.6.2. Prohibition Against Use of Forced Labor. The Local Entity further certifies that it shall comply with A.R.S. § 35-394, regarding use of the forced labor of ethnic Uyghurs, as applicable.
- 7.6.3. Immigration Laws. Local Entity certifies and warrants that it is in compliance with A.R.S. § 41-4401 and further acknowledges that any contractor or subcontractor who is contracted by Local Entity to perform work related to this Agreement shall warrant its compliance with all federal immigration laws and regulations that relate to its employees and its compliance with A.R.S. § 23-214(A). Any breach of this warranty shall be deemed a material breach of this Agreement that is subject to penalties up to and including termination of this Agreement. The Authority retains the legal right to inspect the employment records of any employee of any contractor or subcontractor who performs work related to this Agreement to ensure that the contractor or subcontractor is complying

Water Supply Development Revolving Fund

with the warranty in this paragraph and that the contractor agrees to make all employment records of said employee available during normal working hours to facilitate such an inspection.

- 7.6.4. Non-Discrimination. Local Entity certifies and warrants that it shall comply with the provisions of State Executive Order 2009-9. In performing this Agreement, Local Entity shall not, and shall ensure that any and all contractors, subcontractors, employees, agents, volunteers, officers, officials, directors, volunteers, and affiliates, also shall not discriminate, harass, or allow harassment against any person on the basis of sex, race, color, ancestry, religious cred, national origin, physical disability, mental disability, medical condition, age, marital status, or any other basis prohibited under law. Local Entity shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this Agreement.
- 7.7. Reversion of Remaining Funds. Upon expiration or termination of this Agreement, Local Entity shall transfer to the Authority any unexpended funds provided to Local Entity by the Authority under this Agreement.
- 7.8. Amendments and Modifications. This Agreement may be amended by mutual agreement in writing between Local Entity and the Authority. Any request to amend this Agreement by Local Entity must be in writing and state the amendment request and reason(s) for the request. Local Entity shall make requests in a timely manner and in no event less than thirty (30) calendar days before the effective date of the proposed amendment. Any amendment, modification, or extension of this Agreement must be submitted through written correspondence between the parties.
- 7.9. Permits/Licenses/Authorizations. It shall be the Local Entity's responsibility to obtain all permits, licenses, or authorizations required from government authorities prior to initiation of the Scope of Work or required to be obtained by the time of completion of the Scope of Work to be eligible for reimbursement funds under this Agreement.
- 7.10. No Implied Duties. This Agreement does not create a duty or responsibility unless the intention to do so is clearly and unambiguously stated in this Agreement. This Agreement shall not relieve the Parties of any obligation or responsibility imposed on it by law. This Agreement does not imply authority to perform any tasks or accept any responsibility not expressly stated in this Agreement.
- 7.11. No Obligation of State General Appropriations Funds. Nothing herein shall be construed as obligating state general appropriation funds for payment of any debt or liability or any nature arising hereunder.
- 7.12. Survival. Those articles, sections, and subsections of this Agreement which by their nature are intended to survive, including, but not limited to, the Local Entity's Representations and Warranties and Indemnification, shall survive the completion of the Scope of Work and the expiration or earlier termination of this Agreement.
- 7.13. Exhibits. The terms and conditions of this Agreement include the terms and conditions set forth in the Exhibits, which are part of this Agreement.
- 7.14. Entire Agreement. This Agreement and any attached Exhibits shall constitute the entire agreement of the Parties relating to the Financial Assistance and supersedes all prior and contemporaneous agreements, understandings, and inducements, whether express or implied, oral, or written.

Water Supply Development Revolving Fund

Exhibit A WSDRF Financial Assistance Application
Exhibit B Water Supply Development (WSD) Financial Assistance Resolution
Exhibit C WSDRF Loan Agreement Addendum (*if applicable*)

ARTICLE VIII - Certification & Signatures

The Local Entity, hereby accepts this Agreement according to the above terms and conditions. I hereby certify that I represent a legal entity with authority to enter into this Agreement.

I further certify that the Scope of Work complies with all applicable state and local laws and regulations, and that I am authorized to enter into and sign a binding Agreement with the Authority

By: _____ Date: _____
Signature

Print Name and Title

For: _____ Tax ID No.: _____
Entity Name

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers or officials, all as of the date first above written.

Signature
Chelsea McGuire
Printed Name
Director, Water Infrastructure Finance Authority
Title
Date

Signature
Printed Name
Title
Date



EXHIBIT A
WSDRF Financial Assistance Application

DRAFT

**Water Supply Development
Revolving Fund
Project Finance Application
City of Douglas
WDX-XXX-2024
(Part 2 of 2)**



WATER INFRASTRUCTURE
FINANCE AUTHORITY OF ARIZONA



Arizona's Source for Water and Wastewater Financing

Section 2: Applicant Information

1.1 Name of Applicant: City of Douglas

1.2 Mailing Address and/or Principal Place of Business:

425 E. 10th Street, Douglas, AZ 85607

1.3 Designated Contact Person *(for all matters relating to the submission of this application)*

Name: Luis Pedroza

Title: Deputy City Manager/City Treasurer

Telephone: (520) 417-7319

Mailing Address: 425 E. 10th Street, Douglas, AZ 85607

E-Mail Address: luis.pedroza@douglasaz.gov

1.4 Authorized Representative *(individual authorized by applicant to execute assistance agreements)*

Name: Ana Urquijo

Title: City Manager

Telephone: (520) 417-7303

Mailing Address: 425 E. 10th Street, Douglas, AZ 85607

E-Mail Address: ana.urquijo@douglasaz.gov

1.5 Officers of the Organization

Members Name	Title	Term of Position	Time in Position
Donald C. Huish	Mayor	6/20 - 12/24	4 years, 3 mos
Margaret Morales	Mayor Pro-Temp	6/20 - 12/24	4 years, 3 mos
Jose Montano	Councilmember Ward 2	6/22 - 12/26	5 mos
Danya Acosta	Councilmember Ward 3	6/20 - 12/28	4 years, 3 mos
Ray Shelton	Councilmember Ward 4	6/22 - 12/26	6 years, 3 mos
Michael Baldenegro	Councilmember Ward 5	6/20 - 12/28	4 years, 3 mos
Richard Acosta	Councilmember Ward 6	6/22 - 12/26	4 mos

1.6 Professional Services

A. Project Engineer: Stantec

Mailing Address: 3133 West Frye Road, Suite 300, Chandler, AZ 85226-5155

E-Mail Address: jack.bryck@stantec.com

Website Address: Stantec.com

Telephone: (480) 508-1369

B. Financial Advisor: N/A

Mailing Address: Click or tap here to enter text.

E-Mail Address: Click or tap here to enter text.

Website Address: Click or tap here to enter text.

Telephone: Click or tap here to enter text.

C. Legal Counsel: Fitzgibbons Law

Mailing Address: 1115 E. Cottonwodd Ln., Suite 150, Casa Grande, AZ 85122

E-Mail Address: denis@fitzgibbonslaw.com

Website Address: www.fitzgibbonslaw.com

Telephone: (520) 426-3824

D. Bond Counsel: N/A

Mailing Address: Click or tap here to enter text.

E-Mail Address: Click or tap here to enter text.

Website Address: Click or tap here to enter text.

Telephone: Click or tap here to enter text.

Section 3: Project Information

Enter detailed information on each individual project financed by the WIFA and its environmental benefits. Describe the proposed project providing enough information to allow an uninformed person to understand the scope and location of the project.

3.1 Project Name: West Douglas Expansion

3.2 County and local jurisdictions where the project will be located:

Cochise County, Douglas, Arizona

3.3 Groundwater Basin where the project will be located (see link for Arizona's Groundwater Basins):

Douglas AMA

3.4 Projected lifespan of the project/infrastructure (please include how you calculated this timeframe):

Ductile Iron Pipe is calculated to have a 100+ year life span according to the Ductile Iron Pipe Research Assoc.

3.5 Project Milestones:

A. Estimated Project Schedule

Include Month and Year – Estimated dates are acceptable. Please submit all approval documentation

Task	Scheduled Date
Planning, Design and Specifications Completion	1/31/2025
Approval to Construct	4/30/2025
Advertisement for Bids	8/11/2025
Construction Commencement	12/8/2025
Construction Completion	12/11/2026
Initiate Operation	1/31/2027

B. Work Completed to Date:

Summarize what has been completed to date with the planning, design, and/or construction for the project:

Masterplan of the project complete, 30% complete and 60% design are completed

Has an engineer been selected for this project? ☒ Yes ☐ No

Selection of Engineer: Stantec

Engineering services completed to date:

60% design completed

Has an engineering cost estimate been submitted for this project? ☒ Yes ☐ No

If yes, provide the Engineer's Opinion of Probable Cost; If no, provide an itemized table that includes estimated costs.

Attached is the Engineer's Opinion of Probable Cost

Have you selected a Contractor(s)? ☐ Yes ☒ No

If "Yes," summarize the bidding process and provide ALL bid tabulation information. If "No," on what date will the Contractors be selected?

Contractor to be selected October 9, 2025

Date anticipated bids are expected: 9/30/2025

C. Licenses and Permits

List local, state, and federal licenses and permits required for the proposed project.

(typical permits include ATC/AOC/NOI)

Licenses/Permits	Date Expected/Approved
ADOT ROW Permit	7/22/2025
ADEQ ATC Permit	7/22/2025
ADEQ AOC Permit	12/17/2026
Cochise County Permit	8/1/2025
El Paso Natural Gas Permit	8/15/2025

Submit electronic copies of the following (if applicable):

- *Capital Improvement Plan*
- *Project Feasibility Studies – 30% Design*
- *Preliminary Engineering Report, Design Concept Report*
- *Plans and Specifications*
- *Related Technical Data – Technical Memo attached*
- *Bid Documents*
- *Cost Estimates - Attached*

3.6 Describe the water supply challenges this project will address in detail:

The project will address water supply challenges in the Douglas service area and most recently voted in Douglas AMA as of December 2022. The Douglas AMA basin is facing a supply and demand challenge with year 2022 showing a negative 45,324 acre feet balance and depleting overall storage of 7.8 million acre feet. Projections show the aquifer will see depletion with a status quo of 5.2 million acre feet by 2075. The City is also growing towards the west with a new commercial port of entry about 4.5 miles west of the City limits beginning construction in Fall of 2025. As part of the project, the City must deliver water and wastewater to the new port. The City will be extending water and sewer services from

the City limits towards the project area and also able to service other existing homes and businesses as well as the Border Patrol Station and Cochise Community College. All of these areas are currently served by domestic wells and septic systems.

3.7 Describe the proposed solution(s) in detail including the following information:

- the proposed facility improvements;
- construction activities; and
- expected project benefits

The City has finalized 60% design of the project and started final design on the initial phase that includes the SR-80 utility corridor. In order to deliver water service, the City will construct a new well, construct a 500,000-gallon storage tank with distribution pumps and fire flow pump, booster and pressure reducing valve pump station and install 38,328 linear feet of piping. The City is seeking \$2 million from WIFA WSDRF program to allocate the funding towards the 12,015 linear feet of ductile iron pipe water line from James Ranch Road towards the City limits on Copper Avenue by our Well #14. The expected project benefits would be connecting to potable water 10 existing homes and businesses, Cochise Community College with approximately 1,000 students, the Douglas Border Patrol Station with approximately 500 employees and eventually the new commercial POE and surrounding development.

3.8 Community Description

A. Describe the location of the Community/System:
Douglas AMA

B. Population of the Community (Served and Un-served):

The population of Douglas is 15,638 but serves a population of approximately 20,000 including two unincorporated communities of Bay Acres and Pirtleville and other outlying areas. The additional population that it intends to serve through this project is approximately 1,500 existing population that includes Cochise College, Border Patrol and existing homes and businesses. The system will also serve the new commercial POE when constructed in Q2 2028 and the expected development around the POE.

C. Describe the population demographics (i.e. year-round retired, family, seasonal, etc.):
Population is family with median age of 34 years old.

D. Describe community attractions and features that relate to water/wastewater infrastructure projects:

The City of Douglas has approximately 5,500 existing accounts, with two community pools, 7 City parks and a cemetery. It also services an 18 hole golf course and wastewater treatment plant.

E. Describe the principal economic activities and the principal employers of the area served:

Principal economic activities are the port of entry including day tourism for shopping as well as workers and students crossing the border. Major activities include warehousing and small manufacturing and retail services. Major employers in the area are Customs and Border Protection (includes CBP and Border Patrol), Department of Corrections, Douglas Unified School District, Wal-Mart and City of Douglas.

F. Is the service area where the project is occurring within a federally recognized Colonia? If yes, please include the name of the Colonia.

The project location for the extension of services is not included in a Colonia, however, the City of Douglas where services are being extended from is in a Colonia. The City of Douglas Colonia is “Census Tract 9 (Original Townsite)”

3.9 Project Funding Sources & Uses

A. Needs Categories

Select the category(ies) that applies to this project and report the estimated amount of each.

Need Category	Estimated Dollar Amount
Planning & Design	\$ 1,735,537
Conveyance or Delivery of Water	\$ 10,035,487
Storage or Recovery of Water	\$ Click or tap here to enter text.
Reclamation and Reuse	\$ Click or tap here to enter text.
Replenishment of Groundwater	\$ Click or tap here to enter text.
Active or Passive Stormwater Recharge	\$ Click or tap here to enter text.
Water Conservation	\$ Click or tap here to enter text.
Acquisition of Water Rights/Contracts	\$ Click or tap here to enter text.

B. Budget Table

Use the following table to accurately represent how funds will be utilized. Do not edit the line items or add additional lines. This budget table will be used for disbursement requests once grant and/or loan agreement is executed.

Uses by Budget Item	WIFA Funding	Local Funding	Other: Click or tap here to enter text.	Total By Use
Legal/Debt Authorization	\$ 0	\$ 0	\$ 0	\$ 0
Financial Advisor	\$ 0	\$ 0	\$ 0	\$ 0 Click or tap
Planning	\$ 0	\$ 0	\$ 0	\$ 0
Design & Engineering	\$ 0	\$ 0	\$ 1,735,537	\$ 1,735,537
Equipment/Materials	\$ 0	\$ 0	\$ 0	\$ 0
Construction/Installation	\$ 2,000,000	\$ 0	\$ 8,035,487	\$ 10,035,487
Project Management	\$ 0	\$ 0	\$ 0	\$ 0
Administration	\$ 0	\$ 0	\$ 0	\$ 0
Water Rights Acquisition	\$ 0	\$ 0	\$ 0	\$ 0
Total by Source	\$ 2,000,000	\$ 0	\$ 9,771,024	
Total for Project			\$ 11,771,024	

Note: For loans the borrower is responsible for obtaining a legal opinion for the loan closing documents. Associated costs may be included in the loan.

C. Project Costs Expended to Date: \$ 0

Will you seek reimbursement for Project Costs Expended to Date? ☐ Yes ☒ No

If "Yes," identify the costs and explain why WIFA should reimburse these costs.

N/A

Section 4: Technical Capability Addendum

Technical Capability represents the ability of system personnel to implement and utilize the past, present, and future technology of the system in compliance with all regulatory and infrastructure design requirements. Technical Capability measures the ability of system personnel to identify and correct problems with infrastructure, operations, and maintenance.

1. Service Area

A. Describe water provider's service area: City of Douglas City limits and unincorporated areas of Pirtleville and Bay Acres

Physical Address of project (if available): Along State Route 80, west of SR-80 and US 191 intersection from Copper Avenue to Cochise College

Latitude/Longitude of project (decimal degrees): Start: 31.353623, -109.589794 and Finish 31.362967, -109.682228

B. Number of Connections

Type of Connection	Current	Prior Year	2 Years Prior	3 Years Prior	4 Years Prior
Residential	5,359	5,252	5,169	5,161	5,134
Commercial	544	524	500	510	498
Industrial	0	0	0	0	0
Other	59	56	78	77	73
Total	5,935	5,808	5,747	5,748	5,705

2. Current Facilities

A. Flow Information (if applicable)

Capacity/Usage	Present	Projected
Average Daily	N/A	N/A
Peak Daily	N/A	N/A
Design Capacity	N/A	N/A

B. Is the system in compliance with Local, State, and Federal health and environmental requirements? ☒ Yes ☐ No If "No" what actions are being taken to achieve compliance?

Click or tap here to enter text.

C. Existing Facilities: Provide information pertaining to all project-applicable facilities including groundwater wells (*with registration number*), water storage tanks, distribution lines, booster stations, etc.

Item	Year Constructed	Year Installed	Condition
Well #17 - 912890	2011	2011	Excellent
Well #16 - 217893	2008	2008	Excellent
Well #15 - 599184	2003	2006	Fair
Well #11 - 504004	1982	1983	Poor
Well #9 - 603987	1976	1976	Poor
Well #6 - 603984	1964	1964	Poor
5M gall Reservoir	1980	1980	Fair
Booster Station	2002	2002	Good

Low-Hi Station	Booster	2007	2007	Good
AMI System	Meter Reading	2020	2021	Excellent
300K Tanks (Qty 3)	Elevated Water	1980	1980	Good

3. Water Supply *(Attach additional pages if necessary to respond to any of the sections below)*

A. What is the physical source of water supply for the system?

- ☒ Groundwater only *(complete Section 3.B below)*
- ☐ Surface water only *(complete Section 3.C below)*
- ☐ Colorado River water only *(complete Section 3.D below)*
- ☐ Other *(complete Section 3.E below)*
- ☐ Combination of various sources *(complete all applicable sections below)*

B. If the system is supplied in whole or in part with groundwater:

1. Is the system located within an Active Management Area (AMA)? ☒ Yes ☐ No
2. If the system is not located within an AMA, is the system in compliance with all applicable limitations on the transportation of groundwater outside of AMAs? (A.R.S. §§ 45-541 to -547) ☐ Yes ☐ No *(please explain)* Click or tap here to enter text.
3. If the system is located within an AMA:
 - a. In which AMA is it located? Douglas AMA
 - b. Does the system have a Designation of Assured Water Supply (DAWS) from the Arizona Department of Water Resources (ADWR)? (A.R.S. § 45-576)
☐ Yes ☒ No
(1) If yes:
 - (a) What is the DAWS number? N/A
 - (b) When was the DAWS issued? N/A
 - (c) When does the DAWS expire? N/A
 - (d) Is the DAWS currently in the process of renewal or review?
☒ Yes *(please explain)* ☐ No
Douglas AMA was enacted by voters in 2022. ADWR is in the process of developing the Douglas AMA Management Plan that will set the municipal conservation goals and demonstrated DAWS within the new AMA.
 - c. Is the system in compliance with all applicable conservation restrictions under the Groundwater Code?
☒ Yes ☐ No *(please explain)*
Douglas AMA is in the process of establishing its management plan.
 - d. What is the legal basis for the system's right to withdraw groundwater?
☒ Service area right
☐ Type 1 grandfathered right
☐ Type 2 grandfathered right
☐ Groundwater withdrawal permit
☐ Multiple bases
☐ Other *(please explain)* Click or tap here to enter text.
 - e. Please provide the right numbers for any groundwater rights held by or for the system.
56-004001.0000

- f. Has the system been the subject of a groundwater enforcement action of any kind within the past five years? ☐ Yes (*please explain*) ☒ No

Click or tap here to enter text.

C. If the system is supplied in whole or in part with surface water: N/A

1. From what physical source is the water supply for the system diverted or withdrawn (e.g., river, lake, spring, well withdrawing appropriable sub-flow)?

Click or tap here to enter text.

2. What is the legal basis for the system's right to withdraw surface water?

Click or tap here to enter text.

3. What is the quantity of each of the system's surface water rights?

Click or tap here to enter text.

4. Has the system filed a Statement of Claim with ADWR? (A.R.S. §§ 45-181 to -190)

☐ Yes ☐ No

5. Please provide the numbers of any Statements of Claim (36-____).

Click or tap here to enter text.

6. Have the system's surface water rights been confirmed by an existing court decree (e.g., 1935 Globe Equity Decree, 1910 Kent Decree)? ☐ Yes ☐ No

- a. If yes, please provide the name of the court, the name of the decree, the date the decree was entered, and any additional information necessary to identify the decreed rights for the system.

Click or tap here to enter text.

7. Is the system located in an area that is subject to a pending general stream adjudication? (A.R.S. §§ 45-251 to -264) ☐ Yes ☐ No

Click or tap here to enter text.

8. If the system is located in an area that is subject to a general stream adjudication:

- a. In which Adjudication area is the system located?

☐ Gila River General Stream Adjudication

☐ Little Colorado River General Stream Adjudication

- b. Has the system filed a Statement of Claimant in the general stream adjudication? (A.R.S. § 45-254) ☐ Yes ☐ No

- c. Please provide the numbers of any Statements of Claimant (39-____).

Click or tap here to enter text.

- d. Has a contested case been initiated in the general stream adjudication relating to the system's water rights claims? ☐ Yes ☐ No

Click or tap here to enter text.

- e. Please provide the case numbers of any contested cases relating to the system's water rights claims.

Click or tap here to enter text.

9. Has the system been the subject of a surface water enforcement action of any kind within the past five years? ☐ Yes (*please explain*) ☐ No

Click or tap here to enter text.

D. If the system is supplied in whole or in part with Colorado River water: N/A

1. Is that water supply delivered through the Central Arizona Project?
☐ Yes (*Complete Section 3.D.2 below*)
☐ No (*Complete Section 3.D.3 below*)
2. If the Colorado River water is delivered through the Central Arizona Project:
 - a. Does the system have a CAP subcontract with the Central Arizona Water Conservation District? ☐ Yes ☐ No
 - b. If the system has a CAP subcontract, please provide the following information regarding that subcontract:
 - (1) Date executed: Click or tap to enter a date.
 - (2) Expiration date: Click or tap to enter a date.
 - (3) Quantity of water contracted for: Click or tap here to enter text.
 - (4) Priority of right (e.g., M&I, non-Indian agriculture):
Click or tap here to enter text.
 - c. If the system does not have a CAP subcontract, please describe the legal basis for the system's right to receive CAP water.
Click or tap here to enter text.
3. If the Colorado River water is not delivered through the Central Arizona Project:
 - a. Does the system have a contract with the Secretary of the Interior for delivery of Colorado River water? ☐ Yes ☐ No
 - b. If the system has a contract with the Secretary for Colorado River water, please provide the following information regarding that contract:
 - (1) Date executed: Click or tap to enter a date.
 - (2) Expiration date: Click or tap to enter a date.
 - (3) Quantity of water contracted for: Click or tap here to enter text.
 - (4) Priority of right (e.g., M&I, non-Indian agriculture):
Click or tap here to enter text.
 - c. If the system does not have a contract to receive Colorado River water, please describe the legal basis for the system's right to receive Colorado River water.
Click or tap here to enter text.

E. If the physical source of supply for the system is, in whole or in part, a source other than groundwater, surface water, or Colorado River water: N/A

1. Describe the physical source of that water supply:
Click or tap here to enter text.
2. Describe the basis for the system's legal right to use that water supply:
Click or tap here to enter text.

F. Please provide any additional information relating to the water rights of the system (groundwater, surface water, Colorado River water, or other) that might assist WIFA in reviewing the Project Finance Application.

N/A

4. System Operators - Name the certified system operators.

Name	Title	Certification Grade	Total Years Experience	Time in Position
Elberto Acosta	Water Supervisor	WD-Grade 3	24 years	5 years
Luis Valenzuela	Water Technician IV	WD-Grade 2	10 years	6 years
Marco Buelna	Special Proj Tech III	WD-Grade 2	23 years	6 years
Mark Torres	Water Technician II	WD-Grade 1	13 years	4 years
Michael Pacheco	Water Technician I	WD-Grade 1	5 years	4 years
Bernardo Villa	Water Technician I	WD-Grade 2	21 years	3 years
Juan Garcia	Water Technician II	WD-Grade 2	12 years	4 years
Mario A. Vasquez	Water Technician I	WD-Grade 1	7 years	7 years
Javier Perez	Water Technician II	WD Grade 2	24 years	12 years

5. Operation and Technical Impact:

Please explain any significant operating or technical impacts as the result of the proposed project.

The extension of the water line will not carry significant operating or technical impacts. Water technicians are already certified and no new additional certifications are required to operate. Technical impacts are minimal since the staff is already familiar with the operations and maintenance of this type of water line. Although the line extension is long, the City does not project needing additional staff at this time. It is until the new POE is built in 2028 and more development happens seeking water connections, will the City need more staffing to maintain the additional volume in accounts.

7. Average Annual Operation and Maintenance Costs as Applicable to this Project

Category	Current Cost (\$)	Projected Cost (\$)
Operations	\$923,749	\$938,980
Maintenance	\$236,343	\$236,343
Chemicals/Media	\$48,500	\$48,500
Replacement(s)	\$70,000	\$70,000
Utilities	\$425,000	\$425,000

Section 5: Managerial Capability Addendum

Managerial Capability represents the ability of the management structure of the system to conduct its affairs in a manner, which enables the system to maintain compliance with all regulatory and infrastructure design requirements. Managerial Capability depends on staffing, organization, accountability, legal policy, administration, and effective linkages.

1. **Does the organization have by-laws (private organizations), rate ordinances, and connection ordinances in place?**

- ☒ By-laws
☒ Rate ordinances
☒ Connection ordinances

Please submit a copy for each checked box.

By-laws (City Charter):

[City-of-Douglas-Charter-2022 \(douglasaz.gov\)](#)

Rate and connection ordinance:

[13.08.005 - Rates established. | Code of Ordinances | Douglas, AZ | Municode Library](#)

2. **Does the organization have an established accounting/bookkeeping system?**

☒ Yes ☐ No

Please explain your current accounting/bookkeeping system.

The city uses Springbrook, a centralized ERP financial software. The system posts to the general ledger daily and records revenues and expenditures by fund. The accounting system receives budgeted figures into the chart of accounts which allows to compare expenses and revenues to allocated budgeted amounts.

Are the terms of the officers of the organization (company board or elected officials) staggered? ☒ Yes ☐ No ☐ N/A *(If No or N/A, please explain below)*

Click or tap here to enter text.

3. **Has any past or present officer of the organization been recalled or is any recall action pending?** ☐ Yes ☒ No *(If Yes, please explain below)*

Click or tap here to enter text.

4. **Who will manage the proposed design or construction project?**

- ☒ System manager
☒ Officer of the organization
☒ Other: Contracted Engineers

Please explain their role and experience.

The project design and construction will be managed by the Deputy City Manager, Public Works Director/City Engineer and Water Supervisor and Stantec contracted engineers will assist with construction management.

5. **Does the individual who will manage the project have experience in managing similar design or construction projects?**

☒ Yes ☐ No

If Yes, describe experience below. If No, explain intended actions to mitigate this lack of experience.

Elise Moore, City of Douglas Public Works Director/City Engineer is a Registered Professional Engineer in the State of Arizona, and a Certified Floodplain Manager with a B.S.E. in Civil Engineering and a master's degree in public administration. Elise has over 22 years' experience as an engineer and project manager for Public Works including flood plain management, traffic engineering, streets, environmental, water, sewer, sanitation and public facilities. Deputy City Manager oversees the Public Works Division with over 18 years of municipal experience and over 8 years overseeing and managing Public Works projects as well as federal and state grants. City of Douglas Water Supervisor has 24 years of experience in water systems and 5 years as a supervisor. The Water Supervisor has participated in various water capital improvement projects that include 3 new wells projects with the City of Douglas. He is in charge of managing the entire City's service area with 6 active wells, 3 300,000 elevated water storage tanks, a 5 million gallon reservoir, and a high/low booster station.

6. Who oversees day-to-day management of the system?

- ☒ System manager
☐ Officer of the organization
☐ Other: Click or tap here to enter text.

7. Does the individual with day-to-day management responsibility have experience in managing this or similar systems?

☒ Yes ☐ No

If Yes, describe experience below. If No, explain intended actions to mitigate this lack of experience.

Yes, water supervisor currently manages over 100 miles of water main pipe, 580 hydrants and close to 6,000 accounts.

8. Will there be significant management impacts as the result of the proposed design or construction project or any technology associated with the project? (For example: additional costs or staffing requirements)

☐ Yes ☒ No

Explain response below.

Click or tap here to enter text.

9. Is there any current or past litigation?

☐ Yes ☒ No

If Yes, is there an actual or potential managerial impact on the applicant because of this litigation? Click or tap here to enter text.

☐ Yes ☐ No

Explain response below.

N/A

Section 6: Legal Capability Addendum

1. **Date of Debt Authorization – or Expected Date of Authorization** (if applicable): N/A

Click or tap to enter a date.

2. **Enclose the applicable debt authorization materials with the application:**

☐ **Voter Authorized**

- ☐ Official Election Resolution
- ☐ Official Election Ballot
- ☐ Official Publicity Pamphlet, if applicable
- ☐ Certified Canvas of Election Results

☐ **Special Districts**

- ☐ Resolution of Intention
- ☐ Official Petition
- ☐ Roster of Petitioners
- ☐ Summary of Assessment Proceedings
- ☐ Related Documents

- ☐ Official Election Resolution
- ☐ Official Election Ballot
- ☐ Official Publicity Pamphlet, if applicable
- ☐ Certified Canvas of Election Results

☐ **Governmental Entity** meeting the population requirement under A.R.S. § 9-571

- ☐ Official Debt Authorization Resolution, which includes a certification of population

3. **Congressional District(s)** - Which congressional district(s) is your system located in?

Congressional District 7

4. **Legislative District(s)** - Which legislative district(s) is your system located in?

Az Legislative District 19

5. **Additional Information** – Are there any legal reasons that would prevent you from signing a grant agreement or loan agreement?

Explain response below.

No

Section 7: Financial Capability Addendum

Financial Capability is the capability of the system to acquire and manage sufficient financial resources to maintain compliance with lending requirements, regulatory concerns, managerial concerns, and with technical requirements. Standard loan terms are 20 years or the useful life of the funded infrastructure - subject to approval. Complete this section if a portion of the financial assistance will be provided as a loan.

1. Source of Repayment: N/A

2. Enclose the Financial Statements and/or Annual Reports for the current year and previous three years.

Link to City's financial statements: [Budgets & Financials | Douglas, AZ \(douglasaz.gov\)](https://www.douglasaz.gov/Budgets-Financials)

3. Enclose the following Monthly Financial Data for the Source of Repayment:

☐ Monthly Revenue Data for the most recent 12 months.

☐ Monthly Operating Expenditure Data for the most recent 12 months.

N/A

4. Explain if any unusual, atypical or one-time expenses were incurred in the past three years that impacted the net operating revenues of the system:

N/A

5. Enclose the following operating budgets:

☒ Current fiscal year budget.

☐ Proposed or approved budget for the next fiscal year.

[Budgets & Financials | Douglas, AZ \(douglasaz.gov\)](https://www.douglasaz.gov/Budgets-Financials)

6. Enclose the Rate Ordinance. Explain if a rate increase is planned or was recently approved to cover the costs of the additional debt? *Please note that if new rates are necessary to meet the debt service coverage, the rate structure must be approved prior to action of the WIFA Board.*

Attached. Rate increases were adopted to be implemented over 5 years. Year 4 of increase is scheduled for January 2025.

7. Summarize what action is taken against delinquent ratepayers? Are other measures legally available?

Users that do not pay by the 21st of the month are issued a penalty of \$5.00 to their account. If a user does not pay within 45 days of issuing the bill, water service is turned off. Users that leave a balance owed are notified and if no response is received within 4 months, the account is sent to collections. City can issue liens on property if payment is not received, but utilize collections actions first and have not had to issue any liens.

8. Enclose copies of loan agreements, official statements and any other documentation for any indebtedness payable by the same Source of Repayment detailed in item one above.

N/A

9. Is the applicant now or at any time in the past 10 years been in default as to principal, interest, or any other requirement on any debt obligation? ☐ Yes ☒ No

If "Yes", describe the circumstances leading to the default and describe the status of the default.

Click or tap here to enter text.

10. Have any agreements or legal proceeding relating to any debt obligation been declared invalid or unenforceable? ☐ Yes ☒ No

If “Yes”, describe the circumstances leading to the declaration and describe the status of the invalid or unenforceable agreement or legal proceeding.

Click or tap here to enter text.



EXHIBIT B
Water Supply Development (WSD) Financial Assistance Resolution

DRAFT

***Water Supply Development (WSD) Financial Assistance
Resolution 2025-027 – City of Douglas
Water Infrastructure Finance Authority of Arizona***

Section 1: Resolution

WHEREAS, the Water Infrastructure Finance Authority of Arizona (the “*Authority*”) has received from the City of Douglas (the “*Local Entity*”) a request (the “Financial Assistance Application”) for the Water Supply Development Revolving Fund (the “*Fund*”); and

WHEREAS, the Authority has determined that the Local Entity has met the requirements of Arizona Revised Statutes §§ 49-1270-1275; and the rules promulgated thereunder (the “*Rules*”); and

WHEREAS, the terms and conditions under which Fund will be made and the obligations of the Local Entity will be set forth in a financial assistance agreement (the “*Financial Assistance Agreement*”) to be executed by the Local Entity and the Authority.

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

The Board approves the Financial Assistance Application.


The Director of the Authority is hereby authorized and directed to execute a Financial Assistance Agreement with the Local Entity, in accordance with the applicable laws, the Rules, the Financial Assistance application, and the Project Summary detailed in Section 2 of this WSD Financial Assistance Resolution, to evidence the financial assistance amount detailed in Section 3 of this Resolution.

The Director and other Authority officials, as appropriate, are authorized and directed to sign any document and take such actions as necessary and appropriate to consummate the transactions contemplated by this Resolution.

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

PASSED AND ADOPTED by the Board of Directors for the Water Infrastructure Finance authority of Arizona on December 18, 2024.

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

By: 

Jonathan Lines (Dec 18, 2024 15:57 MST)
Chairman

***Water Supply Development (WSD) Financial Assistance
Resolution 2025-027 – City of Douglas
Water Infrastructure Finance Authority of Arizona***

Section 2: Project Summary

2.1 Project Number

WSD-021-2025

2.2 Project Description(s)

The City of Douglas is securing co-funding from multiple sources for the design and implementation of their West Douglas Expansion project which will extend services towards the new commercial port of entry. The proposed WIFA WSDRF funded portion of the project involves the installation of the new drinking water pipeline which will enhance the water distribution system, ensuring reliable service and improved infrastructure for the community.

2.3 Previous Board Actions

No previous Board Actions.

2.4 Water Supply Development Committee Review Date

December 16, 2024

Section 3: Financial Assistance Amount

Total Financial Assistance Amount: \$2,000,000

Grant Amount: \$2,000,000

Loan Amount: \$0

Financial Assistance Index: 70%

Requirements Prior to Financial Assistance Execution:

Require Legal Opinion: No Requirements

Other: No Requirements

Primary Repayment Source: N/A

Loan Term: N/A

Loan Category: N/A

Policy Exceptions: None