CONSTRUCTION CONTRACT

Town of Jerome
Wastewater Treatment Plant Improvements
Fann Environmental, LLC

October 2026

Prepared For:

Town of Jerome
600 Clark Street
P.O. Box 335
Jerome, AZ 86331

Prepared By:

Pacific Advanced Civil Engineering, Inc.
8723 E Via de Commercio #A-204
Scottsdale, AZ 85258
(480) 991-3595

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NOTICE OF AWARD

Date of Issuance:	October 22, 2026		
Owner:	Town of Jerome	Owner's Project No.:	N/A
Engineer:	PACE	Engineer's Project No.:	B614
Project:	Jerome Wastewater Treatment Plant Improvements		
Contract Name:	Jerome Wastewater Treatment Plant Improvements		
Bidder:	Fann Environmental, LLC		
Bidder's Address:	6708 Corsair Ave Ste A Prescott, AZ 86301		

You are notified that Owner has accepted your Bid dated **June 3, 2026** for the above Contract, and that you are the Successful Bidder and are awarded a Contract for:

The Town of Jerome Wastewater Treatment Plant Improvements.

The Contract Price of $10,699,947.60 and Contract are contingent upon USDA-RD concurrence. The Contract Price is subject to adjustment based on the provisions of the Contract, including but not limited to those governing changes, Unit Price Work, and Work performed on a cost-plus-fee basis, as applicable.

One (1) electronic, unexecuted counterparts of the Agreement accompany this Notice of Award, and one copy of the Contract Documents accompanies this Notice of Award, or has been transmitted or made available to Bidder electronically.

☒ Drawings will be delivered separately from the other Contract Documents.

You must comply with the following conditions precedent within 15 days of the date of receipt of this Notice of Award:

1. Deliver to Owner **One (1) hard copy and one (1) electronic,** counterparts of the Agreement, signed by Bidder (as Contractor).
2. Deliver with the signed Agreement(s) the Contract security (such as required performance and payment bonds) and insurance documentation, as specified in the Instructions to Bidders and in the General Conditions, Articles 2 and 6.
3. Other conditions precedent (if any): **None**

Failure to comply with these conditions within the time specified will entitle Owner to consider you in default, annul this Notice of Award, and declare your Bid security forfeited.

Within **30** days after you comply with the above conditions, Owner will return to you one fully signed counterpart of the Agreement, together with any additional copies of the Contract Documents as indicated in Paragraph 2.02 of the General Conditions.

Owner: **Town of Jerome**

By *(signature)*: Brett Klein

Name *(printed)*: Brett Klein

Title: Town Manager / Clerk

Copy: Engineer

EJCDC® C-510, Notice of Award.
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AGREEMENT BETWEEN OWNER AND CONTRACTOR

This Agreement is by and between **Town of Jerome** ("Owner") and **Fann Environmental, LLC** ("Contractor").

Terms used in this Agreement have the meanings stated in the General Conditions and the Supplementary Conditions.

Owner and Contractor hereby agree as follows:

ARTICLE 1—WORK

1.01 Contractor shall complete all Work as specified or indicated in the Contract Documents. The Work is generally described as follows: Improvements include conversion of this existing trickling filter facility to a 90,000 GPD Sequencing Batch Reactors (SBR) with removal and demolition of existing wastewater equipment; construction of two new 54,000-gallon SBR basins, aerobic digester basin, equalization basin, sludge dewatering, chlorine contact chamber, drying beds, etc.; installation of new 12-inch PVC gravity sewer main, complete with piping and piping appurtenances; construction of a new access roadway, including all grading and drainage work.

ARTICLE 2—THE PROJECT

2.01 The Project, of which the Work under the Contract Documents is a part, is generally described as follows: **Jerome Wastewater Treatment Plant Improvements.**

ARTICLE 3—ENGINEER

3.01 The Owner has retained **Pacific Advanced Civil Engineering, Inc. (PACE)** ("Engineer") to act as Owner's representative, assume all duties and responsibilities of Engineer, and have the rights and authority assigned to Engineer in the Contract.

3.02 The part of the Project that pertains to the Work has been designed by **the Engineer.**

ARTICLE 4—CONTRACT TIMES

4.01 *Time is of the Essence*

A. All time limits for Milestones, if any, Substantial Completion, and completion and readiness for final payment as stated in the Contract Documents are of the essence of the Contract.

4.02 **[Deleted]**

4.03 *Contract Times: Days*

A. The Work will be substantially complete within **300** days after the date when the Contract Times commence to run as provided in Paragraph 4.01 of the General Conditions, and completed and ready for final payment in accordance with Paragraph 15.06 of the General Conditions within **330** days after the date when the Contract Times commence to run.

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4.04 **[Deleted]**

4.05 *Liquidated Damages*

A. Contractor and Owner recognize that time is of the essence as stated in Paragraph 4.01 above and that Owner will suffer financial and other losses if the Work is not completed and Milestones not achieved within the Contract Times, as duly modified. The parties also recognize the delays, expense, and difficulties involved in proving, in a legal or arbitration proceeding, the actual loss suffered by Owner if the Work is not completed on time. Accordingly, instead of requiring any such proof, Owner and Contractor agree that as liquidated damages for delay (but not as a penalty):

1. *Substantial Completion:* Contractor shall pay Owner $**1,600.00** for each day that expires after the time (as duly adjusted pursuant to the Contract) specified above for Substantial Completion, until the Work is substantially complete. **Calculations assume continued RPR field services and associated expenses. It also includes Owner and Engineer project management and office engineering efforts to address unresolved construction issues resulting in extended services beyond the date of substantial completion as stipulated in the contract documents.**

2. *Completion of Remaining Work:* After Substantial Completion, if Contractor shall neglect, refuse, or fail to complete the remaining Work within the Contract Times (as duly adjusted pursuant to the Contract) for completion and readiness for final payment, Contractor shall pay Owner $**533.00** for each day that expires after such time until the Work is completed and ready for final payment. **Liquidated damages beyond the date of project Final Completion are calculated at approximately one-third of the amount for Substantial Completion.**

3. **[Deleted]**

4. Liquidated damages for failing to timely attain ~~Milestones,~~ Substantial Completion, and final completion are not additive, and will not be imposed concurrently.

B. If Owner recovers liquidated damages for a delay in completion by Contractor, then such liquidated damages are Owner's sole and exclusive remedy for such delay, and Owner is precluded from recovering any other damages, whether actual, direct, excess, or consequential, for such delay, except for special damages (if any) specified in this Agreement.

C. **[Deleted]**

4.06 ***[Deleted]***

ARTICLE 5—CONTRACT PRICE

5.01 Owner shall pay Contractor for completion of the Work in accordance with the Contract Documents, the amounts that follow, subject to adjustment under the Contract:

A. For all Work other than Unit Price Work, a lump sum of $10,699,947.60.

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ARTICLE 6—PAYMENT PROCEDURES

6.01 *Submittal and Processing of Payments*

A. Contractor shall submit Applications for Payment in accordance with Article 15 of the General Conditions. Applications for Payment will be processed by Engineer as provided in the General Conditions.

6.02 *Progress Payments; Retainage*

A. Owner shall make progress payments on the basis of Contractor's Applications for Payment on or about the **5th** day of each month during performance of the Work as provided in Paragraph 6.02.A.1 below, provided that such Applications for Payment have been submitted in a timely manner and otherwise meet the requirements of the Contract. All such payments will be measured by the Schedule of Values established as provided in the General Conditions (and in the case of Unit Price Work based on the number of units completed) or, in the event there is no Schedule of Values, as provided elsewhere in the Contract.

1. Prior to Substantial Completion, progress payments will be made in an amount equal to the percentage indicated below but, in each case, less the aggregate of payments previously made and less such amounts as Owner may withhold, including but not limited to liquidated damages, in accordance with the Contract.

a. **95** percent of the value of the Work completed (with the balance being retainage).

1) **[Deleted]**

b. **95** percent of cost of materials and equipment not incorporated in the Work (with the balance being retainage).

B. Upon Substantial Completion **of the entire construction to be provided under the construction Contract Documents**, Owner shall pay an amount sufficient to increase total payments to Contractor to **100** percent of the Work completed, less such amounts set off by Owner pursuant to Paragraph 15.01.E of the General Conditions, and less **200** percent of Engineer's estimate of the value of Work to be completed or corrected as shown on the punch list of items to be completed or corrected prior to final payment.

6.03 *Final Payment*

A. Upon final completion and acceptance of the Work, Owner shall pay the remainder of the Contract Price in accordance with Paragraph 15.06 of the General Conditions.

6.04 *Consent of Surety*

A. Owner will not make final payment, or return or release retainage at Substantial Completion or any other time, unless Contractor submits written consent of the surety to such payment, return, or release.

6.05 *Interest*

A. All amounts not paid when due will bear interest at the rate of **1.5** percent per annum.

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ARTICLE 7—CONTRACT DOCUMENTS

7.01 *Contents*

A. The Contract Documents consist of all of the following:

1. This Agreement.
2. Bonds:
    a. Performance bond (together with power of attorney).
    b. Payment bond (together with power of attorney).
3. General Conditions.
4. Supplementary Conditions.
5. **Technical** Specifications.
6. Drawings (not attached but incorporated by reference) consisting of **83** sheets with each sheet bearing the following general title: **Jerome Wastewater Treatment Plant.**
8. Addenda (numbers **1** to **5**, inclusive).
9. Exhibits to this Agreement (enumerated as follows):
    a. Contractor's Bid
    b. Certification of Owner's Attorney and Agency Concurrence
    c. Application for Payment
    d. Notice to Proceed.
    e. Work Change Directives.
    f. Change Orders.
    g. Field Orders.
    h. General (Prime) Contractor's Certification for AIS.
    i. Manufacturer's Certification for AIS.
    j. Certificate of Substantial Completion.
    k. Notice of Acceptability of Work.
10. The following which may be delivered or issued on or after the Effective Date of the Contract and are not attached hereto:
    a. Warranty Bond, if any.

B. The Contract Documents listed in Paragraph 7.01.A are attached to this Agreement (except as expressly noted otherwise above).

C. There are no Contract Documents other than those listed above in this Article 7.

D. The Contract Documents may only be amended, modified, or supplemented as provided in the Contract.

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ARTICLE 8—REPRESENTATIONS, CERTIFICATIONS, AND STIPULATIONS

8.01 *Contractor's Representations*

A. In order to induce Owner to enter into this Contract, Contractor makes the following representations:

1. Contractor has examined and carefully studied the Contract Documents, including Addenda.

2. Contractor has visited the Site **(if required)**, conducted a thorough visual examination of the Site and adjacent areas, and become familiar with the general, local, and Site conditions that may affect cost, progress, and performance of the Work.

3. Contractor is familiar with all Laws and Regulations that may affect cost, progress, and performance of the Work.

4. Contractor has carefully studied the reports of explorations and tests of subsurface conditions at or adjacent to the Site and the drawings of physical conditions relating to existing surface or subsurface structures at the Site that have been identified in the Supplementary Conditions, with respect to the Technical Data in such reports and drawings.

5. Contractor has carefully studied the reports and drawings relating to Hazardous Environmental Conditions, if any, at or adjacent to the Site that have been identified in the Supplementary Conditions, with respect to Technical Data in such reports and drawings.

6. Contractor has considered the information known to Contractor itself; information commonly known to contractors doing business in the locality of the Site; information and observations obtained from visits to the Site; the Contract Documents; and the Technical Data identified in the Supplementary Conditions or by definition, with respect to the effect of such information, observations, and Technical Data on (a) the cost, progress, and performance of the Work; (b) the means, methods, techniques, sequences, and procedures of construction to be employed by Contractor; and (c) Contractor's safety precautions and programs.

7. Based on the information and observations referred to in the preceding paragraph, Contractor agrees that no further examinations, investigations, explorations, tests, studies, or data are necessary for the performance of the Work at the Contract Price, within the Contract Times, and in accordance with the other terms and conditions of the Contract.

8. Contractor is aware of the general nature of work to be performed by Owner and others at the Site that relates to the Work as indicated in the Contract Documents.

9. Contractor has given Engineer written notice of all conflicts, errors, ambiguities, or discrepancies that Contractor has discovered in the Contract Documents, and of discrepancies between Site conditions and the Contract Documents, and the written resolution thereof by Engineer is acceptable to Contractor.

10. The Contract Documents are generally sufficient to indicate and convey understanding of all terms and conditions for performance and furnishing of the Work.

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11. Contractor's entry into this Contract constitutes an incontrovertible representation by Contractor that without exception all prices in the Agreement are premised upon performing and furnishing the Work required by the Contract Documents.

8.02 *Contractor's Certifications*

A. Contractor certifies that it has not engaged in corrupt, fraudulent, collusive, or coercive practices in competing for or in executing the Contract. For the purposes of this Paragraph 8.02:

1. "corrupt practice" means the offering, giving, receiving, or soliciting of anything of value likely to influence the action of a public official in the bidding process or in the Contract execution;

2. "fraudulent practice" means an intentional misrepresentation of facts made (a) to influence the bidding process or the execution of the Contract to the detriment of Owner, (b) to establish Bid or Contract prices at artificial non-competitive levels, or (c) to deprive Owner of the benefits of free and open competition;

3. "collusive practice" means a scheme or arrangement between two or more Bidders, with or without the knowledge of Owner, a purpose of which is to establish Bid prices at artificial, non-competitive levels; and

4. "coercive practice" means harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in the bidding process or affect the execution of the Contract.

8.03 *Standard General Conditions*

A. Owner stipulates that if the General Conditions that are made a part of this Contract are EJCDC® C-700, Standard General Conditions for the Construction Contract (2018), published by the Engineers Joint Contract Documents Committee, and if Owner is the party that has furnished said General Conditions, then Owner has plainly shown all modifications to the standard wording of such published document to the Contractor, through a process such as highlighting or "track changes" (redline/strikeout), or in the Supplementary Conditions.

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IN WITNESS WHEREOF, Owner and Contractor have signed this Agreement.

This Agreement will be effective on November 10, 2026 (which is the Effective Date of the Contract).

Owner:	Contractor:
Town of Jerome	Fann Environmental, LLC
(typed or printed name of organization)	*(typed or printed name of organization)*
By:	By:
(individual's signature)	*(individual's signature)*
Date:	Date: 11/05/2026
(date signed)	*(date signed)*
Name:	Name: Michael Young
(typed or printed)	*(typed or printed)*
Title:	Title: President
(typed or printed)	*(typed or printed)*
	*(If **[Type of Entity]** is a corporation, a partnership, or a joint venture, attach evidence of authority to sign.)*
Attest:	Attest:
(individual's signature)	*(individual's signature)*
Title:	Title: Witness/Executive Assistant
(typed or printed)	*(typed or printed)*
Address for giving notices:	Address for giving notices:
600 Clark Street	6708 Corsair Avenue
P.O. Box 335	Suite A
Jerome, AZ 86331	Prescott, AZ 86301
Designated Representative:	Designated Representative:
Name:	Name:
(typed or printed)	*(typed or printed)*
Title:	Title:
(typed or printed)	*(typed or printed)*
Address:	Address:
Phone:	Phone:
Email:	Email:
*(If **[Type of Entity]** is a corporation, attach evidence of authority to sign. If **[Type of Entity]** is a public body, attach evidence of authority to sign and resolution or other documents authorizing execution of this Agreement.)*	License No.: *(where applicable)*
	State:

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