City of Avondale

City Council Meeting

Monday, May 4, 2026

Mayor and Council

Mike Pineda, Mayor

Curtis Nielson, Vice Mayor

Tina Conde, Councilmember | Jeannette Garcia, Councilmember

Gloria Solorio, Councilmember | Shari Weise, Councilmember

Max White, Councilmember

Administration

Ron Corbin, City Manager

Dale Nannenga, Assistant City Manager | Katie Gregory, Assistant City Manager

Jennifer Stein, Assistant City Manager | Nicholle Harris, City Attorney

Marcella Sarmiento, City Clerk

City Council Chamber

11465 West Civic Center Drive

Avondale, AZ 85323

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Meeting ID: 213 421 215 559 25 | Passcode: 5CY9Q7zX

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Please note, the live stream will not be monitored by staff; therefore, anyone wishing to address the City Council shall appear in person to speak.

City Council Meeting
Notice & Agenda
Monday, May 4, 2026

CITY COUNCIL CHAMBER | 11465 WEST CIVIC CENTER DRIVE | AVONDALE AZ, 85323

Request to Speak: Anyone wishing to address the Council regarding items listed on the agenda or under "Unscheduled Public Appearance" should submit an Online Request to Speak form (www.AvondaleAZ.gov/RequestToSpeak) at least one hour prior to the start of the meeting. Paper Request to Speak cards are also available at the meeting and should be submitted to staff prior to the start of the meeting.

REGULAR MEETING
5:30 PM
Physical Access to the Council Chambers will be available 30 minutes prior to the meeting.

CALL TO ORDER BY MAYOR
PLEDGE OF ALLEGIANCE & MOMENT OF REFLECTION

1. ROLL CALL BY THE CITY CLERK

2. PRESENTATION ITEMS

a. PROCLAMATION — LAW DAY
City Council will present a proclamation recognizing May 1, 2026, as Law Day. This item is for discussion only.

b. PROCLAMATION — ECONOMIC DEVELOPMENT, TOURISM, AND SMALL BUSINESS MONTH
City Council will present a proclamation recognizing May 2026 as Economic Development, Tourism, and Small Business Month. This item is for discussion only.

c. PROCLAMATION — BUILDING SAFETY MONTH
City Council will present a proclamation recognizing the month of May 2026 as Building Safety Month in the City of Avondale. This item is for discussion only.

d. LOCAL FIRST ARIZONA SMALL BUSINESS UPDATE
City Council will receive an update on Local First Arizona, an organization that supports the small business community by offering programming, events and resources. This item is for discussion only.

e. 2026 CITIZEN POLICE ACADEMY
The Avondale Police Department will be presenting the 2026 Citizen Police Academy graduates to the City Council. This item is for discussion only.

3. UNSCHEDULED PUBLIC APPEARANCES (Time is limited per person. Please state your name.)

4. CONSENT AGENDA

Items on the consent agenda are of a routine nature or have been previously studied by the City Council at a work session. They are intended to be acted upon in one motion. Council members may pull items from consent if they would like them considered separately.

a. MINUTES

City Council will consider a request to approve the March 23, 2026, and April 6, 2026, City Council meeting minutes. The Council will take appropriate action.

b. SERIES 10 (BEER AND WINE STORE) LIQUOR LICENSE — MJ MERCADO DEL VALLE LLC

City Council will consider a request to recommend approval to the Arizona Department of Liquor License and Control of an application for a Series 10 (Beer and Wine Store) Liquor License submitted by Murad Rida Jreissat for the sale of alcohol at MJ Mercado Del Valle LLC located at 425 N Central Ave in Avondale and authorize the City Clerk to execute the necessary documents. The Council will take appropriate action.

c. AMENDMENT TO THE PROFESSIONAL SERVICES AND EMPLOYMENT AGREEMENT WITH RON CORBIN (CITY MANAGER)

City Council will consider a request to approve an amendment to the Professional Services and Employment Agreement ("Employment Agreement") with City Manager, Ron Corbin and authorize the Mayor, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

d. RESOLUTION 1027-0526 - COMPREHENSIVE FINANCIAL POLICIES

City Council will consider a request to adopt Resolution 1027-0526, adopting Comprehensive Financial Policies and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

e. RESOLUTION 1028-0526 - ADOPTION OF REIMBURSEMENT RESOLUTION FOR WATER UTILITY REVENUE OBLIGATIONS AND WASTEWATER UTILITY REVENUE OBLIGATIONS

City Council will consider a request to adopt Resolution 1028-0526, adopting a reimbursement resolution for Water Utility Revenue Obligations and Wastewater Utility Revenue Obligations to declare official intent to be reimbursed in connection with certain capital expenditures relating to environmental mitigation and water and wastewater utility system capital improvement projects and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

f. ORDINANCE 2012-0526 — APPROVING THE SALE, EXECUTION AND DELIVERY OF WASTEWATER SYSTEM REVENUE AND/OR REVENUE REFUNDING OBLIGATIONS, IN ONE OR MORE SERIES; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF NECESSARY AGREEMENTS, INSTRUMENTS, AND DOCUMENTS; DELEGATING AUTHORITY TO DETERMINE CERTAIN MATTERS WITH RESPECT TO THE FOREGOING; AND DECLARING AN EMERGENCY

City Council will consider a request to adopt Ordinance 2012-0526, approving the sale and execution and delivery of Wastewater System Revenue and Wastewater System Revenue Refunding Obligations, in one or more series; authorizing the completion, execution and delivery with respect thereto of agreements necessary or appropriate as part of financing a portion of the Charles M. Wolf Water Reclamation Facility expansion and refinance existing Water and Sewer Revenue Obligations, Series 2016 and pay the cost of issuance; approving the form and authorizing the execution and delivery of agreements necessary for such sale; delegating to the Mayor, the City Manager, and the Finance and Budget Director authority to determine certain matters and terms with respect to the foregoing, authorizing all actions to further this ordinance; and declaring an emergency; and authorizing staff to transfer the necessary appropriation authority to the Wastewater Enterprise Funds and modify the interfund transfer schedule as necessary; and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

g. ORDINANCE 2013-0526 — AUTHORIZING THE SALE, EXECUTION AND DELIVERY OF WATER SYSTEM REVENUE OBLIGATIONS; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF NECESSARY AGREEMENTS, INSTRUMENTS AND DOCUMENTS; DELEGATING AUTHORITY TO DETERMINE CERTAIN MATTERS WITH RESPECT TO THE FOREGOING; AND DECLARING AN EMERGENCY

City Council will consider a request to adopt Ordinance 2013-0526, approving the sale and execution and delivery of Water System Revenue Obligations; authorizing the completion, execution and delivery with respect thereto of agreements necessary or appropriate as part of financing various design and construction projects for the water system, and pay the cost of issuance; approving the form and authorizing the execution and delivery of agreements necessary for such sale; delegating to the Mayor, the City Manager, and the Finance and Budget Director authority to determine certain matters and terms with respect to the foregoing, authorizing all actions to further this ordinance; and declaring an emergency; and authorizing staff to transfer the necessary appropriation authority to the Water Enterprise Funds and modify the interfund transfer schedule as necessary; and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

h. ORDINANCE 2014-0526 – ACCEPTANCE OF AN EXCLUSIVE UTILITY EASEMENT FROM RANCHO SANTA FE HOA

City Council will consider a request to adopt Ordinance 2014-0526, authorizing the acceptance of an Exclusive Utility Easement from Rancho Santa Fe HOA and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

i. ORDINANCE 2015-0526 – ACCEPTANCE OF DEDICATION OF REAL PROPERTY FROM BROOKFIELD LAKIN, LLC, FOR PUBLIC RIGHT-OF-WAY AND DECLARING SAID PROPERTY AS PUBLIC RIGHT-OF-WAY

City Council will consider a request to adopt Ordinance 2015-0526, authorizing the acceptance of dedication of real property generally located along the west side of Dysart Road and south of Vermeersch Road from Brookfield Lakin, LLC, and declaring said real property as public right-of-way and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

5. REGULAR AGENDA

a. RESOLUTION 1029-0526 - ADOPTION OF THE FISCAL YEAR 2027 TENTATIVE BUDGET

City Council will consider a request to adopt Resolution 1029-0526, setting forth the fiscal year (FY) 2027 tentative budget and establishing the City's annual expenditure limitation and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

b. RESOLUTION 1030-0526 - AVONDALE GENERAL OBLIGATION BOND ELECTION 2026 - RESOLUTION ORDERING AND CALLING ELECTION

City Council will consider a request to adopt Resolution 1030-0526, ordering and calling a special bond election to be held on November 3, 2026, and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

c. PUBLIC HEARING AND ORDINANCE 2016-0526 HABITAT FOR HUMANITY – HISTORIC AVONDALE INFILL OVERLAY REZONE – APPLICATION PL-25-0236

City Council will hold a public hearing to consider a request to adopt Ordinance 2016-0526, approving a request by Tana Nichols of Habitat for Humanity of Central Arizona, to apply the Historic Avondale Infill Overlay (HAIO) to 0.16 acres located approximately 150 feet west of the northwest corner of East Hill Drive and North 5th Street and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The site is currently zoned Multi-Family Residential (R-4). Approval of the request will modify development standards and adopt a HAIO development plan on the subject site, allowing two duplex buildings for a total of four dwelling units. The Council will take appropriate action.

d. OPIOID YOUTH PREVENTION SERVICES GRANT PROGRAM UPDATE

City Council will receive an update regarding the Opioid Youth Prevention Services Grant Program. This item is for discussion only.

6. SUMMARY OF CURRENT EVENTS FROM MAYOR, VICE MAYOR, AND COUNCILMEMBERS

(5 minutes)

7. ADJOURNMENT

ALAMAR COMMUNITY FACILITIES DISTRICT BOARD
REGULAR MEETING
Convene immediately following the 5:30 pm City Council Regular Meeting

CALL TO ORDER BY DISTRICT CHAIR

1. ROLL CALL BY THE DISTRICT CLERK

2. CONSENT AGENDA

a. MINUTES

The District Board will consider a request to approve the December 15, 2025 Alamar Community Facilities District Board meeting minutes. The Board will take appropriate action.

3. REGULAR AGENDA

a. CFD RESOLUTION 1-2026 - ADOPTION OF THE ALAMAR COMMUNITY FACILITIES DISTRICT FISCAL YEAR 2027 TENTATIVE BUDGET

The District Board will consider a request to adopt CFD Resolution 1-2026, setting forth the fiscal year 2026-2027 tentative budget and authorize the Chairperson or District Manager, District Attorney and District Clerk to execute the necessary documents. The Board will take appropriate action.

4. ADJOURNMENT

Councilmembers of the City of Avondale will attend either in person or by telephone or video conference call. Individuals with special accessibility needs, including sight or hearing impaired, large print, or interpreter, should contact the City Clerk at 623-333-1000 or TDD 623-333-0010 at least two business days prior to the Council Meeting.

Los miembros del Concejo de la Ciudad de Avondale participaran ya sea en persona o por medio de llamada telefonica o por vídeo. Personas con necesidades especiales de accesibilidad, incluyendo personas con impedimentos de vista u oido, o con necesidad de impresion grande o interprete, deben comunicarse con la Secretaria de la Ciudad at 623-333-1000 o TDD 623-333-0010 cuando menos dos dias habiles antes de la junta del Concejo.

CITY COUNCIL REPORT

ITEM NUMBER: 2.a.

SUBJECT: Proclamation — Law Day

MEETING DATE: 5/4/2026

TO: Mayor and Council

FROM: Nicholle Harris, City Attorney
Judge Craig Jennings

THROUGH: N/A

REVIEWED: Ron Corbin, City Manager, (623) 333-1011

STRATEGIC PLAN:
This agenda item supports the following Avondale Strategic Outcome Area: Connected Community — Avondale will work directly and closely with our communities to develop programs and infrastructure that connect residents to the city's resources, the region, and each other.

PURPOSE:
City Council will present a proclamation recognizing May 1, 2026, as Law Day. This item is for discussion only.

BACKGROUND:
The United States Congress has statutorily designated May 1st as the annual day for commemoration of Law Day. The American Bar Association has designated the 2026 Law Day theme to be "The Rule of Law and the American Dream" for the belief that hard work can produce a better life.

DISCUSSION:
The City of Avondale recognizes May 1, 2026, as Law Day.

BUDGET IMPACT:
This item does not have a budget impact.

RECOMMENDATION:
This item is for discussion only.

Contact person for document distribution: *Nicholle Harris, Lisa Fitch*

Avondale

PROCLAMATION

LAW DAY

Whereas, in 1958 President Eisenhower proclaimed Law Day to honor the role of law in the creation of the United States of America, and in 1961 Congress issued a joint resolution declaring May 1, Law Day; and

Whereas, Law Day celebrates the role of law in our society and cultivates a deeper understanding of the legal profession, and the American Bar Association has announced the theme for Law Day 2026 as "The Rule of Law and the American Dream."; and

Whereas, the Declaration of Independence states that all individuals are endowed with certain unalienable rights and chief among them are life, liberty and the pursuit of happiness; and

Whereas, the Rule of Law, as defined by the World Justice Project, refers to a system of self-government in which the government and all individuals are held accountable to a set of fair, publicized, and broadly understood laws that are evenly enforced; and

Whereas, the Rule of Law protects the rights necessary for each person to pursue their own happiness – their own vision of "the American Dream" – the belief that hard work can produce a better life; and

Whereas, today, as the Rule of Law and the American Dream face significant challenges, their enduring strength and vitality are enhanced by public education and understanding about our rights and responsibilities; and

Whereas, the American Dream of individual and national prosperity is both dependent upon and critical to political liberty and social equality; and

Whereas, the Rule of Law ensures that no single person or the government is above the law, and that all persons, regardless of their status, must be treated equally under the law, and that no one will be denied liberty or property without due process; and

Whereas, for many whose American Dream is to own their home, the Rule of Law promotes the protection of property rights, stable markets, certainty of contract, non-discriminatory practices, and consumer protection; and

Whereas, the Rule of Law provides predictability and incentives that enable small business owners, entrepreneurs, and investors to generate sustainable economic growth and further their American Dream of economic mobility and financial independence; and

Whereas, the Rule of Law protects workers and employers through clear regulations that promote fair labor, nondiscrimination, safety, and a stable job market, all of which are significant elements of the American Dream; and

Now, therefore, be it resolved, on behalf of the Avondale City Council, the City of Avondale hereby proclaims May 1, 2026 as Law Day in Avondale and encourages all residents to consider ways to advance the Rule of Law and protect the rights, freedoms, and opportunities that ensure all persons in America have the ability to pursue and fulfill their American dreams throughout the year.

Proclaimed this 4th day of May 2026.

_____ Attest: _____

Mayor City Clerk

CITY COUNCIL REPORT

ITEM NUMBER: 2.b.

SUBJECT: Proclamation — Economic Development, Tourism, and Small Business Month

MEETING DATE: 5/4/2026

TO: Mayor and Council

FROM: Cheryl Covert, Acting Economic Development Director

THROUGH: Jennifer Stein, Assistant City Manager, (623) 333-1014

REVIEWED: Ron Corbin, City Manager, (623) 333-1011

STRATEGIC PLAN:
This agenda item supports the following Avondale Strategic Outcome Area: Connected Community - Avondale will work directly and closely with our communities to develop programs and infrastructure that connect residents to the city's resources, the region, and each other.

PURPOSE:
City Council will present a proclamation recognizing May 2026 as Economic Development, Tourism, and Small Business Month. This item is for discussion only.

BACKGROUND:
Economic Development Week was created by the International Economic Development Council (IEDC) in 2016 to increase awareness of local programs that create jobs, advance career development opportunities, and improve communities' quality of life everywhere. Over the last ten years, 450+ campaigns have been made throughout the United States and Canada. Economic Development Organizations have created millions of impressions, hundreds of news stories, blog entries, videos, events, and other activities to celebrate this time.

The U.S. Travel Association celebrates National Travel & Tourism Week (NTTW) in May, an annual industry tradition celebrating travel's value for our economy, businesses, personal well-being, and place-making initiatives.

Small businesses are at the heart of job creation, innovation, and community vitality. Economic developers play a critical role in supporting their growth through access to capital, workforce development, technical assistance, and strategic partnerships. Together, these two observances underscore the shared commitment to building resilient, thriving communities powered by local enterprise. For more than 60 years, the U.S. Small Business Administration (SBA) has celebrated National Small Businesses during May, which acknowledges the critical contributions of America's entrepreneurs and small business owners.

The Avondale Economic Development Department is an active member of each organization.

DISCUSSION:
The City of Avondale recognizes the month of May 2026, as Economic Development, Tourism, and Small Business Month.

BUDGET IMPACT:
This item does not have a budget impact.

RECOMMENDATION:
This item is for discussion only.

Contact person for document distribution: *N/A*

PROCLAMATION

ECONOMIC DEVELOPMENT, TOURISM AND SMALL BUSINESS MONTH

Whereas, the Avondale Economic Development professionals serve as stewards of progress, connecting residents, business leaders, elected officials, industry executives, and educational institutions to advance job creation, community investment, infrastructure improvements, and long-term opportunity, recognized by the International Economic Development Council's annual Economic Development Week; and

Whereas, the Avondale Economic Development and Tourism Department promotes economic well-being and enhances the quality of life for the community by creating, retaining, and expanding jobs that drive growth, increase wealth, and strengthen the tax base, and

Whereas, the U.S. Travel Association continues to represent and advocate for all sectors of the travel industry as the national, non-profit organization supporting tourism and travel through their National Travel and Tourism Week as implemented by the City's Destination Marketing Organization, Discover Avondale; and

Whereas, the City of Avondale attracts over two million visits annually, reinforcing its status as a leading destination; and

Whereas, the success of Avondale is built on the passion and perseverance of its small businesses, who make vital contributions to the economy and community as celebrated through National Small Business Week and month; and

NOW, THEREFORE, on behalf of the Avondale City Council, the City of Avondale, Arizona, hereby proclaims the month of May 2026 as Economic Development, Tourism, and Small Business Month and encourages the community to support local businesses, expand career opportunities, and celebrate the positive impact of economic development and tourism.

Proclaimed this 4th day of May 2026.

_____ Attest: _____

Mayor City Clerk

CITY COUNCIL REPORT

ITEM NUMBER: 2.c.

SUBJECT: Proclamation — Building Safety Month

MEETING DATE: 5/4/2026

TO: Mayor and Council

FROM: Jodie Novak, Development Services Department Director

THROUGH: Jennifer Stein, Assistant City Manager, (623) 333-1014

REVIEWED: Ron Corbin, City Manager, (623) 333-1011

STRATEGIC PLAN:

This agenda item supports the following Avondale Strategic Outcome Area: **Connected & Engaged Community**

Avondale informs, prepares, and engages our community to ensure residents are connected to resources, the region, and each other.

PURPOSE:

City Council will present a proclamation recognizing the month of May 2026 as Building Safety Month in the City of Avondale. This item is for discussion only.

BACKGROUND:

The International Code Council (ICC) promotes Building Safety Month as an international campaign that takes place in May to raise awareness about building safety. This campaign reinforces the need for the adoption of regularly updated building codes to help understand what is necessary to develop safe and sustainable structures. All communities need building codes to protect their citizens and mitigate risks from disasters like fires, weather-related events, and structural collapses. Building codes are the best way of protecting homes, offices, schools, and manufacturing facilities, stores, and entertainment venues to name a few. Building code officials, inspectors, and building plan reviewers work daily to keep the public safe by applying the adopted codes such as, but not limited to, mechanical, structural, plumbing, residential, energy, and electric. Recognizing Building Safety Month in May presents an opportunity to spotlight the key role local government building professionals have in the City of Avondale's current and future growth.

DISCUSSION:

The ICC's annual building safety campaign occurs in May of each year. From plan reviewing construction documents and ensuring compliance with adopted building codes, to issuing building permits and conducting building inspections, to certificates of occupancy, and certificates of completion, each step in the building process is intended to provide for safe buildings and structures. The Development Services Department supports the ICC in observing Building Safety Month, which is internationally recognized. ICC is the leading global source of model codes and standards and building safety solutions. This campaign provides awareness of building codes and the role they play in our built environment.

BUDGET IMPACT:
There is no budget impact.

RECOMMENDATION:
This item is for discussion only.

Contact person for document distribution: *Ben Carr, Mark Byrd, Torin Sadow, Jodie Novak*

Avondale

PROCLAMATION

BUILDING SAFETY MONTH

Whereas, Avondale was incorporated in 1946 and is celebrating its 80th anniversary in 2026 and continues to build upon its legacy advancing a future defined by thoughtful growth, long-term investment, and community pride; and

Whereas, Avondale continues to experience increasing demand for safe housing, reliable infrastructure, and high-quality, durable development as a rapidly growing community that has surpassed 100,000 residents; and

Whereas, the Development Services Department's Building Services Division advances this vision by providing professional plan review, inspection services, and technical code assistance across all disciplines supporting safe and compliant construction citywide; and

Whereas, Avondale has adopted the 2024 International Code Council family of codes and the 2023 National Electrical Code, with locally adopted amendments effective January 1, 2026, reflecting a commitment to nationally recognized standards for safety, energy efficiency, and resilient construction while addressing local conditions and priorities; and

Whereas, the City supports public access to building safety services through enabling efficient scheduling of inspections and engagement with building safety personnel to promote timely compliance with adopted codes and standards; and

Whereas, Building Safety Month is an international campaign led by the International Code Council, and the 2026 theme, "Built to Last," highlights the essential role of modern codes, skilled professionals, and resilient construction in protecting communities; and

Whereas, the work of building officials, plans examiners, inspectors, permit technicians, design professionals, contractors, and skilled tradespeople is often unseen, yet indispensable to ensuring safe, functional, and enduring buildings throughout the community.

NOW, THEREFORE, on behalf of the Avondale City Council, the City of Avondale, Arizona, hereby proclaims the month of May 2026 as Building Safety Month in Avondale, and commend the professionals of the Building Services Division, the Development Services Department, and all of Avondale's development-focused departments for their dedication and service.

Proclaimed this 4th day of Month 2025.

_____ Attest: _____

Mayor City Clerk

CITY COUNCIL REPORT

ITEM NUMBER: 2.d.

SUBJECT: Local First Arizona Small Business Update

MEETING DATE: 5/4/2026

TO: Mayor and Council

FROM: Cheryl Covert, Interim Director of Economic Development

THROUGH: Jennifer Stein, Assistant City Manager, (623) 333-1014

REVIEWED: Ron Corbin, City Manager, (623) 333-1011

STRATEGIC PLAN:

This agenda item supports the following Avondale Strategic Outcome Area: **Economic Growth and Prosperity**

Avondale supports a thriving local economy by fostering and supporting business growth, job creation, and workforce development. The City advances economic development, attracts high-quality entertainment and full-service amenities, and promotes a variety of attainable housing opportunities that strengthen the City's vitality.

PURPOSE:

City Council will receive an update on Local First Arizona, an organization that supports the small business community by offering programming, events and resources. This item is for discussion only.

BACKGROUND:

Local First Arizona has provided technical assistance, resources, and programming, in partnership with the City of Avondale, to a total of 51 unique businesses in Avondale. During the 2025 fiscal year, 18 businesses completed the Fuerza Local Accelerator Program, a culturally responsive, Spanish-language program designed to help entrepreneurs formalize and grow their businesses through intensive training, mentorship, and access to capital pathways. One new business joined the Nivel Ejecutivo program, which offers advanced, one-on-one executive coaching and strategic advising for established business owners looking to scale operations and increase revenue.

Additionally, four businesses completed the We Rise Accelerator Program, which supports small business owners from diverse backgrounds with a focus on financial readiness, business planning, and long-term sustainability. Ten businesses graduated from the Restaurant Boot Camp, an industry-specific program that provides restaurant owners with hands-on training in operations, compliance, cost control, and marketing. Eleven businesses enrolled in the Green Business Boot Camp, which helps companies implement sustainable practices, reduce environmental impact, and improve operational efficiency. Seven businesses completed the Retail Boot Camp, a program tailored to brick-and-mortar retailers focusing on merchandising, customer experience, inventory management, and sales growth strategies.

Over the final quarter of 2025, Local First Arizona continued to expand its impact by adding two new businesses to the Green Business Boot Camp and one additional business to the Restaurant Boot Camp, further supporting Avondale entrepreneurs in building resilient and competitive businesses.

DISCUSSION:
Mayor, Vice Mayor, and City Council will receive an update from Local First Arizona Founder and CEO Kimber Lanning on their partnership with the Avondale Economic Development Department to help Avondale entrepreneurs launch and scale their business.

BUDGET IMPACT:
This item has no budget impact.

RECOMMENDATION:
This item is for discussion only.

Contact person for document distribution: *Adam Shipley*

CITY COUNCIL REPORT

ITEM NUMBER: 2.e.

SUBJECT: 2026 Citizen Police Academy

MEETING DATE: 5/4/2026

TO: Mayor and Council

FROM: Memo Espinoza, Chief of Police

THROUGH: Dale Nannenga, Assistant City Manager, (623) 333-1017

REVIEWED: Ron Corbin, City Manager, (623) 333-1011

STRATEGIC PLAN:
This agenda item supports the following Avondale Strategic Outcome Area: **Connected & Engaged Community**

Avondale informs, prepares, and engages our community to ensure residents are connected to resources, the region, and each other.

PURPOSE:
The Avondale Police Department will be presenting the 2026 Citizen Police Academy graduates to the City Council. This item is for discussion only.

BACKGROUND:
The Citizen Police Academy is an annual, 8-week program offering an in-depth, behind-the-scenes look at the police department. Participants gain exposure to various divisions and operations, providing a better understanding of how the department functions from the inside.

DISCUSSION:
The following community members have successfully completed the 2026 Citizen Police Academy:

Iraj Ahmadpour
Princinella Ahmadpour
Melanya Arakelyan-Coyle
Joshua Barojas
Stephanie Buzzo
Sandra Cardenas
Marie Gatch
Susan Huey
Ruben Lara
Dayanara Vega Nava
Amy Rubio Pujol
Cindy Quintero
Jason Quintanilla
Paula Rascon
Eugenia Rice
Sabrina Romo
Dominique Rose
Jayleen Ruelas
Dalilia Sandoval
Joanne Spina
Irais Tapia
Laura Thornton
Emmanuel Verduzco

BUDGET IMPACT:
This item does not have a budget impact.

RECOMMENDATION:
This item is for discussion only.

Contact person for document distribution: *Memo Espinoza*

CITY COUNCIL REPORT

ITEM NUMBER: 4.a.

SUBJECT: Minutes

MEETING DATE: 5/4/2026

TO: Mayor and Council

FROM: Marcella Sarmiento, City Clerk

THROUGH: Jennifer Stein, Assistant City Manager, (623) 333-1014

REVIEWED: Ron Corbin, City Manager, (623) 333-1011

STRATEGIC PLAN:
This agenda item supports the following Avondale Strategic Outcome Area: **Connected & Engaged Community**

Avondale informs, prepares, and engages our community to ensure residents are connected to resources, the region, and each other.

PURPOSE:
City Council will consider a request to approve the March 23, 2026, and April 6, 2026, City Council meeting minutes. The Council will take appropriate action.

BACKGROUND:
Pursuant to Arizona Revised Statute § 38-431.01(B), the City must provide written minutes of all City Council meetings.

DISCUSSION:
City Council held a meeting and the attached minutes have been prepared for approval.

BUDGET IMPACT:
This item has no budget impact.

RECOMMENDATION:
Staff recommends City Council approve the March 23, 2026 and April 6, 2026 City Council meeting minutes.

Contact person for document distribution: *Chris Pierson*

MINUTES OF THE AVONDALE CITY COUNCIL
CITY OF AVONDALE, ARIZONA
CITY COUNCIL CHAMBER
March 23, 2026

A **Regular Meeting** of the City Council of the City of Avondale, Arizona was convened at 11465 West Civic Center Drive in open and public session at 5:35 p.m.

Mayor Mike Pineda led the Pledge of Allegiance, followed by a moment of silent reflection.

Members Present: Mayor Mike Pineda; Vice Mayor Curtis Nielson; Councilmembers Tina Conde, Jeannette Garcia, Gloria Solorio, Shari Weise, and Max White*.

*Councilmember White attended the meeting virtually.

Members Absent: None.

Other Municipal Officials Present: Ron Corbin, City Manager; Tracy Stevens, Assistant City Manager; Katie Gregory, Assistant City Manager; Dale Nannenga, Deputy City Manager; Nicholle Harris, City Attorney; Marcella Sarmiento, City Clerk; Liz Barker Alvarez, Intergovernmental Affairs Administrator; Kirk Beaty, Public Works Director; Barbara Coppage, City Auditor; Memo Espinoza, Police Chief; Craig Jennings, Judge; Corey Larriva, Parks and Recreation Director; Chris Lopez, Neighborhood and Family Services Director; Andy Mesquita, Human Resources Director; Kimberly Moon, Engineering Director; Jodie Novak, Development Services Director; Abril Ruiz-Ortega, Court Administrator; Larry Rooney, Fire Chief; Jeffrey Scheetz, Chief Information Officer; Pier Simeri, Marketing and Public Relations Director; Jennifer Stein, Economic Development Director; and Renee Weatherless, Finance and Budget Director.

Audience: Approximately 5 members of the public were present.

1. ROLL CALL BY THE CITY CLERK

2. UNSCHEDULED PUBLIC APPEARANCES

Maria Alvarado expressed concern regarding potential reductions in the budget for Councilmember training, including national conference attendance and networking opportunities. She emphasized this training is money well spent because it provides fair, ethical and proper representation for the City of Avondale.

3. CONSENT AGENDA

Items on the consent agenda are of a routine nature or have been previously studied by the City Council at a work session. They are intended to be acted upon in one motion. Councilmembers may pull items from consent if they would like them considered separately.

Mayor Pineda asked if any Councilmember wished to have an item removed from the Consent Agenda. Having no requests from Council, motion was made by Councilmember Solorio, seconded by Vice Mayor Nielson, to approve the Consent Agenda.

Upon vote, the motion was carried unanimously 6 to 0.

Councilmember Conde	Aye
Councilmember Garcia	Aye
Councilmember Solorio	Aye
Councilmember Weise	Aye
Vice Mayor Nielson	Aye
Mayor Pineda	Aye

Councilmember White was not present at the time of the vote due to technical difficulties.

a. RESOLUTION 1018-0326 - 2026-2027 HUD ANNUAL ACTION PLAN
City Council adopted Resolution 1018-0326, approving the City's 2026-2027 Annual Action Plan, identifying housing and community development needs and strategies and defining how Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) funds will be allocated next fiscal year and authorized the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents.

b. RESOLUTION 1019-0326 - AUTHORIZING THE GRANT APPLICATION AND ACCEPTANCE OF FUNDS FROM THE GOVERNOR'S OFFICE OF HIGHWAY SAFETY IMPAIRED DRIVING PROGRAM
City Council a) adopted Resolution 1019-0326, authorizing the application and acceptance of grant funds by the Governor's Office of Highway Safety in the amount of $48,748, which supports the Police Department's funding of Personnel Services (Overtime) and Employee Related Expenses to enhance DUI/Impaired Driving Enforcement Overtime through the City of Avondale; b) authorized and direct staff to take all steps necessary to cause the execution of the Agreement and to take all steps necessary to carry out the purpose and intent of this Resolution; and c) authorized the Mayor or City Manager, City Attorney, and City Clerk to execute the necessary documents.

c. RESOLUTION 1020-0326 - AUTHORIZING THE GRANT APPLICATION AND ACCEPTANCE FROM THE GOVERNOR'S OFFICE OF HIGHWAY SAFETY FOR OCCUPANT SAFETY PROGRAM
City Council a) adopted Resolution 1020-0326, authorizing the application and acceptance of grant funds by the Governor's Office of Highway Safety for the Occupant Safety program in the amount of $5,936; b) authorized and direct staff to take all steps necessary to cause the execution of the application and if awarded the acceptance of the agreement and to take all steps necessary to carry out the purpose and intent of this Resolution; and c) authorized the Mayor or City Manager, City Attorney, and City Clerk to execute the necessary documents.

d. RESOLUTION 1021-0326 - INTERGOVERNMENTAL AGREEMENT WITH LITTLETON ELEMENTARY SCHOOL DISTRICT #65 FOR SHARED USE OF FACILITIES
City Council adopted Resolution 1021-0326, approving an Intergovernmental Agreement with Littleton Elementary School District #65 relating to reciprocal use of facilities and authorized the Mayor or City Manager, City Attorney, and City Clerk to execute the necessary documents.

e. RESOLUTION 1022-0326, RESOLUTION 1023-0326, AND RESOLUTION 1024-0326 - AUTHORIZING THE APPLICATION AND ACCEPTANCE OF PROP 202 GRANT AWARD PROPOSALS TO THE GILA RIVER INDIAN COMMUNITY, TOHONO O'ODHAM NATION AND AK-CHIN INDIAN COMMUNITY

City Council a) adopted Resolution 1022-0326, authorizing the submission of an application and the acceptance and administration of Proposition 202 grant award from the Ak-Chin Indian Community; b) adopted Resolution 1023-0326, authorizing the submission of applications and the acceptance and administration of Proposition 202 grant awards from Gila River Indian Community; and c) adopted Resolution 1024-0326, authorizing the submission of applications, and the acceptance and administration of Proposition 202 grant awards from the Tohono O'Odham Nation; and d) authorized and direct staff to take all steps necessary to cause the execution of the Agreement and to take all steps necessary to carry out the purpose and intent of this Resolution; and e) authorized the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. These proposals support the Police Department, Parks, Recreation and Libraries, and a local non-profit, A Mighty Change of Heart.

f. ORDINANCE 2006-0326 – GRANTING OF A RIGHT-OF-WAY EASEMENT ACROSS CITY-OWNED PROPERTIES TO ARIZONA PUBLIC SERVICE

City Council adopted Ordinance 2006-0326, authorizing the granting of a right-of-way easement across two City-owned properties located on the east side of El Mirage Road, north of Indian School Road to Arizona Public Service and authorized the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents.

g. ORDINANCE 2007-0326 – ABANDONMENT OF A DRAINAGE EASEMENT

City Council adopted Ordinance 2007-0326, authorizing the abandonment of a drainage easement generally located south of Pioneer Street and west of El Mirage Road and authorized the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents.

h. ORDINANCE 2008-0326 – ACQUISITION OF REAL PROPERTY LOCATED GENERALLY NORTH OF LOWER BUCKEYE ROAD AND EAST OF 4TH STREET

City Council adopted Ordinance 2008-0326, authorizing the acquisition of fees or lesser interest of real property by purchase, dedication, or condemnation, for public use located generally north of Lower Buckeye Road and east of 4th Street and authorized the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents.

i. MINUTES

City Council approved February 23, 2026, and March 2, 2026, City Council meeting minutes.

4. REGULAR AGENDA

a. GENERAL OBLIGATION (G.O.) BONDS PRESENTATION

Renee Weatherless, Finance and Budget Director, presented the General Obligation (G.O.) bond election results and provided information regarding potential future ballot questions. Ms. Weatherless introduced Paul Bentz, Senior Vice President at HighGround Public Affairs Consultants, who provided a recap of the 2025 bond election and discussed the results with the Council.

During the 2025 election cycle, voter participation in Avondale totaled 16.7 percent, with 7,772 registered voters casting ballots. An undervote, meaning voters did not cast a vote on a particular item, was recorded for both bond questions. Staff noted that in a typical mid-term or gubernatorial election cycle, voter turnout averages approximately 65 percent, or around 30,000 voters, with even higher participation during presidential election years.

A comparison of anticipated versus returned ballots showed that the projected higher turnout among voters aged 50 to 65 closely aligned with actual results. Similarly, turnout among Democratic, Republican, and Party-Not-Declared voters was consistent with anticipated levels. Overall, the HighGround Consultants' anticipated model closely reflected the results.

Proposition 404 passed by 275 votes; however, there was a 295-ballot undervote. A precinct-level review indicated that the Devonshire Precinct had an unrelated local item accompanied by a "No" campaign, which affected voting patterns on Propositions 404 and 405, as well as Propositions 403 and 406 (West MEC technical education), and 409 (healthcare facilities funding), all of which failed in that precinct and influenced the overall outcome. Proposition 405 failed by 13 votes and a 523-ballot undervote. Staff noted that the City Staff conducted extensive public outreach and information efforts, and the measure's narrow margin was significantly impacted by the Devonshire Precinct, where the "No" campaign resulted in a net loss of 218 votes.

Ms. Weatherless reported that there has been discussion regarding the possibility of pursuing another bond election. Mayor Pineda will engage the City Council in determining whether to return the question to voters in a future election, whether a Bond Committee should be established, and whether the ballot question should focus solely on public safety or include additional topics.

Mayor Pineda stated that, based on the analysis of the election results, the City should consider returning to the voters sooner rather than later with a single public safety bond question.

Councilmember White questioned whether changes should be made to the name or content of the bond. She also expressed concern regarding the cost of establishing a Citizen Bond Committee and holding an election. Mr. Corbin asked Mr. Bentz to provide his recommendation on whether to pursue a November 2026 election, whether to form another Citizen Committee, and what next steps should be considered.

Mr. Bentz stated that he does not shy away from the use of a citizen committee, noting that such committees provide subject-matter expertise and serve as champions who can help

communicate the issue to the public. He explained that the November 2026 gubernatorial election is expected to include multiple statewide ballot measures, which may increase competition for voter attention. He noted that these elections typically draw three to four times more voters, particularly younger voters. Regardless of the approach, he emphasized the need for a comprehensive public awareness effort, especially in the area where the facility would be located. He added that public safety remains an ongoing need for a growing community.

Mayor Pineda commented that improved communication and targeted outreach in the Devonshire District and southern Avondale, where the facility would be located, may help the measure succeed.

Councilmember White reiterated her budget concerns and asked City Clerk Marcella Sarmiento about the cost of an off-cycle election. Ms. Sarmiento reported that the recent bond election cost approximately $80,000. Councilmember White noted that placing the bond question on the November ballot would be more cost-effective and should be included in the budget. Ms. Sarmiento clarified that there would be no additional cost to add the bond question to the ballot during Maricopa County's candidate election cycle, with the City's only expense being the printing of publicity pamphlets. Mr. Corbin asked whether there was sufficient time to establish a citizen committee for the November 2026 election. Ms. Sarmiento responded that it would be possible but would result in a compressed schedule and reduced depth of committee discussions compared to the previous process.

Councilmember Solorio stated that the need for the bond remains and that pursuing the November election is feasible. She questioned whether a Citizen Committee was necessary if the bond question remained unchanged. Mr. Corbin expressed concern about the ability to educate, advocate, and campaign for the bond without a committee, noting that these functions are often carried out by committee members. Councilmember Solorio observed that, in her experience, advocacy during the previous election came primarily from associations rather than committee members. She suggested that improved advocacy and clearer messaging may strengthen support for the bond.

Councilmember Conde agreed that the need persists and stated that returning to the voters while the issue remains fresh may help maintain momentum. She suggested that staff engage with HOAs and residents in the Alamar community to highlight the benefits of the bond and build support.

Mr. Corbin asked Mr. Bentz to address the placement of the bond question on the ballot and the potential for voter drop-off. Mr. Bentz noted that the ballot will use short descriptive language, will be two pages in length, and will list the bond question after the judicial retention items. He added that it is not yet known whether other failed or controversial bond questions will also appear on the ballot.

Councilmember Garcia stated her belief that party affiliation influenced the previous election results due to current national dynamics. She expressed confidence that the outcome would differ in November due to higher turnout. To reduce costs, she stated that a citizen

committee may not be necessary and noted that associations appear willing to assist with advocacy and education.

Vice Mayor Nielson expressed concern about the lack of information provided on the previous ballot and recommended including clearer language to help voters understand the purpose of the bond.

Mayor Pineda asked about the advantages and disadvantages of forming a new citizen committee. Mr. Bentz responded that a committee helps build community buy-in by allowing residents to review the proposal and make recommendations. He suggested focusing messaging on the continued need for the project and the City's responsibility to address the needs of a growing community.

Councilmember Weise expressed support for returning to the voters with a public-safety-focused bond question, not establishing a new bond committee, and increasing public education efforts, particularly in the area where the facility would be located.

b. COUNCIL BUDGET DISCUSSION

Renee Weatherless, Finance and Budget Director, presented an update on the City's financial outlook and requested Council feedback on the Fiscal Year (FY) 2027 draft budget. She began with a review of the strategic plan outcomes and the budget priorities established for FY2026.

Ms. Weatherless reported that the five-year revenue forecast includes no structural changes. The City has already experienced the loss of residential rental sales tax revenue and has not projected any additional losses beyond those currently known. She noted that the incorporation of San Tan Valley will result in a reduction of recurring State Shared Revenue, including a loss of $667,000 to the General Fund and $143,000 in HURF funding, totaling approximately $3 to $4 million over five years. A second anticipated revenue impact relates to tax conformity under HCR-1. If the State aligns with federal wage standards, the City could lose between $600,000 and $1.2 million; for budgeting purposes, $880,000 has been included until the full impact is known.

Single-family home permit projections were increased from a range of 200–500 to 300–600 based on recent trends. Following extensive Council discussion, the FY2027 tax rate will not be increased by the allowable two percent. Contracting sales revenue, a cyclical source, is being maintained at a conservative level. Sales tax revenue remains the City's largest revenue source, with a 10-year average annual growth rate of seven percent. Beginning in FY2027, projected growth is reduced to two percent, increasing by one percent each subsequent year until returning to historical trends. This adjustment accounts for anticipated revenue from the data center.

On the expenditure side, Ms. Weatherless reported compensation increases totaling $2.2 million, inflation estimated at three percent annually, costs associated with the Southern Avondale Public Safety Station, staffing for that facility beginning in FY2028, significant increases in medical expenses driven by 17 percent inflation and high-dollar claims totaling $4.3 million, and rising transit costs.

During budget development, departments collectively reallocated $3.7 million from baseline budgets to support new requests and priorities. The Capital Contingency, historically maintained at $5 million, will be reduced to $4 million in FY2031. Reductions were also made to capital funds, including $3 million from Vehicle Replacement and $2 million from Asset Replacement. The City will need to issue General Obligation Bonds (GOB) this year, with presentations scheduled for May 4 and June 1, 2026, regarding the use of Parks, Enterprise, and Alamar CFD GOB approval.

The five-year forecast for the General Fund shows ongoing expenditures beginning to outpace ongoing revenues following the loss of residential rental tax revenue in January 2025. The FY2027 draft budget is structurally balanced for ongoing revenues and expenses, with structural balance again projected in FY2031. Ms. Weatherless noted that the projected $1 million General Fund balance in FY2031 represents one-time dollars resulting from adjustments made to ongoing expenses in FY2027.

Projected fund balances include a $2.8 million minimum balance for the Public Safety Sales Tax Fund, which primarily supports Police and Fire salaries. The Dedicated Sales Tax Fund has a projected balance of $12.8 million with a minimum balance of $800,000 and will assume certain debt service obligations previously funded by the General Fund. The Highway User Revenue Fund (HURF) has a projected balance of $700,000 and no minimum balance requirement.

Regarding personnel, the draft budget includes 7.5 FTEs. Several temporary positions are being converted to full-time, resulting in no net increase in cost. Four new Public Works FTEs are included and funded through existing rates. The only new personnel cost to the General Fund is a 0.5 FTE Park Specialist.

Ms. Weatherless reviewed supplemental requests and program funding included in the draft budget. In General Government, the City Auditor requested $100,000 for consultant-assisted audits; $60,000 was approved as a one-time expense. In Human Resources, $1.5 million was approved for replacement and ongoing costs associated with the payroll system currently under evaluation. Public Safety highlights included funding for the new Fire Department training facility, overtime adjustments, increased costs for the Police Advocacy Center, the CAD mobile app, the drone-as-first-responder program, and 58 additional license plate reader cameras funded through RICO for two years. Community Services, Development Services, Economic Development, Engineering, Information

Technology, and Public Works also presented funding needs, with Public Works noting inflationary impacts.

In summary, the FY2027 operating budget allocates 37 percent to General Government, 32 percent to Public Safety, and 13 percent to Utilities.

In response to Councilmember questions, Mr. Corbin explained that the Southwest Advocacy Center is jointly utilized by four cities, with costs shared equally among them. He noted that once the new facility opens, a fifth city will also participate and share in the operating costs.

Mr. Corbin further reported that the new payroll system will require a one-time expenditure of $1 million for citywide implementation, with an additional $500,000 allocated for ongoing support. He emphasized the importance of departmental accountability, noting that Human Resources and Finance are leading the implementation effort with support from Information Technology. The previous contracts will be terminated, and the new system costs will represent the ongoing financial commitment moving forward.

Ron Corbin, City Manager, presented proposed budget reductions included in the FY2027 draft budget and requested Council feedback. He explained that each department was directed to reduce its budget by three percent. Mr. Corbin reviewed the slide titled “Budget Item Discussion – Budget Reductions Included in FY27,” which summarized departmental impacts.

He reported that a Security Officer position and a Senior Planner position will remain vacant for the next two years, resulting in a reduction of more than $250,000. The Finance and Budget Department will see a $200,000 reduction as credit card fees are transitioned to consumers. Information Technology identified approximately $380,000 in reductions by transitioning the live stream to a traditional platform and eliminating unused software licenses. Public Works reduced its budget by approximately $400,000 through repairs to the security gate that eliminated the contracted security services and improving supply management.

The Parks Department achieved more than $350,000 in reductions through changes to landscaping, mowing, and seeding schedules, as well as the elimination of certain events. Mr. Corbin reviewed the slide titled “FY2027 Proposed Event Adjustments,” which outlined nine event date reductions. These include the second day of the Tres Rios Nature Festival and Billy Moore Days Festival, along with the Hoot N’ Hustle 5K, Dunk N’ Dash Swim/Run, and other community events.

Mr. Corbin explained that several requests were not included in the FY2027 budget; however, Council may, by consensus, direct staff to add specific items back into the budget. Should Council choose to do so, the next step would be to identify the funding source. He reviewed the slide titled “Budget Item Discussion – Requests Not Included in FY27,” which outlined the four excluded requests.

Mr. Corbin reminded Council that the document presented is a draft budget and that their input on these four items is being sought prior to the revised recommended budget scheduled for presentation on April 1, 2026. He emphasized that any additions must be offset by reductions elsewhere, and conversely, any reductions create capacity for additions.

In response to a Council question, Jennifer Stein, Economic Development Director, provided an overview of the Food and Beverage Grant Program.

Several Councilmembers expressed support for reinstating $40,000 to fully fund the Audit Department's $100,000 request, citing transparency and the importance of meeting audit needs. Others noted that an $80,000 allocation might be sufficient, and that if all requests cannot be funded, none should be added. It was also noted that the request represents a one-time need and that the department is not prevented from completing its work.

Mr. Corbin concluded by noting that adjustments to the budget may continue throughout the process, as it will return to Council as a recommended budget, tentative budget, and final budget.

Mr. Corbin continued his presentation with a review of the slide titled "Items for Council Direction," which included the following proposed removals from the FY2027 budget:

- City Council discretionary spending reduction of $1,000
- Greater Phoenix Equality Chamber of Commerce annual membership fee of $750
- Chamber of Commerce contract for $40,000
- NASCAR sponsorship for $25,000
- Litchfield Heritage Center funding of $10,000

After providing an explanation of each item, Mr. Corbin requested Council direction on whether to retain or remove the items from the budget as recommended.

Council discussion regarding the discretionary spending reduction focused on the importance of consistency, noting that other departments were being asked to reduce their budgets and Council should do the same. Several Councilmembers stated they rarely used their discretionary funds, often donating them or allowing them to roll over. Two Councilmembers who frequently travel for conferences emphasized the importance of discretionary funds for out-of-state travel that has resulted in grant opportunities for the City. Suggestions included creating separate travel and discretionary accounts and allowing Councilmembers to share discretionary funds with one another.

Regarding the Greater Phoenix Equality Chamber of Commerce membership, Mr. Corbin explained that participation would demonstrate support and inclusivity for businesses owned by members of the LGBTQ+ community. Council discussion noted that Avondale already participates in an inclusive Chamber of Commerce and could use its ten free memberships to engage additional businesses. Councilmembers also expressed caution about creating or supporting duplicative chambers.

Council reached consensus to remove the $25,000 NASCAR sponsorship from the budget. The sponsorship includes logos, advertisements, social media promotion, press releases, and parking tickets. Councilmembers agreed to redirect the $25,000 to help offset the $40,000 reinstated for audit services. Councilmember White serves as the Council's representative through the NASCAR Accelerator Program.

Regarding the $10,000 allocated to support the Litchfield Heritage Center, which preserves Avondale's history and is funded through Tourism, Council unanimously agreed to continue funding the center.

In support of maintaining the annual $40,000 Titanium-level membership with the Chamber of Commerce, Mr. Corbin reviewed the benefits and bonuses the City received during the current year as part of its membership. He also provided a comparison of the Titanium and Platinum membership levels, highlighting differences in leadership opportunities, influence, and customized engagement.

Council discussion reflected a general consensus to remain at the Titanium level. However, a few Councilmembers expressed interest in trying the Platinum level for one year, noting that it provides all essential components while some of the additional Titanium-level features were viewed as non-essential. It was also noted that Avondale is the only city currently participating at the Titanium level.

Human Resources Director Andy Mesquita presented the recommended changes to the City's employee compensation and benefits for FY2027. He stated that the overall goal is to maintain competitive compensation while balancing fiscal responsibility. The combined salary costs budgeted for all employee groups total $4 million for FY2027 reflecting a balanced approach to supporting recruitment and retention in Avondale.

Mr. Mesquita reviewed the proposed adjustments for each employee group:

- Fire MOU employees will receive a merit step increase and a 3.5% increase across the step plan.
- Public Safety employees (Officers, Sergeants, Lieutenants, and Battalion Chiefs) will receive a one-step increase ranging from 3.8% to 5%, along with a 3% cost-of-living allowance (COLA) across the step plan.
- General Staff will receive a 2% merit increase and a 3% COLA.
- Employees in all groups who are topped out will receive a 2% one-time payment.

Mr. Mesquita then reviewed the FY27 benefit cost projections. He noted that health-care premiums continue to be driven by medical services, prescription drug costs, and high-dollar claims; as a result, most plans will see an increase in FY27. This year marks the third year of the transition to the four-tier premium structure, which better aligns employee costs with the level of coverage selected.

Open enrollment is tentatively scheduled for mid to late April and will be conducted as an active enrollment, ensuring employees evaluate any changes to premiums and make selections based on their needs. Human Resources will continue to provide education and

support throughout the enrollment period. In addition, Blue Cross Blue Shield and the City's Benefit Consultant will provide presentations on the medical plan options prior to the start of FY2027.

Mr. Mesquita reviewed the proposed medical premium adjustments for FY2027 across all plans and tiers and per pay period. The goal is to have long-term plan stability and balance employee affordability with fiscal responsibility. The proposed rates were shared with the Employee Benefits Trust Board, and they approved recommending them to Council.

Dental premiums will see modest increase of around 5 percent, reflecting more stable cost trends. The goal is to maintain costs and strong coverage while ensuring the plans stability. Vision rates remain flat and the buyout plan option is not being subsidized in the City for FY2027, and a small increase may be noticed. The plan remains competitive and provides valuable coverage options. An overview of the FY2026 buyout subsidy was provided.

Mr. Mesquita outlined several FY2027 priorities focused on enhancing employee support and engagement.

- Employee Leave Donation Program: The City will implement a leave donation policy allowing eligible employees to donate vacation time to colleagues who have exhausted leave due to an FMLA-qualifying serious health condition.
- Military Leave Adjustments: Based on feedback from public safety employees, the City will increase military leave from 240 hours over two consecutive years to 300 hours, aligned with employee schedules and consistent with practices among comparator agencies.
- Craig Tiger Act Expansion: The Craig Tiger Act provides public safety employees exposed to certain traumatic events with up to 36 licensed counseling visits paid by the employer. Current policy covers sworn, detention, and dispatch staff. Staff recommend expanding eligibility to include Community Services Officers, Animal Control Officers, Park Rangers, and Identification Technicians, and will incorporate this change into policy.
- Post-employment health plan contributions within public safety. As part of the Fire employee MOU this is a mandatory 1.5 percent contribution per pay period. There was an ask for it to be extended to ensure employees who promoted out of the MOU covered positions may continue contributing until reaching retirement age.

An overview of several initiatives aimed at expanding employee support and enhancing access to available programs. These may include health screenings, mental health support, and education. The goal is to ensure employees have the information needed to make cost-effective health care decisions.

Council members offered feedback and raised several questions regarding the proposed benefit changes and employee education efforts such as the difference between telemedicine and in-person practitioner visits.

In response to questions related to the premiums, Mr. Mesquita and Mr. Corbin explained the city evaluates the self-funded plan to ensure sufficient funding to respond to claims and

trends, and to appropriately distribute health-care costs across tiers. The intent is to ensure each tier pays proportionally to its usage. He added that the long-term goal is to encourage employees to move to the high-deductible plan, which is the most affordable option and would result in approximately $180 in savings.

Rates provided are based on actuarial calculations and the cost to insure each tier.

Councilmember Garcia requested examples of high-dollar claims, which Mr. Mesquita provided. She also asked about efforts to educate employees on healthier living.
Mr. Mesquita described the development of a wellness culture, noting that staff have been working over the past several months to ensure wellness initiatives are meaningful and accessible to employees.

Councilmember Nielson asked how enrollment will be conducted in future years.

Staff noted that the transition to the new payroll software will not be completed until FY2028. Once implemented, the City will provide comprehensive communication and support to ensure employees can access and navigate the new system.

Councilmember Solorio inquired about the new payroll vendor and the reasons for moving away from ADP. Mr. Mesquita advised that the City is currently evaluating several organizations and has not yet finalized a contract. He explained that the City experienced payroll challenges under ADP, including issues that resulted in claims being paid, and that the system did not adequately meet the City's needs on both the payroll and HR sides. The selected system will be efficient, effective, and aligned with the City's operational processes.

James Milanese, City Projects Administrator, presented the Capital Improvement Plan (CIP) for FY2027. The presentation included an overview of:

- Projects completed or planned for completion in FY2026
- FY2026 CIP Spend to Date
- Programmed projects scheduled for completion in FY2027
- Projects currently budgeted and in design with completion anticipated in FY2028 or later
- Parks bond projects, both new and ongoing
- Transportation projects
- The asset and vehicle replacement plan
- The fire equipment replacement plan

Mr. Milanese highlighted the importance of aligning project timelines to ensure efficient coordination. He noted that the Agua Fria Trail and Lower Buckeye Road Crossing has been rescheduled to FY2030 to coincide with the planned expansion of Lower Buckeye Road. Similarly, Las Ligas Park improvements have been deferred to align with the same roadway expansion project.

Mr. Milanese explained that the budget team assigns placeholder project numbers for future-year planning. For example, the fire equipment list includes project S0302 for FY2029–FY2031; however, as these projects move into an active fiscal year, they will be assigned formal project numbers. He also noted that project S0013 Growth Engine (176) represents the Southern Avondale Public Safety Fire Station, which includes the associated apparatus truck.

Councilmember White sought clarification if the presentation for fire equipment replacement reflected the purchase of a new engine every other year or if the new engine is specifically tied to the new fire station. Mr. Milanese confirmed the new fire truck is tied to Fire Station 176 under project number S0013.

Councilmember White asked if the replacement cycle is driven by need to maintain all apparatus in a state of good repair. Mr. Corbin confirmed the apparatuses must be in good repair, which had not always been the case. The previous City Manager made an investment to address deficiencies in apparatuses, which is continued today. Additionally, two positions have been created to support his effort, one is dedicated to managing the Fire Department assets and the other is focused on maintaining heavy equipment. He clarified they do not automatically replace apparatus, only upon a recommendation from staff who conducted an evaluation of the apparatus.

Mr. Corbin spoke on the importance of the Public Safety Bond, which includes $10 million for construction of Fire Station 176 substation. The five-year draft forecast only has $900,000 remaining.

Ms. Weatherless noted the Holly Acres project mentioned by Mr. Milanese will also require funding.

c. UTILITY RATES AND DEBT ISSUANCE

Renee Weatherless, Finance and Budget Director, began with an introductory statement overviewing the topic and purpose of the presentation, noting no decisions will be made this evening on rates.

Public Works Director Kirk Beaty presented an overview of the City’s water system and associated cost drivers. He noted that Avondale’s water supply is sourced from the Salt River Project and the Central Arizona Project (CAP). As Salt River Project costs increase, those increases are passed on to cities. Operational costs including electricity, chemicals, personnel and benefits, drought-related impacts, and emerging regulatory requirements such as PFAS continue to rise with inflation and contribute to overall system expenses.

Mr. Beaty reviewed several active projects, including:

- Replacement of Well #25 and installation of three new wells, each with an
- estimated cost of $4–$4.5 million.
- Crystal Gardens Lake dredging and basin recharge silt removal to address.
- Water-quality concerns.

- Old Town waterline replacement, coordinated with Capital Projects, and Engineering to coincide with planned street improvements.

Mr. Beaty discussed upcoming projects, including:

- Holly Acres Waterline Replacement, located near Southern Avenue and El Mirage Road, where aging infrastructure requires significant upgrades.
- Bartlett Dam Project, a multi-agency partnership involving 22 entities. Avondale receives 4,500 acre-feet of water allocation from this project. The estimated project cost has increased to $4 billion, equating to approximately $9,900 per acre-foot. Despite the cost, Mr. Beaty noted that this remains more affordable than alternatives such as leasing or purchasing additional water rights, which range from $20,000 to $100,000 per acre-foot. Investing now is expected to benefit the City long-term.

Mr. Beaty identified PFAS contamination removal as a major cost driver. PFAS chemicals are strongly associated with increased cancer risk, and regulatory limits remain at 4 parts per trillion for PFOS and PFOA. Four additional PFAS-related compounds are regulated at lower thresholds.
The EPA has recommended extending the compliance deadline to April 2031, but this has not yet been codified; therefore, the current compliance date remains April 2029.

Of the City's 16 wells, 11 contain PFAS, and preliminary cost estimates for treatment total $167 million, with further refinement expected as the project advances. Once operational, annual operating costs are projected at $4 million.

Mr. Beaty summarized the PFAS feasibility study, noting that among the five options evaluated, treatment remains the most cost-effective and feasible solution. Current project status includes:

- Completion of feasibility studies
- Ongoing sampling
- Participation in class-action litigation, resulting in $5 million awarded to the City
- Acquisition of land for additional treatment vessels, previously approved by Council
- Initiation of the process to retain a Program Manager Consultant

The project timeline anticipates design beginning in July 2026 and construction starting in January 2029. Mr. Beaty emphasized that funding remains a significant concern, and meeting the regulatory deadline is critical. He also noted the potential consequences of failing to meet compliance requirements.

Finance and Budget Director Renee Weatherless presented an overview of the projected water rates for FY2027. She explained that water rate planning incorporates inflationary pressures, infrastructure needs, equipment and system updates, long-term fiscal sustainability, and continued investment in the City's water portfolio. Compliance with federal regulations under the Safe Drinking Water Act also remains a significant factor in determining future rate adjustments.

Ms. Weatherless reviewed the City's financial policy on issuing debt, noting that the City must maintain an operating debt coverage ratio of at least 1.5 over a five-year period. This ratio is calculated by subtracting operating expenses from water revenues; the remaining balance must be at least 1.5 times the maximum annual debt service for outstanding bonds. She emphasized that this requirement ensures the City can responsibly issue and repay debt associated with major water system projects.

Three major projects currently require financing: the Holly Acres Waterline Replacement estimated at $6 million; the PFAS treatment design and construction, preliminarily estimated at $167 million with a regulatory compliance deadline of FY2031; and the City's Bartlett Dam commitment, budgeted at $15 million based on the amount established when the City first joined the partnership. Ms. Weatherless then outlined the first proposed funding scenario, which meets the FY2031 PFAS compliance deadline. Under this scenario, Holly Acres would be brought forward for Council approval in FY2027, PFAS design funding of $13.5 million would be requested in FY2027 with additional issuances spread across FY2028 through FY2030, and the Bartlett Dam contribution would remain budgeted at $15 million despite rising cost projections.

She reviewed the previously approved 6.1 percent water rate increase for FY2027, noting that the average residential customer will see an estimated monthly increase of $42.66. Under the proposed schedule, rates would increase by 12.5 percent in FY2028, 10.5 percent in FY2029, and 8 percent in FY2030. The water treatment fee, currently 7.5 percent of the total bill, would increase to 30 percent in FY2028 and remain at that level to support PFAS-related debt. The water resource fee, currently 6.2 percent, is sufficient to support the $15 million Bartlett Dam commitment; however, if Council elects to increase the commitment to $44 million, an adjustment may be required. Under this scenario, the average residential bill is projected to rise to $57.53 in FY2028 and $77.23 in subsequent years. Ms. Weatherless emphasized the importance of maintaining the 1.5 debt coverage ratio as required by City policy.

Ms. Weatherless then presented a second scenario that delays PFAS compliance to FY2034, resulting in lower annual rate increases. Under this option, water rates would increase by 10 percent in FY2028, 8 percent in FY2029 and FY2030, and 7 percent in FY2031 and FY2032. The water treatment fee would increase to 18 percent and remain at that level, while the water resource fee would continue to support the Bartlett Dam project at $15 million. The average residential customer would see an increase to $51.27 in FY2028, rising to approximately $68.50 by FY2035. However, the debt coverage ratio would fall below the required 1.5 minimum in FY2034 and FY2035. To maintain compliance, additional increases of 4 percent in FY2033 and 3 percent in FY2034 would be necessary. Ms. Weatherless noted that while the debt coverage ratio is a City policy, Council has the authority to modify it if desired.

She concluded by stating that Council direction is needed regarding whether PFAS design and construction should be completed by the FY2031 compliance deadline or delayed to a later date. She noted that water costs continue to rise and water availability may become more limited in the future. Previous Council discussions indicated a preference for smaller,

incremental rate increases, which could be incorporated beginning in FY2027. The first bond issuance related to these projects will be presented to Council on May 4, 2026, and Council's direction on the three major projects will guide preparation of the bond package, future budgets, and rate recommendations.

A discussion followed among the Mayor and Councilmembers with all Councilmembers expressing support for extending the PFAS compliance date to FY2034, noting that this option maintains the required 1.5 debt coverage ratio while easing the rate burden on customers. Council also discussed the long-term value of planning for future water shortages and continuing participation in the Bartlett Dam Project, which provides a strategic water supply benefit to the City.

Councilmember Garcia requested a future presentation focused specifically on the broader water supply issue. Vice-Mayor Nielson sought clarification on the projected residential cost impacts, offered thoughts on restructuring the proposed rate increases, and asked for additional information regarding the handling of the PFAS byproduct generated during treatment.

In response, Mr. Corbin clarified that the bonds under consideration are revenue bonds, which require approval by the Council rather than the voters. He noted that under the second scenario, the average residential utility bill in FY2035 is projected to be $77.23 per month. Mr. Beaty added that Council is being asked only to authorize the issuance of debt at this stage. He also explained that the disposal method for PFAS byproduct has not yet been determined; if the material is ultimately classified as hazardous, disposal costs could increase. Mr. Beaty further noted that construction estimates are based on current pricing, which is likely to rise in future years and may require corresponding adjustments to water rates.

Public Works Director Kirk Beaty presented an overview of the City's sewer system, noting that the primary cost drivers closely mirror those of the water system. He then reviewed the major capital projects underway or planned within the sewer program. These include Sewer Line Replacement Phase II along Dysart Road from Crowell Road to Lower Buckeye Road, as well as the relining of both large- and small-diameter sewer pipelines to extend their useful life. Mr. Beaty highlighted the Wastewater Treatment Plant Phase II Expansion as the most significant project in the sewer capital program.

Mr. Beaty explained that the Phase II expansion will increase the treatment plant's capacity from 9 million gallons per day to 12 million gallons per day. A future Phase III expansion, anticipated approximately ten years from now, will further increase capacity to 15 million gallons per day. The timing of design and construction is dictated by regulatory requirements, which mandate expansion once inflow reaches 80 percent of permitted capacity. The plant is currently operating just above that threshold, and design work for the expansion is already underway.

He noted that the City has committed up to 11 million gallons per day of capacity to development already in progress. This commitment is permitted based on projected

development timelines and the schedule for constructing the expanded facility. Mr. Beaty emphasized this expansion is essential to supporting Avondale's continued growth. The total project cost is estimated at $155.8 million. He also highlighted the importance of the effluent produced by the treatment plant, which contributes approximately 3,360 acre-feet annually to the City's water portfolio as off-project water.

Mr. Beaty concluded with a summary of the high-level conceptual and feasibility studies conducted to evaluate whether partnering with the Tolleson Wastewater Treatment Plant would be a cost-effective alternative. After reviewing factors such as wastewater interception and conveyance, effluent return, effluent quality, treatment fees, operational control, capacity, and timing, staff determined that utilizing Tolleson's facility would not be cost-effective for the City. Mr. Beaty provided detailed explanations of the various cost and operational challenges that led to this conclusion.

Finance and Budget Director Renee Weatherless presented an overview of the projected sewer rates for FY2027. She noted that, like the water rates, Council previously approved the FY2027 sewer rate increase, and the average residential customer is expected to pay $47.21 per month beginning January 2027.

Ms. Weatherless reviewed the financing plan for the Water Reclamation Facility Expansion Phase II, a project totaling $155.8 million. Of this amount, $11.2 million has already been funded through General Obligation bonds. The remaining $144.6 million will be repaid through a combination of Development Impact Fees (60 percent or $84.25 million) and rate revenue (40 percent or $57.50 million). To support this structure, staff are proposing a 10 percent rate increase in FY2028, followed by 2 percent increases in subsequent years, while maintaining the required 1.5 debt coverage ratio.

She noted that Council's direction has been heard, and the first bond issuance related to this project will return to Council for approval on May 4, 2026.

A discussion followed among the Mayor and Councilmembers, who expressed reluctance to increase rates but acknowledged that the City's growth and infrastructure needs have made these adjustments necessary. Mr. Corbin encouraged Council to advocate with federally elected officials for funding support and intervention, noting that staff have also pursued legal avenues where appropriate.

5. SUMMARY OF CURRENT EVENTS FROM MAYOR, VICE MAYOR, AND COUNCILMEMBERS

Councilmember Solorio reported that she had a successful trip to Washington, D.C., where she advocated on issues including water and returned with valuable information, particularly regarding grant opportunities.

Councilmember White also noted her advocacy efforts in Washington, D.C. She met with representatives from Amtrak and Union Pacific Rail and will be meeting with them locally to continue those discussions. She additionally attended the Southwest Family Advocacy Gala.

Vice Mayor Nielson shared that he attended several water-related presentations in Washington, D.C., noting that the challenges discussed are not unique to Avondale. He stated that federal officials are actively seeking opportunities and legislation to provide additional funding. He also attended civility presentations and expressed appreciation for the positive working relationships among the Councilmembers.

Councilmember Garcia reported attending the State of the City event, describing it as community-oriented and well executed.

Councilmember Weise thanked the Fire Department staff who volunteered to distribute smoke detectors and Narcan in the neighborhood surrounding Mountain View. She also attended Steamfest and acknowledged the significant staff involvement in the event, as well as the difficult decision to discontinue it. In addition, she attended the Southwest Linen Closet fundraiser.

Mayor Pineda stated that over the past month he has had the opportunity to meet locally with federally elected officials and other mayors to discuss key issues. He commented that Luke Days was extremely hot but an impressive display of freedom. He also attended the Southwest Linen Closet Gala.

6. ADJOURNMENT

There being no further business before the Council, Councilmember Garcia moved to adjourn the Regular Meeting; Councilmember Conde seconded the motion.

Upon vote, the motion was carried unanimously 7 to 0.

Councilmember Conde	Aye
Councilmember Garcia	Aye
Councilmember Solorio	Aye
Councilmember Weise	Aye
Councilmember White	Aye
Vice Mayor Nielson	Aye
Mayor Pineda	Aye

The meeting was adjourned at 9:38 p.m.

_____
Mike Pineda, Mayor

CERTIFICATION AND ATTESTATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Meeting of the Council of the City of Avondale held on the 23rd day of March 2026. I further certify that the meeting was duly called and held, and that the quorum was present.

_____ _____

Marcella Sarmiento, City Clerk Date Approved by City Council

MINUTES OF THE AVONDALE CITY COUNCIL
CITY OF AVONDALE, ARIZONA
CITY COUNCIL CHAMBER
April 06, 2026

A **Regular Meeting** of the City Council of the City of Avondale, Arizona was convened at 11465 West Civic Center Drive in open and public session at 5:35 p.m.

Mayor Mike Pineda led the Pledge of Allegiance, followed by a moment of silent reflection.

Members Present: Mayor Mike Pineda; Vice Mayor Curtis Nielson; Councilmembers Tina Conde*, Jeannette Garcia, Gloria Solorio, Shari Weise, and Max White*.

*Councilmembers Conde attended virtually. Councilmember White attended virtually and arrived at the completion of the presentation items.

Members Absent: None.

Other Municipal Officials Present: Tracy Stevens, Assistant City Manager; Katie Gregory, Assistant City Manager; Dale Nannenga, Deputy City Manager; Nicholle Harris, City Attorney; Liz Barker Alvarez, Intergovernmental Affairs Administrator; Kirk Beaty, Public Works Director; Barbara Coppage, City Auditor; Memo Espinoza, Police Chief; Joel Evans, Facilities Director; Julie Knoll; Deputy City Clerk; Craig Jennings, Judge; Corey Larriva, Parks and Recreation Director; Chris Lopez, Neighborhood and Family Services Director; Andy Mesquita, Human Resources Director; Kimberly Moon, Engineering Director; Jodie Novak, Development Services Director; Abril Ruiz-Ortega, Court Administrator; Larry Rooney, Fire Chief; Pier Simeri, Marketing and Public Relations Director; Jennifer Stein, Economic Development Director; and Renee Weatherless, Finance and Budget Director; Stacy Swainston, Parks, Recreation & Libraries Assistant Director.

Audience: Approximately 75 members of the public were present.

1. ROLL CALL BY THE CITY CLERK

2. PRESENTATION ITEMS (DISCUSSION ONLY)

a. EMPLOYEE ANNOUNCEMENTS

The following Police Department employees were introduced to City Council. This item was for discussion only.

- Bethany Horner, Dispatcher
- Juan Romero, Records Clerk
- Noel Molina, Detention Officer
- Brandi Datcher, Victim Advocate Supervisor
- Evelyn LaCour, Dispatcher
- Kaylee Finklea, SWFAC Therapist
- George Velez, Forensic Interviewer
- Paola Ponce, Dispatcher

b. PROCLAMATION – NATIONAL PUBLIC SAFETY TELECOMMUNICATORS WEEK
City Council presented a proclamation recognizing April 12-18, 2026 as the National Public Safety Telecommunicators Week. This item was for discussion only.

c. PROCLAMATION – MONTH OF THE MILITARY CHILD
City presented a proclamation recognizing April 2026 as the Month of the Military Child. This item was for discussion only.

d. PROCLAMATION – NATIONAL LIBRARY WEEK AND 2026 BOOKMARK CONTEST
City Council presented a proclamation recognizing April 19th - 25th, 2026 as National Library Week, celebrating the valuable role libraries, librarians, and library workers play in transforming lives and strengthening our communities. Additionally, City Council recognized the three winners of the 2026 Bookmark Contest. This item was for discussion only.

3. UNSCHEDULED PUBLIC APPEARANCES

None.

4. CONSENT AGENDA

Items on the consent agenda are of a routine nature or have been previously studied by the City Council at a work session. They are intended to be acted upon in one motion. Councilmembers may pull items from consent if they would like them considered separately.

Mayor Pineda asked if any Councilmember wished to have an item removed from the Consent Agenda. Having no requests from Council, motion was made by Councilmember White, seconded by Councilmember Solorio, to approve the Consent Agenda.

Upon vote, the motion was carried unanimously 7 to 0.

Councilmember Conde	Aye
Councilmember Garcia	Aye
Councilmember Solorio	Aye
Councilmember Weise	Aye
Councilmember White	Aye
Vice Mayor Nielson	Aye
Mayor Pineda	Aye

a. MINUTES
City Council approved the February 18, 2026 Special City Council meeting minutes.

b. RESOLUTION 1025-0426 - REPEAL RESOLUTION 1037-0625 AND APPROVE INTERGOVERNMENTAL AGREEMENT BETWEEN THE ARIZONA FIRE & MEDICAL AUTHORITY AND THE CITIES OF AVONDALE, BUCKEYE, EL MIRAGE, GLENDALE, GOODYEAR, PEORIA, SURPRISE, TOLLESON, AND THE FIRE DISTRICTS OF DAISY MOUNTAIN AND SUN CITY FOR USE OF FIRE APPARATUS

City Council adopted Resolution 1025-0426, authorizing the repeal of Resolution 1037-0625 and approving the Intergovernmental Agreement (IGA) between the Arizona Fire & Medical Authority, the Cities of Avondale, Buckeye, El Mirage, Glendale, Goodyear, Peoria, Surprise, Tolleson, the Fire and Medical Districts of Daisy Mountain and Sun City for use of fire apparatus and authorized the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents.

5. REGULAR AGENDA

a. **PUBLIC HEARING AND ORDINANCE 2009-0426 - ZONING ORDINANCE TEXT AMENDMENTS – CHAPTER 28, ARTICLE 1 (ADMINISTRATION AND PROCEDURES); ARTICLE 5 (SPECIAL DISTRICTS; OVERLAYS) - APPLICATION PL-26-0048**

Lead Senior Planner Josh Orton presented Application PL-26-0048, a City-initiated text amendment to the Zoning Code. He noted that the Avondale Zoning Ordinance, originally adopted in 1951 and last updated in January 2026, currently states that all site plan and design review applications except those within the BLVD District are approved administratively.

With the adoption of HB 2447, cities are now required to administratively approve all site plan and design review applications, including those in special districts. The proposed amendment aligns the Zoning Ordinance with State law by updating Sections 28-6 and 28-91 to replace references to Planning Commission and City Council approval with the Zoning Administrator.

All required public notifications were completed, including a post on Avondale Connect, and no comments have been received. At the March 18, 2026, Planning Commission meeting, the Commission voted 5-0 to recommend approval of the proposed text amendment following staff clarification that site plans within the BLVD District are subject to administrative approval. Staff recommends approval of Application PL-26-0048.

Mayor Pineda opened the public hearing and did not receive any requests to speak. Mayor Pineda closed the public hearing and opened the floor for comments from Council.

Councilmember White moved to adopt Ordinance 2009-0426, to reflect changes in State law related to administrative approvals, allow for continued refinement of the Zoning Ordinance, provide for cross-references, allow for clerical corrections, and

address the overall accuracy and usability of the Zoning Ordinance and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents; Vice Mayor Nielson seconded the motion.

Upon vote, the motion was carried unanimously 7 to 0.

Councilmember Conde	Aye
Councilmember Garcia	Aye
Councilmember Solorio	Aye
Councilmember Weise	Aye
Councilmember White	Aye
Vice Mayor Nielson	Aye
Mayor Pineda	Aye

b. WATER RESOURCES UPDATE

Public Works Director Kirk Beaty, provided an update on Avondale's water portfolio, noting that while the City maintains a robust mix of renewable resources, external pressures such as statewide drought conditions and uncertainties surrounding the Colorado River could affect long-term resilience.

He reported that Avondale's renewable water supply is composed of 44 percent Salt River Project (SRP) water, 18 percent Colorado River water delivered through the Central Arizona Project (CAP), and 33 percent effluent, with the remaining five percent derived from groundwater allocations and long-term storage credits totaling 143,200 acre-feet. Avondale's total Designation of Assured Water Supply is 30,833 acre-feet, and annual demand continues to increase, with approximately 50 percent of the portfolio 15,909 acre-feet used in 2025, primarily within the SRP service area.

Mr. Beaty reviewed regulatory constraints, including SRP water use limitations within the on-project area, and emphasized that CAP and effluent supplies can be stored as long-term credits without usage restrictions. He noted that potential reductions to the Colorado River allocation could significantly impact off-project areas where much of the City's growth is occurring.

Mr. Beaty also reported that city staff submitted renewal applications for both the Designation of Assured Water Supply and the Avondale Wetlands Underground Storage Facility in December 2023, and no response has yet been received from the Arizona Department of Water Resources (ADWR), likely due to statewide uncertainties related to the Colorado River. He concluded by highlighting the Water Resource Management Ordinance adopted in July 2025, which ensures that all development-related departments incorporate water resource considerations into project review and that prospective developers understand applicable criteria.

Mr. Beaty reported that Avondale remains in Stage One of its Drought Preparedness Plan, which emphasizes water conservation and requires the City to reduce use through efficiency checks and operational adjustments. A recent water efficiency

audit, funded through a Water Infrastructure Finance Authority (WIFA) grant, identified approximately 3 million gallons in potential annual savings. As part of this effort, a leak in the water feature outside Council Chambers was discovered and repaired, resulting in an estimated 850,000 gallons of annual savings. Additional recommendations from the audit are underway and expected to be completed by summer. Mr. Beaty noted that residential and commercial customers are encouraged to reduce water use, and the city continues to offer conservation education and rebate programs.

He added that other municipalities are in similar stages of their drought plans, and regional discussions are occurring regarding potential movement to higher stages in response to ongoing uncertainties surrounding the Colorado River. Many cities are considering whether coordinated action would provide a consistent regional message about water resources and shortages, and updates will be provided as these discussions progress.

Mr. Beaty also highlighted legislative activity, noting that 122 water-related bills were introduced this session, with 49 still active. Intergovernmental Affairs Administrator, Liz Barker Alvarez and Water Resources Manager, Cole Pihl are working closely with the Arizona Municipal Water Users Association (AMWUA), which has taken positions on 28 bills, many related to resuming development halted by groundwater shortages and the existing moratorium. Bills of particular interest to Avondale include HB 2166, HB 2099/SB 1201, and HB 4030/HCR 2016.

In June 2023, the City of Phoenix released an Active Management Area Groundwater Model, which led to the Governor’s prohibition on new development that relies solely on groundwater in areas without access to renewable supplies. This action prompted significant legislative activity, the creation of new regulatory programs, and multiple lawsuits.

He explained that the Alternative Designation of Assured Water Supply (ADAWS) program was established as an alternative path for water providers that do not hold a designation and cannot meet the 100-year assured water supply requirement. Providers pursuing ADAWS must secure non-groundwater supplies and commit to offsetting future groundwater pumping. Although intended to facilitate the resumption of development in affected areas, only two water providers statewide have successfully met the program’s requirements. Mr. Beaty noted that lawsuits related to both the development prohibition and the ADAWS framework continue to be monitored closely by AMWUA, given their potential implications for municipal water management and regional growth.

Mr. Beaty provided an update on current conditions along the Colorado River, noting that ongoing negotiations among basin states and the Federal Government remain a major regional issue. He explained that the Southwest continues to experience a long-term drought exceeding 25 years, which has reduced renewable water supplies statewide and will continue to affect Avondale.

Within the Salt River system, overall storage is 57 percent full, down from 68 percent the previous year, and watershed precipitation is at 110 percent of average due to fall rainfall; however, limited snowpack has resulted in below-average inflows. Conditions on the Colorado River and Central Arizona Project (CAP) remain strained, with Lake Mead at 34 percent full, Lake Powell at 25 percent, and snowpack at 67 percent of average, producing reduced runoff. Mr. Beaty reviewed the Colorado River allocation structure, noting that the seven basin states share 16.5 million acre-feet under the 1922 Compact, although current annual flows are estimated at only 12 million acre-feet, creating a structural deficit of approximately 4.5 million acre-feet. He added that Arizona holds the junior priority on the river and therefore absorbs the first reductions to its 2.8 million acre-foot allocation during shortages.

He further explained that the 2019 Colorado River Drought Contingency Plan established a framework for determining shortage tiers and associated delivery reductions; however, the plan expires in October 2026, and the seven states have not reached agreement on a replacement despite two federal deadlines. Disagreements persist between the upper and lower basin states regarding how to address the deficit, how reductions should be distributed, and how they should be administered. In response, the Bureau of Reclamation has prepared a draft Environmental Impact Statement for New Operations, which contemplates significant reductions to Arizona and CAP deliveries. Additional concerns include the ability to continue generating hydropower and the operational safety of major dams under prolonged low-water conditions.

Mr. Beaty continued his update with an overview of the Environmental Impact Statement (EIS) prepared by the Bureau of Reclamation, noting that the document evaluates seven operational alternatives for the Colorado River system. Under all options, the Upper Basin states would not experience reductions to their allocations, while the projected impacts to the Central Arizona Project (CAP) range from 32 percent to 98 percent. None of the seven basin states support the outcomes presented in the EIS, and the most likely scenario, the Basic Coordination Alternative, would result in an estimated 70 percent reduction to CAP deliveries. Avondale anticipates a reduction of 50 to 55 percent, roughly equivalent to the volume the City stores annually as long-term storage credits.

The Bureau of Reclamation has received comments from all stakeholders, but no action has been taken. Upper Basin states have indicated they will not accept reductions, while Arizona has stated it will not shoulder the full burden and is preparing for potential litigation. In response, CAP has formed a statewide coalition of cities, Tribes, and economic partners including Avondale to advocate for the importance of Colorado River water and the CAP system to Arizona’s future.

Mr. Beaty emphasized that staff would continue monitoring developments and evaluating potential impacts on Avondale. He noted that the City’s water resources remain stable due to long-standing investments in a diverse portfolio, infrastructure improvements, and regional collaboration. Avondale continues to work closely with

neighboring municipalities on storage credits and participates in educational partnerships such as Project WET, the Annual Water Festival with the City of Goodyear, which teaches fourth-grade students about water sources and conservation. The city also collaborates with regulatory agencies, including Maricopa County and ADWR, to ensure compliance with operating permits and water-quality standards, particularly regarding the Lead and Copper Rule Revision and PFAS treatment. Avondale's inventory of lead service lines is nearly complete, and once the final lines are verified, the City will be considered a zero-lead certified provider.

Mr. Beaty added that the potential loss of Colorado River supplies underscores the need to pursue new water resources. The Bartlett Dam project remains the most viable augmentation option, though projected costs have increased to $45 million. Phoenix and other cities are advancing advanced wastewater treatment technologies, and while Avondale is not currently a partner, staff are monitoring these efforts as part of a future regional solution.

The WIFA long-term water augmentation fund is also exploring new supply projects, and Avondale participates on the Offtake Committee to help shape decisions and preserve opportunities for future involvement. Effluent resources continue to expand, with construction on the new Water Reclamation Facility beginning this summer; effluent represents one-third of Avondale's portfolio and supplies 65 percent of off-project demand, helping offset potential Colorado River reductions.

In closing, Mr. Beaty stated that Avondale's water resources remain strong, but drought conditions and regional negotiations continue to present significant challenges. Staff will continue monitoring legislation in coordination with AMWUA, tracking the status of the City's Designation of Assured Water Supply and Underground Storage Facility permits, pursuing additional resources, investing in infrastructure, and updating the City Council as conditions evolve.

Mayor Pineda and Councilmembers were given an opportunity to comment and/or ask questions.

Mayor Pineda commented on the complexity and importance of the water-resource issues presented, noting his appreciation for the historical context included in the report and the proactive measures taken by previous Councils to position Avondale for long-term stability. He emphasized that while regional conditions may appear increasingly challenging, Avondale has consistently taken the necessary steps to prepare for the future, and additional decisions will be required as circumstances evolve. He stated that the presentation provides valuable information for both the Council and the community, particularly as external variables continue to shift and require adaptation, often at significant cost. The Mayor expressed his gratitude to staff for their expertise and ongoing efforts to guide the City through these challenges.

Councilmember Conde thanked Mr. Beaty and the Water Resources team for their continued vigilance and preparation for the future, echoing the Mayor's

acknowledgment of past Councils' foresight in strengthening Avondale's water portfolio. She noted her appreciation that the City's water resources remain stable and expressed hope and confidence that this stability will continue.

Councilmember White requested clarification regarding the distinction between SRP on-project and off-project areas, noting that although SRP represents the largest portion of Avondale's water portfolio, much of the City's population resides outside the SRP service area. She asked whether the inability to store SRP water creates a disadvantage. Mr. Beaty confirmed that SRP water cannot be stored and is used as it is delivered; however, he explained that water entering the wastewater system is treated at the Water Reclamation Facility and becomes effluent, which can then be used anywhere in the city. He described the facility as effectively converting SRP water into a renewable resource that supports off-project needs.

Councilmember White asked about the City's drought preparedness stages, confirming that Stage Four represents the highest level of drought response. She noted that indicators appear to be trending toward Stage Two and asked whether the city might return to Stage Zero given the positive report. Mr. Beaty stated that staff do not anticipate returning to Stage Zero due to expected reductions in Colorado River supplies. He indicated that staff may recommend moving to Stage Two this winter, which would focus on increased conservation rather than imposing new restrictions. He added that some Valley cities facing severe Colorado River impacts may move to higher stages as early as October, and Avondale will consider both regional coordination through AMWUA and local conditions before making any changes.

Councilmember White asked whether progress toward a new Colorado River agreement is expected, given that two federal deadlines have already passed. Mr. Beaty responded that the matter is now in the hands of the Bureau of Reclamation, and any decision is likely to result in litigation, potentially delaying resolution beyond October 2026. He noted that inflows to the Colorado River are currently around 2 million acre-feet, far below outflows, and that projections show Lake Powell could reach levels that prevent hydropower generation at Glen Canyon Dam by December. He emphasized that while Avondale's drought preparedness plan does not rely solely on Colorado River conditions, other factors such as reduced SRP watershed inflows or regulatory changes could also influence future drought-stage recommendations.

Councilmember White then asked whether litigation could interrupt water deliveries. Mr. Beaty stated that he does not anticipate an immediate cutoff, as the Bureau would likely maintain operations under an interim approach until legal matters are resolved. He cautioned, however, that if Lake Powell drops below the elevation needed for releases through Glen Canyon Dam, water would no longer flow to Lake Mead, Hoover Dam, or the CAP system, making continued monitoring essential.

Councilmember Weise referenced a slide indicating Avondale's total designation of 30,833 acre-feet, noting that the city uses approximately 52 percent of its portfolio, or 15,909 acre-feet, and asked whether most of that use is SRP water and whether any

unused SRP water can be stored. Mr. Beaty confirmed that SRP water comprises most of that usage and cannot be stored; the city may only store effluent and CAP water.

Councilmember Weise thanked staff for addressing recent questions regarding the data center project and noted that she was pleased to learn the impact equals six homes rather than ten. She also expressed appreciation for the City's water-conservation rebates and asked whether additional public education could be provided, particularly given recent discussions about rate adjustments. She referenced information in the land-use assumptions indicating that the City accounts for roughly 2 percent of water meters but uses approximately 23 percent of total water and asked whether the recently identified 850,000-gallon leak contributed to that usage. Mr. Beaty confirmed that it did.

Councilmember Weise expressed appreciation for the audit that uncovered the leak and asked whether the City uses cisterns or rain barrels to capture stormwater. Mr. Beaty explained that the City does not, noting that such systems are intended for small-scale residential use and would not meaningfully impact municipal-level water volumes. Instead, the City focuses on higher-impact strategies such as leak prevention, reducing winter overseeding, and minimizing water loss. He reported that Avondale's FY 2025 water-loss rate was 5 percent, well below the 10 percent maximum allowed by ADWR, and noted that proposed legislation may lower the allowable threshold to 8 percent—a standard Avondale already meets. Councilmember Weise thanked staff for their proactive efforts.

Councilmember Solorio thanked staff for the presentation and recognized the efforts of the Water Conservation team, noting that her parents recently completed the Water Academy and received a 20 percent rebate for reducing their water use. she shared that the program was eye-opening for her family and emphasized the value of expanding similar educational opportunities, particularly for younger residents, to build awareness of water conservation.

Councilmember Nielson also thanked Mr. Beaty and staff for their work, noting the importance of Council staying informed amid widespread public concern about regional water issues. He stated that his role on the AMWUA Board reinforces the need for accurate local information and expressed appreciation that Avondale is in a strong position. Speaking from his experience with homeowners' associations, he noted that many HOAs are willing to conserve water but often lack guidance, and he encouraged continued outreach. He asked for clarification regarding effluent recharge, confirming that water sent to the recharge facility does not return immediately. Mr. Beaty explained that water in recharge ponds is subject to evaporation and percolation, and that groundwater movement can shift depending on regional pumping patterns. He noted that increased well use by other municipalities, particularly larger cities, could influence aquifer flows, underscoring the importance of regional collaboration.

Councilmember Nielson then asked how Avondale's projected buildout population of approximately 160,000 would affect water availability and whether there is a maximum threshold that could limit future development. Mr. Beaty explained that the City's Designation of Assured Water Supply accounts for buildout population and that Avondale has made commitments for an additional 3,000 acre-feet, bringing projected use to roughly 60 percent of its portfolio. He emphasized that the City does not intend to reach 100 percent allocation, as the Water Resource Management Ordinance requires careful evaluation of how water is assigned to new development. He noted that Council retains the ability to allocate additional water to projects that provide significant community benefit, such as needed amenities, revenue generation, or job creation.

Mr. Beaty added that current usage trends align with expectations and that staff continue to work closely with HOAs through quarterly meetings to identify conservation opportunities among major water users.

Mayor Pineda revisited a point raised during recent budget discussions regarding development in the southern portion of the City, noting that Avondale has committed to providing a specific volume of water to support that development. He emphasized the importance of planned infrastructure investments, including the new treatment facility, to ensure the City can meet those commitments and remain in compliance with its own agreements. Mr. Beaty explained that Avondale's Designation of Assured Water Supply has been allocated across all parcels citywide, with some parcels already using their allocations and others not yet developed.

The Water Resource Management Ordinance ensures that water is distributed equitably so that all parcels retain access, rather than allowing early projects to consume the entire supply. He noted that future reductions such as a potential loss of 2,500 acre-feet of Colorado River water could require the City to reevaluate allocations or development patterns at buildout, though it is too early to determine whether such adjustments will be necessary. The Mayor added that the complexity and scale of the numbers involved underscore the need for ongoing public education, as many residents may not be aware of the challenges.

The Mayor then asked for clarification regarding snowpack and runoff in the Upper Basin states, noting that those regions typically receive more snowfall than Arizona. He asked whether runoff is captured before reaching the Lower Basin or whether overall precipitation has declined to the point that insufficient water reaches Arizona. Mr. Beaty explained that the Colorado River Basin's snowpack is concentrated in northern states such as Utah, Wyoming, and Colorado, all of which are currently experiencing historically low snowfall. Water feeding the Colorado River originates high in these mountain ranges and is supplemented by tributaries such as the Green River and several upstream reservoirs.

Much of this water is captured above Lake Powell, where the Upper Basin states begin using their allocations. Under the 1922 Compact, the Upper Basin is required to deliver

7.5 million acre-feet annually to the Lower Basin, though the mechanics of enforcing this “compact call” have not been fully addressed. He noted that the Upper Basin argues it has not yet used its full allocation, while the Lower Basin is using its entire share, creating both a physical shortage and a philosophical divide. Mr. Beaty emphasized that despite perceptions, Lower Basin states, including Arizona, have reduced water use over time through conservation and sound management, even as populations have grown. He concluded that both basins are experiencing significant declines in snowpack and runoff, contributing to the ongoing regional water crisis.

6. REPORTS FROM THE CITY MANAGER

Deputy City Manager Dale Nannenga recognized Assistant City Manager Tracy Stevens for 19 years of service on behalf of City Manager Corbin, the City Management Team and all the employees for the city. With over 30 years of experience in governmental work, he challenged the public to think of a project, development, or anything that occurs within the city that over the years that Tracy did not have her hand in, her touch, or her opinion. She has done a tremendous job in developing our city over the past 19 years. We would like to wish her the best in her opportunities in the state to the west. Please join me in thanking and congratulating her on her service to the City of Avondale.

On Monday, April 13, 2026, there will be a celebration for Tracy’s service to the city at the Vic at 1:00 PM.

Assistant City Manager Stevens expressed her appreciation to the Mayor, current and past Councilmembers, and City staff, reflecting on her tenure since arriving in Avondale in 2007 when much of the community was still undeveloped. She noted how fortunate she feels to have served the residents of Avondale and to have worked alongside an exceptional leadership team and dedicated employees, emphasizing that the City’s progress is the result of collective effort.

- Councilmember Weise thanked Ms. Stevens on behalf of herself and her husband, noting she will be greatly missed.
- Councilmember Garcia expressed gratitude for Ms. Stevens’ guidance and support, particularly as a new Councilmember, and thanked her for her long service to the community.
- Councilmember Solorio shared her appreciation for Ms. Stevens’ service and recalled first meeting while she served on the Planning and Zoning Commission, noting how much she learned from Ms. Stevens.
- Councilmember White thanked Ms. Stevens for her 19 years of service and remarked that much of Avondale’s development bears her influence.
- Councilmember Conde offered her thanks and wished Ms. Stevens well in her next chapter.
- Councilmember Nielson expressed heartfelt appreciation for Ms. Stevens friendship, thoughtfulness, and contributions both within and beyond the City organization.
- Mayor Pineda thanked Ms. Stevens for her deep institutional knowledge and the valuable context she has provided over nearly two decades, noting that her

understanding of Avondale's history and development has been instrumental in informing policy decisions. He added that although she is leaving the organization, her insight will continue to be valued, and he looks forward to celebrating her service with the community.

7. SUMMARY OF CURRENT EVENTS FROM MAYOR, VICE MAYOR, AND COUNCILMEMBERS

- Councilmember Solorio spoke about the Torch Run event and expressed appreciation to both Chiefs for the strong display of camaraderie between Fire and Police personnel. She also recognized Mr. Corbin for his participation.
- Councilmember Weise reported attending the Extravaganza at Don Hale Park on Thursday, followed by a visit to Mercy House, both of which were well-attended and well-executed by City staff. She shared that she is currently participating in the Fire Academy and encouraged the community to attend the four academies.
- Councilmember White highlighted several recent engagements, including representing the City and Valley Metro at the Women's Transportation Seminar Metro Phoenix Chapter Annual Scholarship and Awards Ceremony. She also attended the Valley Metro Audit and Finance Subcommittee meeting, noting that preliminary results from their first peer audit indicate Valley Metro is on track to become Red Book audited certified. Additionally, she visited West Point High School for the National Honor Society induction ceremony and represented the City and Valley Metro at the Arizona Statewide Transit Conference earlier in the day.
- Mayor Pineda thanked all who attended the recent Coffee with Council event at Starbucks. He also recognized Economic Development Director Jenn Stein for moderating a panel at the Fast Track to Global Connections event, which included representatives from international businesses and the President of Phoenix Raceway. The Mayor expressed appreciation to the Silvas for their work on the "Cashin Has Heart" initiative and thanked Parks and Recreation staff for their efforts in coordinating the Extravaganza.

8. ADJOURNMENT

There being no further business before the Council, Councilmember White moved to adjourn the Regular Meeting into Executive Session pursuant to Ariz. Rev. Stat. § 38--431.03(A)(3) and (A)(7) for discussion with designated representatives of the public body to consider its position and instruct its representatives and for discussion or consultation with the City's Attorney for legal advice and to instruct the City's Attorney regarding negotiations of a lease agreement for the Southwest Family Advocacy Center; Councilmember Weise seconded the motion.

Upon vote, the motion was carried unanimously 7 to 0.

Councilmember Conde Aye

Councilmember Garcia	Aye
Councilmember Solorio	Aye
Councilmember Weise	Aye
Councilmember White	Aye
Vice Mayor Nielson	Aye
Mayor Pineda	Aye

The meeting was adjourned at 7:32 p.m.

_____
Mike Pineda, Mayor

CERTIFICATION AND ATTESTATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Meeting of the Council of the City of Avondale held on the 6th day of April 2026. I further certify that the meeting was duly called and held, and that the quorum was present.

_____ _____
Marcella Sarmiento, City Clerk Date Approved by City Council

CITY COUNCIL REPORT

ITEM NUMBER: 4.b.

SUBJECT: Series 10 (Beer and Wine Store) Liquor License — MJ Mercado Del Valle LLC

MEETING DATE: 5/4/2026

TO: Mayor and Council

FROM: Marcella Sarmiento, City Clerk

THROUGH: Jennifer Stein, Assistant City Manager, (623) 333-1014

REVIEWED: Ron Corbin, City Manager, (623) 333-1011

STRATEGIC PLAN:

This agenda item supports the following Avondale Strategic Outcome Area: **Economic Growth and Prosperity**

Avondale supports a thriving local economy by fostering and supporting business growth, job creation, and workforce development. The City advances economic development, attracts high-quality entertainment and full-service amenities, and promotes a variety of attainable housing opportunities that strengthen the City's vitality.

PURPOSE:

City Council will consider a request to recommend approval to the Arizona Department of Liquor License and Control of an application for a Series 10 (Beer and Wine Store) Liquor License submitted by Murad Rida Jreissat for the sale of alcohol at MJ Mercado Del Valle LLC located at 425 N Central Ave in Avondale and authorize the City Clerk to execute the necessary documents. The Council will take appropriate action.

BACKGROUND:

MJ Mercado Del Valle LLC is located at 425 N Central Ave in Avondale. Issuance of a Series 10 (Beer and Wine Store) liquor license is required to allow alcohol sales on the premises.

DISCUSSION:

As required by state law and city ordinance, the application was posted for the required period of time. The Police, Fire & Medical, Development Services, and Finance & Budget Departments have reviewed the application and their comments are attached.

BUDGET IMPACT:

The liquor license application fee of $250 has been paid in full.

RECOMMENDATION:

Staff is recommending City Council recommend approval to the Arizona Department of Liquor License and Control of an application for a Series 10 (Beer and Wine Store) Liquor License submitted by Murad Rida

Jreissat for the sale of alcohol at MJ Mercado Del Valle LLC located at 425 N Central Ave in Avondale.

Contact person for document distribution: *Emily Soria*

State of Arizona
Department of Liquor Licenses and Control

Created 03/27/2026 @ 01:46:44 PM

Local Governing Body Report

LICENSE

Number:

Type: 010 BEER AND WINE STORE

Name: MJ MERCADO DEL VALLE LLC

State: Pending

Issue Date:

Expiration Date:

Original Issue Date:

Location: 425 N CENTRAL AVENUE
AVONDALE , AZ 85323
USA

Mailing Address:

Phone: (602) [redacted]

Alt. Phone:

Email: [redacted]@YAHOO.COM

AGENT

Name: MURAD RIDA JREISSAT

Gender: Male

Correspondence Address: [redacted]
PEORIA , AZ 85383
USA

Phone: (602) [redacted]

Alt. Phone:

Email: [redacted]@YAHOO.COM

OWNER

60th 5-26-2026

Name: MJ MERCADO DEL VALLE LLC

Contact Name: MURAD RIDA JREISSAT

Type: LIMITED LIABILITY COMPANY

AZ CC File Number: 23889693

State of Incorporation:

Incorporation Date:

Correspondence Address: [redacted]
PEORIA , AZ 85383
USA

Phone: (602) [redacted]

Alt. Phone:

Email: [redacted]@YAHOO.COM

APPLICATION INFORMATION

Application Number: 376155
Application Type: New Application
Created Date: 12/31/2025

RV

QUESTIONS & ANSWERS

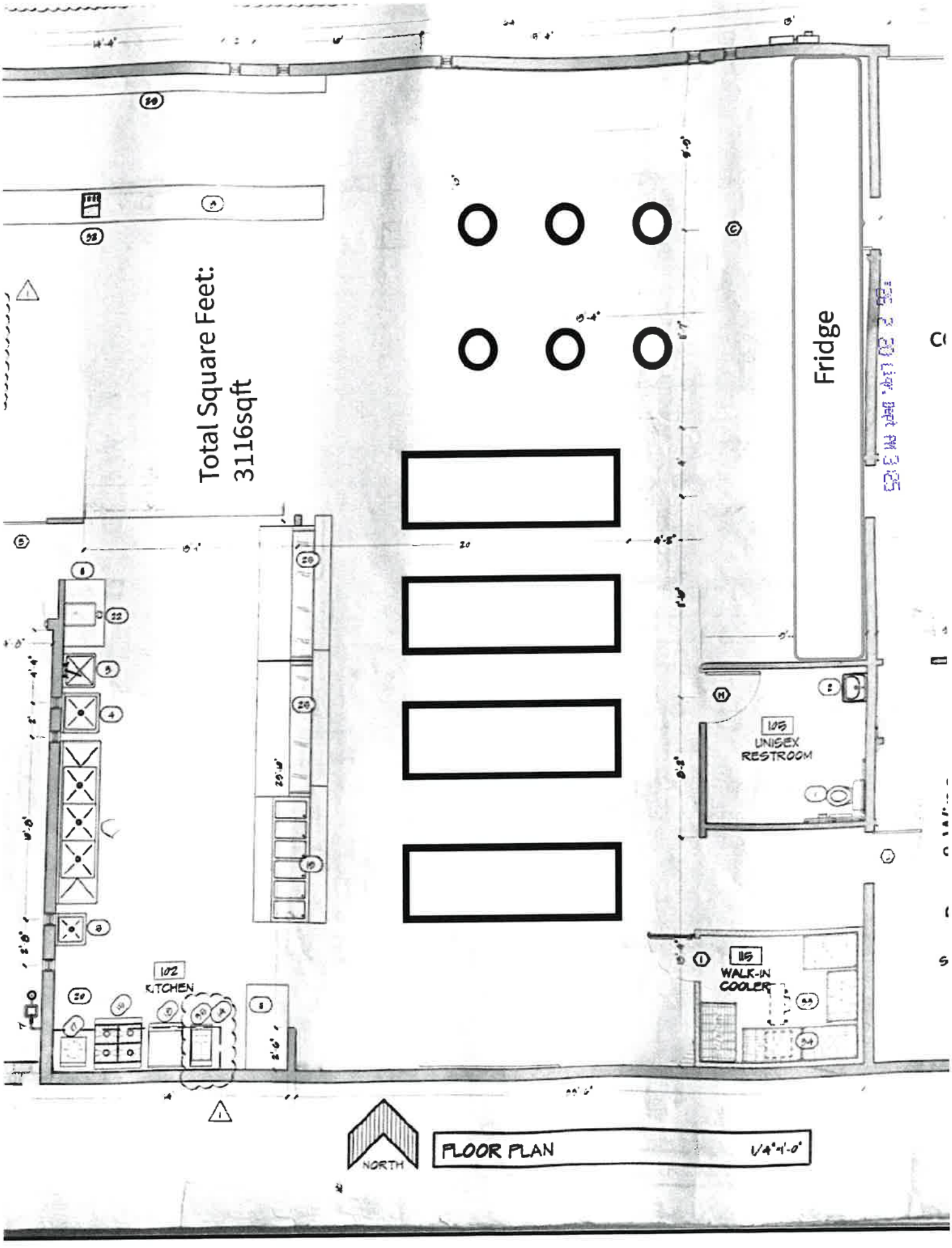
010 Beer and Wine Store

1) Are you applying for an Interim Permit (INP)?
   No
2) Provide name, address, and distance of nearest school.
   (If less than one (1) mile note footage)
   Rio Salado College Avondale Estrella High School St John Vianney Catholic School
3) Are you one of the following? Please indicate below.
   Property Tenant
   Subtenant
   Property Owner
   Property Purchaser
   Property Management Company
   Property Tenant
4) Is there a penalty if lease is not fulfilled?
   No
5) Is the Business located within the incorporated limits of the city or town of which it is located?
   Yes
6) What is the total money borrowed for the business not including the lease?
   Please list each amount owed to lenders/individuals.
   Nothing is owed to lenders or individuals.
7) Are there walk-up or drive-through windows on the premises?
   No
8) Does the establishment have a patio?
   No
9) Is your licensed premises now closed due to construction, renovation or redesign or rebuild?
   No

DOCUMENTS

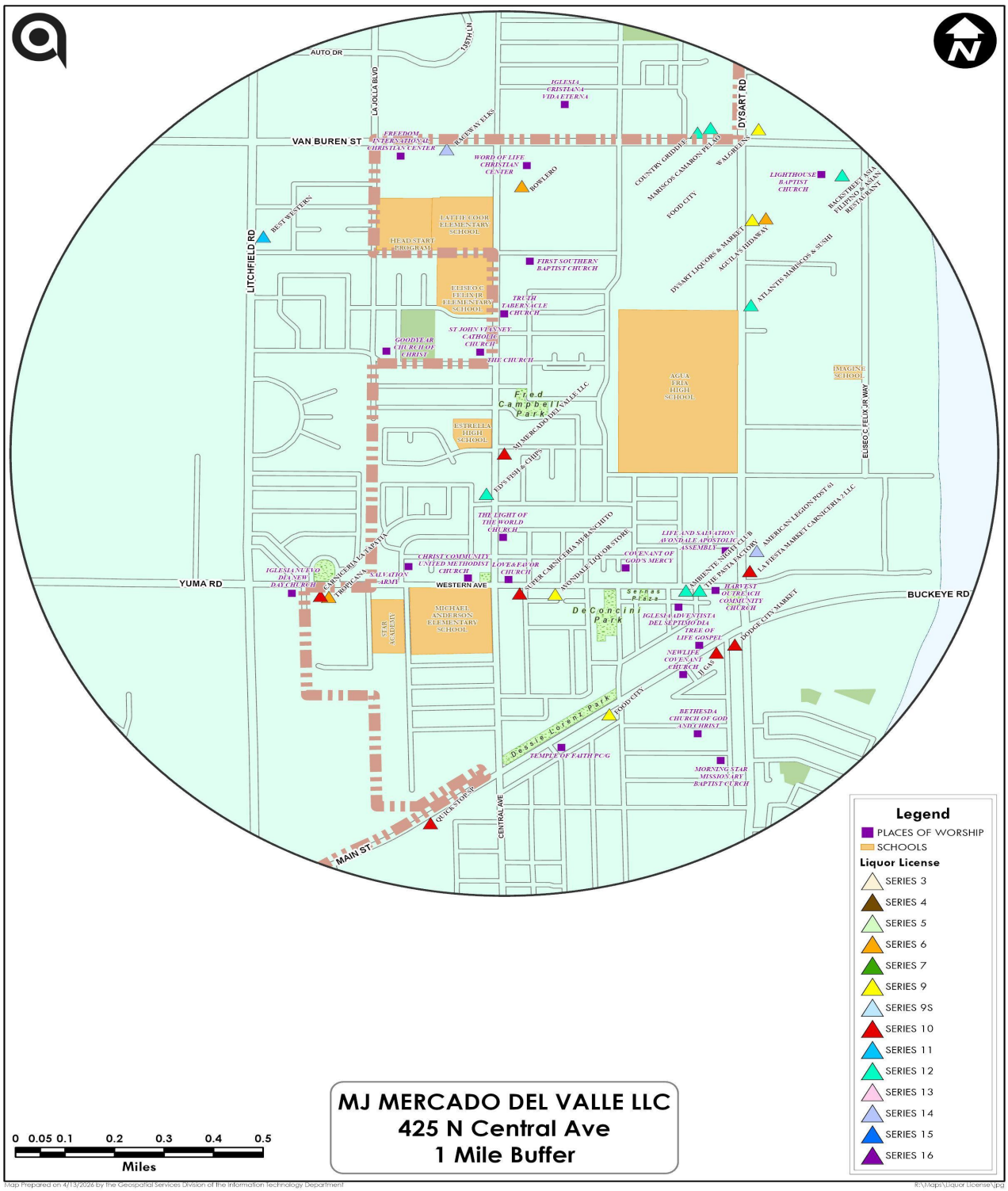
DOCUMENT TYPE	FILE NAME	UPLOADED DATE
ORGANIZATIONAL DOCUMENTS	MJ Mercado del Valle Operating Agreement.pdf	01/14/2026
ALIEN STATUS	Murad Jreissat Drivers License.bmp	01/14/2026
DIAGRAM/FLOOR PLAN	MARKET DRAWING 01142026.png	01/14/2026

QUESTIONNAIRE	Personal Information Liquor License 01142026.pdf	01/14/2026
	Alien Status 01272026-1.pdf	01/28/2026
	Personal Questionnare 01272026 Beer and Wine .pdf	01/28/2026
	Murad Jreissat Drivers License TIF.tif	01/28/2026
	Murad Jreissats Updated Drivers License.pdf	02/12/2026
	Updated Diagram for Beer and Wince App 02182026.png	02/19/2026
	Marks Letter for the Beer and Wine 02192026.pdf	02/19/2026
	Murad Jreissats Updated Drivers License.pdf	02/19/2026
	Re_ Arizona Dept of Liquor and License_ - cristina.g@exoticwholesale.com - Outlook.pdf	02/19/2026
	MJ Mercado del Valle Originzation of Articles Filed by AZ.pdf	02/20/2026
	Beer and Wine Diagram Updated 02232026.png	02/25/2026


Total Square Feet:
3116sqft
Fridge
105
UNISEX
RESTROOM
102
KITCHEN
115
WALK-IN
COOLER
NORTH
FLOOR PLAN
1/4"=1'-0"

Avondale
Aspiring. Achieving. Accelerating.

GIS MAP



Harley Maniago
Harley Maniago (Apr 16, 2026 08:08:39 PDT)

Avondale
Aspiring. Achieving. Accelerating.

LICENSE REVIEW FORM

Type of License	10 Beer and Wine Store
Applicant's Name	Murad Rida Jreissat
Business Name	MJ Mercado Del Valle LLC
Business Address	425 N Central Ave Avondale, AZ 85323

Department Comments

Approved as a retail use. No liquor sales are permitted.

☐ **Police Department** ☐ **Fire Department**

☑ **Development Services** ☐ **Finance Department**

◉ **Approved** ○ **Denied**

Joshua Orton
Joshua Orton (Apr 1, 2026 15:51:46 PDT)
E-Signature

Lead Senior Planner
Title

Joshua Orton
Name

Apr 1, 2026
Date

This license is scheduled for the City Council Meeting on: 05/04/2026

Please complete form by: 04/20/2026

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LICENSE REVIEW FORM

Type of License	10 Beer and Wine Store
Applicant's Name	Murad Rida Jreissat
Business Name	MJ Mercado Del Valle LLC
Business Address	425 N Central Ave Avondale, AZ 85323

Department Comments

The business license expired on 12/31/25. Needs to apply for a renewal for 2026.

☐ **Police Department**	☐ **Fire Department**
☐ **Development Services**	☑ **Finance Department**

◉ **Approved** ○ **Denied**

Finance & Budget Business License (Apr 7, 2026 11:50:59 PDT)

E-Signature

CSR

Title

Finance & Budget Business License

Name

Apr 7, 2026

Date

This license is scheduled for the City Council Meeting on: 05/04/2026

Please complete form by: 04/20/2026

Avondale
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LICENSE REVIEW FORM

Type of License	10 Beer and Wine Store
Applicant's Name	Murad Rida Jreissat
Business Name	MJ Mercado Del Valle LLC
Business Address	425 N Central Ave Avondale, AZ 85323

Department Comments

approved

☐ **Police Department** ☑ **Fire Department**

☐ **Development Services** ☐ **Finance Department**

◉ **Approved** ○ **Denied**

L.Scott Miller
L.Scott Miller (Apr 8, 2026 06:55:41 PDT)
E-Signature

Fire Marshal
Title

L.Scott Miller
Name

Apr 8, 2026
Date

This license is scheduled for the City Council Meeting on: 05/04/2026

Please complete form by: 04/20/2026

Avondale
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LICENSE REVIEW FORM

Type of License	10 Beer and Wine Store
Applicant's Name	Murad Rida Jreissat
Business Name	MJ Mercado Del Valle LLC
Business Address	425 N Central Ave Avondale, AZ 85323

Department Comments

No concerns

- [x] **Police Department**
- [ ] **Fire Department**
- [ ] **Development Services**
- [ ] **Finance Department**

- (●) **Approved**
- ( ) **Denied**

Varney Lopez
Varney Lopez (Apr 13, 2026 07:48:58 PDT)
E-Signature

Lieutenant
Title

Varney Lopez
Name

Apr 13, 2026
Date

This license is scheduled for the City Council Meeting on: 05/04/2026

Please complete form by: 04/20/2026

CITY COUNCIL REPORT

ITEM NUMBER: 4.c.

SUBJECT: Amendment to the Professional Services and Employment Agreement with Ron Corbin (City Manager)

MEETING DATE: 5/4/2026

TO: Mayor and Council

FROM: Andrew Mesquita, Human Resources Director, (623) 333-2211

THROUGH: Ron Corbin, City Manager, (623) 333-1011

REVIEWED: Ron Corbin, City Manager, (623) 333-1011

STRATEGIC PLAN:
n/a

PURPOSE:
City Council will consider a request to approve an amendment to the Professional Services and Employment Agreement ("Employment Agreement") with City Manager, Ron Corbin and authorize the Mayor, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

BACKGROUND:
City Council held an Executive Session with the City Council on April 20, 2026 to discuss the salary of the City Manager.

DISCUSSION:
The purpose of this agenda item is to approve the Fourth Amendment to the Employment Agreement with City Manager, Ron Corbin. The Fourth Amendment will increase the City Manager's base salary by 10.71% from $306,212 to $339,007.

BUDGET IMPACT:
This transfer will reduce the General Fund contingency and increase City Administration's budget by the amount in the amendment.

RECOMMENDATION:
Staff is recommending approval of the Fourth Amendment to the Professional Services and Employment Agreement with City Manager, Ron Corbin and authorize the Mayor, City Attorney and City Clerk to execute the necessary documents and authority to make necessary budget transfers.

Contact person for document distribution: *Nicholle Harris, Andrew Mesquita, Renee Weatherless*

FOURTH AMENDMENT
TO
PROFESSIONAL SERVICES AND EMPLOYMENT AGREEMENT
BETWEEN
THE CITY OF AVONDALE
AND
RON CORBIN

THIS FOURTH AMENDMENT TO PROFESSIONAL SERVICES AND EMPLOYMENT AGREEMENT (this "Fourth Amendment") is entered into as of May 4, 2026, between the City of Avondale, an Arizona municipal corporation (the "City") and Ron Corbin ("Employee").

RECITALS

A. The City and Employee entered into Professional Services and Employment Agreement, Contract No. 22-276C dated August 22, 2022, as amended by that certain First Amendment dated April 17, 2023, as amended by that certain Second Amendment dated May 20, 2023, as amended by that certain Second Amendment amended and restated July 8, 2024, and as amended by that certain Third Amendment dated June 16, 2025, for Employee to serve as City Manager (collectively, the "Agreement"). All capitalized terms not otherwise defined in this Fourth Amendment have the same meanings as set forth in the Agreement.

B. Employee desires to continue employment as City Manager.

C. The Mayor and Council of the City of Avondale (the "City Council") desire to offer additional compensation to retain Employee as City Manager.

D. The Parties desire to enter into this Fourth Amendment to revise the terms and conditions of Employee's compensation.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing introduction and recitals, which are incorporated herein by reference, the following mutual covenants and conditions, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and Employee hereby agree as follows:

1. Amendment. Section 5.1 of the Agreement is deleted in its entirety and replaced with the following:

5.1 The City agrees to pay Employee a base salary of three hundred thirty-nine thousand seven dollars and zero cents ($339,007.00) for his services rendered pursuant to this Agreement, payable in installments at the same time as other management employees of the City are paid.

2. Withdrawal from Other Employment Opportunities. As consideration for this Fourth Amendment, Employee affirms that, as of the date and year first set forth above: (i) he has withdrawn from consideration as a candidate or finalist in any recruitment or selection process with any third party; (ii) he has no pending employment application with any prospective employer; and (iii) he has not accepted or agreed to accept any offer of employment. Employee acknowledges that these representations are a material inducement to the City's entering into this Fourth Amendment.

3. Effect of Amendment. The Agreement is affirmed and ratified and, except as expressly modified herein, all terms and conditions of the Agreement shall remain in full force and effect.

4. Effective Date. The Employee pay rate set forth in this Fourth Amendment is effective as of May 11, 2026.

5. Non-Default. By executing this Fourth Amendment, the Employee affirmatively asserts that: (i) the City is not currently in default, nor has been in default at any time prior to this Fourth Amendment, under any of the terms or conditions of the Agreement and (ii) any and all Employee claims, known and unknown, relating to the Agreement and existing on or before the date of this Fourth Amendment are forever waived.

IN WITNESS WHEREOF, the parties have executed this instrument as of the date and year first set forth above.

"Employee"

Ron Corbin

"City"

CITY OF AVONDALE, an Arizona municipal corporation

Mike Pineda, Mayor

ATTEST:

Marcella Sarmiento, City Clerk

CITY COUNCIL REPORT

ITEM NUMBER: 4.d.

SUBJECT: Resolution 1027-0526 - Comprehensive Financial Policies

MEETING DATE: 5/4/2026

TO: Mayor and Council

FROM: Renee Weatherless, Finance and Budget Director

THROUGH: Ron Corbin, City Manager

REVIEWED: Ron Corbin, City Manager, (623) 333-1011

STRATEGIC PLAN:
Adopted Financial Policies support all of the elements of the Strategic Plan, ensuring staff has guidance to manage the city's budget and allocate resources to the highest priorities of the city.

PURPOSE:
City Council will consider a request to adopt Resolution 1027-0526, adopting Comprehensive Financial Policies and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

BACKGROUND:
The financial policies provide guidance and direction for staff to manage the city's resources. The policies are published in the annual budget document to inform and provide context to the city's budget development process. In accordance with these policies and best practices, staff review the policies annually and recommend revisions. These policies were last adopted formally by City Council on June 3, 2025.

DISCUSSION:
Best practices recognized by the Government Finance Officers Association (GFOA) include the adoption of formalized financial policies as a central element to a government's effective long-term financial planning. Effective financial policies provide the guidance and policy framework for both the governing body and staff to address recurring issues and challenges in a consistent manner. The adoption of strong and thoughtful financial policies demonstrates to stakeholders that the city takes this responsibility seriously and is favorably viewed by outside rating agencies as a commitment of the city's leadership in this important area. While the policies express the city's present approach to challenges and strategic financial goals, the policies should be reviewed and updated periodically. This year's updated policies include:

- Added a new section with specific guidance and thresholds for Administrative Award Authority
- Added administrative CIP transfer thresholds within the same fund for the Finance and Budget Director and the City Manager
- Clarified Accounting reclassification or adjustments administratively permitted at year-end
- Added credit card transaction limits and ability to pass along convenience fees as previously

presented to council

The proposed Financial Policies are included as an exhibit to the resolution.

BUDGET IMPACT:
There is no direct budget impact to adopting these policies. The policies will provide guidance in the development of the annual budget, as well as provide guidance in a number of areas that impact the city's financials.

RECOMMENDATION:
Adopted Financial Policies support all of the elements of the Strategic Plan, ensuring staff has guidance to manage the city's budget and allocate resources to the highest priorities of the city.

Contact person for document distribution: *Renee Weatherless*

City of Avondale Comprehensive Financial Policies

Amended May 4, 2026

Introduction 1
Fiscal Planning 1
Fund Balance and Reserves 2
Revenues, Collections and Fees 4
Expenditure and Budget Control 5
City Council Award Authority — Administrative Processes 8
Capital Planning and Asset Management 9
Capital Assets 10
Debt Management 11
Accounting, Auditing, and Reporting 13
Enterprise and Internal Service Funds 13
Accounting Principles and Budget 14
Investment Policy 15
Changes to Financial Policies 23

Introduction

Comprehensive financial, budgetary and accounting principles help create a resilient structure for the City's strong, long-term financial planning. Financial policies contribute to increased stakeholder confidence and trust and provide clear direction to City staff concerning the diligence and stewardship with which public monies are to be managed. Policies that are formally adopted show our residents, visitors, businesses, credit rating agencies, and bond investors the City's commitment to financial resiliency and thoughtful management.

Avondale incorporates the following short and long-term financial policies and guidelines for managing revenues, expenditures, fund balance, capital planning, and debt management in its annual budget planning and in ongoing operations throughout each year. In addition, proper accounting practices complement budget development and internal controls to enable the implementation of the City's long-term objectives.

Importantly, the responsibility for applying these policies does not rest solely with Finance and Budget Department staff, but involves the entire City organization of staff, management, and elected officials to ensure Avondale adheres to, and collaborates in, the application of these policies.

To be effective over the long term, these policies must be re-evaluated and updated on a regular basis to ensure the goals and objectives are applicable and achievable.

Fiscal Planning

Fiscal planning is a key element in ensuring that positive financial outcomes can be achieved and will be sustained over time. The City expresses its planning objectives through the adoption and monitoring of the annual budget. These policies will aid in developing the annual budget and related controls, but more importantly, should provide a longer-term perspective to the City's financial position and planning.

The City Council conducts budget planning in public meetings to communicate policy direction for the development of the annual budget and other fiscal priorities and goals. Staff incorporates these policy directions into the annual budget development process. The ~~city~~City will budget revenues and expenditures for all funds on a fiscal year basis which begins July 1 and ends on the following June 30

Staff identifies the City's revenue sources and provides their best estimates of the anticipated level of funding during the forecast period. Staff also prepares realistic estimates of the likely costs of current and proposed City programs, costs of City staffing and benefits, and related operational costs. The principles outlined within this policy help to ensure these goals can be operationalized and sustained from year to year.

Staff evaluate revenue sources to determine if they should be considered on-going or one-time in nature. Revenues that are determined to be on-going may be used to fund the City's on-going operations and one-time needs. However, one-time revenues shall not be budgeted to

fund on-going expenses or debt.

Management prepares recommendations to create a balanced budget and sets priorities for the planning period to accomplish the Council's policy direction.

Fund Balance and Reserves

Maintaining reserves is a prudent financial practice, and fund balance is an important indicator of the City's financial health and stability. Fund balances and reserves are maintained to allow the City to continue providing services to the community in case of unexpected emergencies, unfunded mandates from other governments, and/or economic downturns.

The City classifies and reports fund balances in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The Council has the authority to set aside funds for a specific purpose. Any funds set aside as committed fund balance requires a simple majority vote of the Council prior to the conclusion of the annual audit for the applicable fiscal year.

The Finance and Budget Department Director has the authority to assign funds that are not otherwise assigned by Council action for specific purposes. Any funds set aside as assigned fund balance in this manner must be documented in writing to the City Manager. Such assignments will be identified and incorporated in the City's annual budget planning process. When an expenditure is incurred for purposes for which committed, assigned, and unassigned balances are available, as a general rule, the ~~city~~City will first reduce the committed amounts, followed by assigned amounts, and then unassigned.

Restricted fund balance includes amounts that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.

The City utilizes a two-tier stabilization arrangement as committed fund balance in the General Fund of no less than 35 percent (35%) of adopted budgeted General Fund expenditures from the prior fiscal year, excluding interfund transfers, expenditures on capital projects, and contingency appropriation, to provide a comfortable margin of safety to address potential natural disasters, unexpected economic events, revenue shortfalls, or other budget contingencies.

The first-tier commitment consists of a 25% emergency reserve that may only be used for the following reasons:

- Mitigate damage and expenditures caused by a declared disaster or declared state of emergency for which no reasonable budget adjustments are available to continue or restore essential services.
- Address emergency events that jeopardize the public safety.
- Provide and maintain essential services to the public during natural disasters or

emergency events.

The second-tier commitment consists of a 10% Rainy-Day Reserve that may only be used under the following circumstances:

- The City experiences sudden and/or unexpected declines in revenues that are greater than 10% of General Fund operating revenues from the prior year.
- The City experiences sudden and/or unexpected declines in state-shared revenues that are greater than 10% of General Fund operating expenditures from the prior year.
- Provide and maintain essential services to the public during natural disasters or emergency events.

Once the City Manager, or their designee, has determined that it is necessary to ~~spend down~~expend stabilization reserves, the City Manager shall provide written communication to the Council explaining the nature of the event/occurrence necessitating their use for Council approval. If the reserves are reduced below the minimum required levels, the City staff shall develop a plan for Council approval to restore the reserves to the appropriate balances.

The City shall replenish the emergency and rainy-day reserves within two (2) fiscal years and five (5) fiscal years following the fiscal year of the event, respectively. If the depletion occurs during an ongoing economic downturn, the City shall restore the funds within two (2) years of revenue meeting or exceeding pre-economic downturn amounts, as applicable. The progress of replenishment shall be reported in the City's annual budget.

The City has established two dedicated one-half cent sales tax funds for designated purposes approved by Avondale voters. These funds are recorded and expended separately in accordance with their enabling ordinances. The City ensures the funds are sustainable and can address the City's funding requirements for the approved uses over the City's forecasting period by maintaining a forecasted budgeted fund balance of no less than 16 percent (16%) of budgeted ongoing operating expenditures to provide a comfortable margin of safety to address potential natural disasters, unexpected economic events, revenue shortfalls, or other budget contingencies.

A. The City maintains a separate one half-cent sales tax fund to fund capital improvement projects related to street maintenance, sidewalk improvements, constructing and maintaining residential streets, constructing traffic signals and installing streetlights, construction of water infrastructure and wastewater treatment infrastructure to increase capacity, and transportation projects and services.
B. The City maintains a separate one half-cent sales tax fund to fund needs of its public safety operations above the fiscal year 2003 amount, including: sworn personnel, command staff, support staff, and support costs; code enforcement personnel and support costs; and personnel and/or services to support the City Court.

The following table details the historical reserve fund balance policies.

Fund	FY2025	FY2024	FY2022	FY2021
	General Fund			
General Fund Reserve Total	35% budgeted expenditures of prior fiscal year	35% budgeted expenditures of prior fiscal year	35% budgeted expenditures of prior fiscal year	35% budgeted expenditures of prior fiscal year
Tier 1: Emergency Reserve	25%	25%	25%	25%
Tier 2: Rainy Day Reserve	10%	10%	10%	10%
	Enterprise Funds			
Water and Sewer Operating Reserve Funds	6 months of prior year budget expenses, including debt service but excluding depreciation, capital, and contingency	6 months of prior year budget expenses, including debt service but excluding depreciation, capital, and contingency	6 months operating expenditures including debt service but excluding depreciation	6 months operating expenditures including debt service but excluding depreciation
Solid Waste Reserve Funds	4 months of prior year budget expenses, including debt service but excluding depreciation, capital, and contingency	4 months of prior year budget expenses, including debt service but excluding depreciation, capital, and contingency	4 months operating expenditures + annual debt service	4 months operating expenditures + annual debt service
	Other Funds			
Dedicated Sales Tax	16% of budgeted ongoing operating expenditures	None	None	None
Public Safety Sales Tax	16% of budgeted ongoing operating expenditures	None	None	None

Revenues, Collections and Fees

Management will strive to develop a diverse and sustainable revenue base to support City operations and future objectives.

Unless required to pay the debt service on secondary obligations, the combined primary and secondary City property tax rates will be set at an amount that will not be more than $2.00 per $100 of assessed valuation. Tax rates set by Community Facility Districts (CFDs) or Maintenance Improvement Districts (MIDs) within the City are excluded from the rate ceiling.

When appropriate, and in the determination by the Finance and Budget Department Director, user fees ~~will be~~ are reviewed on a regular basis to calculate their full cost recovery levels, to compare them to the current fee structure, and to recommend adjustments where necessary for City Council adoption. Competing policy objectives may result in reduced user fees and charges that recover only a portion of service costs. ~~considered for adoption by the City Council to recover a portion of the costs of delivering services to customers who directly benefit. Services provided for the community's general welfare may be provided without user service fees.~~

Rates and fees that are not set within the Avondale Municipal Code or state statute will be reviewed annually and may be adopted or amended by Council in accordance with Arizona Revised Statutes (A.R.S.) §9-499.15.

Staff will contract with licensed professionals to assess the appropriate level of development impact fees to provide a funding source for necessary public infrastructure that will benefit future City growth. These fees will be adopted, managed, and accounted for in compliance with Arizona Revised Statutes (A.R.S.) §9-463.05. These fees will be updated and reported as needed or as required by state statute.

The City may accept payments for fees and other charges by credit or debit card but shall not accept credit or debit card payments for less than one dollar ($1.00) or greater than one hundred and twenty-five thousand ~~fifteen thousand~~ dollars ($~~15,000.00~~125,000). A credit card convenience fee may be applied to in-person credit card purchases and online credit and debit card purchases.

The city shall establish cost allocation models to determine the administrative service charges due to the appropriate operating fund for overhead and staff support provided to another fund.

Expenditure and Budget Control

Management must ensure compliance with the legally adopted budget and establish policies and procedures that provide for appropriate controls in the application and monitoring of the City's fiscal operations. Purchases and expenditures must comply with legal requirements and policies and procedures set forth by the state and the City.

A balanced operating and capital budget will be presented annually for Council review and adoption no later than July 1st of the fiscal year and in accordance with the requirements of A.R.S. ~~.~~ §42-17105. These budgets should reflect the priorities of Council and reflect the City's current needs, strategic goals, and priorities.

The City will budget and track expenses and revenues by fund. Each fund is considered a separate fiscal entity accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net position, revenues and expenditures/expenses. Funds are segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance to special regulations, restrictions, or limitations. Staff may add additional administrative funds for tracking specific expenses and revenues.

The budget shall be considered balanced when all sources of funds (revenue, transfers in, and fund balances) are greater than or equal to all uses of funds (expenditures, transfers out, and contingencies) for each fund.

As part of the budget, staff will develop forecasts of the City's major funds over a five-year period.

Requests during the budget process for new or expanded on-going services shall be made

through supplemental requests. Appropriations from supplemental requests approved during the budget process will be used only for the purposes authorized by the approved supplemental request. The Finance and Budget Department will monitor the utilization of these amounts to ensure timely expenditure. If the funding is not utilized for the stated purpose in a reasonable timeframe, funds may be reverted with the authorization of the City Manager. If the funds are no longer needed for the purpose, the City Manager may reallocate the funds according to the budget transfer guidelines. Funds not identified for a specific use may be used for their highest and best use as determined by the department director and the City Manager and according to any legal restrictions on the funds being used.

A system will be used to manage position control that coordinates human resource information with budgeted position information. Seasonal, temporary, or positions with irregular hours may be controlled by the dollar amount budgeted for this purpose.

The City Manager and Human Resources Director may authorize Public Safety, Police, and Fire and Medical to hire critical public safety employees without budgeted positions on a temporary basis as those employees go through training. The requesting department will identify the funding source for these training positions prior to authorization from the City Manager and Human Resources Department.

To ensure continuity of operations, the City Manager and Human Resources Director may authorize departments to temporarily exceed budgeted staffing levels to fill critical positions when the current incumbent in a critical position has formally announced their retirement. This temporary overlap is intended to provide adequate time for training and knowledge transfer

The City may budget for a reasonable amount of vacancy savings by fund in the non-departmental budget. The amount of budgeted vacancy savings shall consider prior year amounts, the economy, and any new recruiting or retention efforts.

Mid-year budget requests that require commitment of on-going resources will be kept to a minimum to minimize the impact on future budgets. If unexpected resources are secured after budget adoption, departments may not expend any of the funds without appropriation.

All departments are responsible for ensuring that expenditures do not exceed their approved budget. Department directors are obligated to communicate potential over-expenditures of their amended budgets to the Finance and Budget Department as soon as they become known.

The budget is adopted by the City Council by department and by fund. The budget will be further allocated by management to divisions and expenditure categories. Budget amendments may be executed throughout the year when the adopted purpose varies from operational needs identified during the fiscal ~~year pursuant~~year pursuant to the following guidelines. Amendments must be fully executed before the authorization or expenditure of funds.

Operating Budget Transfer Guidelines:

- Use of contingency fund appropriation requires City Council approval.
- Transfers of appropriation between funds require City Council approval. Administrative funds shall be treated as belonging to their parent funds for the purpose of this provision.
- Transfers of appropriation between departments require City Council approval.
- Transfers needed to appropriate formally accepted grants, intergovernmental agreements (IGAs), ~~or~~ private donations, and programs where expenditures must be pre-approved by the entity providing the funds may be approved by Finance and Budget.
- Transfers of appropriation to / from personal services (salaries, wages, and benefits) line items within the same department and fund require City Manager approval and must be one-time in nature so as not to impact the department's authorized FTE counts. Savings in personal services will not be used to offset deficits in department operating budgets without written authorization from the City Manager.
- Finance and Budget staff may transfer realized vacancy savings from department budgets to the non-departmental budget to satisfy the budgeted vacancy savings. Finance and Budget staff may transfer realized vacancy savings from the non-departmental budget to department budgets to cover budget overages caused by vacation payouts, separation payouts, and other payouts.
- Department directors are authorized for all other transfer types between divisions and category of expenditures within the same fund.

Continuation of one-time appropriations (carryover) into the next fiscal year may be included in the adopted annual budget. Departments will identify these anticipated amounts as part of the annual budget process. Finance and Budget Department staff will evaluate and recommend requests for consideration as part of the budget adoption process. Appropriations from carryover approved during the budget process will be used only for the purposes authorized by the approved carryover. Finance and Budget Department staff may adjust carryover amounts after the budget is adopted if items with carryover appropriation were received or completed in the prior year.

The City will maintain a purchasing system that provides needed commodities and services in a timely manner to avoid interruptions in the delivery of services. All purchases shall be made in accordance with the City's procurement code, purchasing policies, guidelines, procedures, and applicable state and federal laws. The City will endeavor to obtain supplies, equipment, and services that provide the best value through cooperative purchase agreements and competitive selections.

A system of appropriate internal controls and procedures using best practices shall be maintained for the City's payment processes to ensure vendor and contractor invoices are paid in a timely manner and in accordance with A.R.S. §34-221.

The State of Arizona sets a limit on the expenditures of local jurisdictions. The City will comply with these expenditure limitations and will submit an audited expenditure limitation report as defined by the Uniform Expenditure Reporting System (A.R.S. §41-1279.07) along with audited financial statements to the State Auditor General within the prescribed timelines.

The City Council will pursue an alternative expenditure limitation or an adjustment to the State expenditure limitation as provided by Article IX, Section 20 of the State Constitution if the projected expenditures within two years are anticipated to exceed the expenditure limitation.

City staff will develop policies and procedures for the administration of grant awards. The City will evaluate potential grants to ensure that they further the goals and objectives of the City without unduly obligating or leveraging current or future City funds. Grant opportunities will be reviewed and approved by the Finance & Budget Department Director or their designee prior to the creation of the grant application.

All grant awards and ~~IGA awards~~ intergovernmental agreements require the approval of City Manager or their designee for acceptance before appropriation of funds. Finance and Budget staff may transfer appropriations as necessary for accepted grants, IGA, or private donations. Grant and IGA funding may not be obligated in advance of acceptance by the City Manager or their designee. The stability of the funding source along with potential funding alternatives, should the grant or donation diminish or cease, shall be considered prior to funding personnel or other ongoing expenses in-whole or in-part from grants or donations.

City Council Award Authority — Administrative Processes

Administrative award authority is the delegated power granted by City Council during budget adoption that allows the Procurement Manager to approve contracts exceeding the standard $100,000 threshold, up to a specified limit for designated budget categories, without requiring individual Council approval for each contract.

Administrative award authority enables the Procurement Manager to efficiently execute budget-approved procurements over $100,000 without delays for individual Council approvals, while maintaining fiscal oversight through pre-established spending limits by category.

The City Council reviews and approves administrative award authority through multiple governance processes, including the adoption of the annual budget, acceptance of grants and donations, and approval of mid-year budget adjustments. Awards made in accordance with these actions — and within the scope, description, and allocated expenditure authorized through such processes — are considered to have received City Council approval for purposes of contract award authority. Delegation of award authority for these items is governed by Procurement Code Section 25-6l.

For awards not previously approved through the above processes, the following approval authority applies:

Award Amount	**Approving Authority**
Over $100,000	City Council
$5,001 – $100,000	City Manager or Designee
Up to $5,000	Department Director

Awards that exceed the allocated expenditure or materially deviate from the approved scope require City Council approval regardless of dollar amount.

Capital Planning and Asset Management

The City will manage and plan for capital assets and infrastructure improvements. A capital project is defined as a one-time, long-term project to build upon, add to, or improve a capital asset. Capital projects should generally cost more than $100,000 and the infrastructure improvement resulting from a completed capital project should have a lifespan of more than three years. Replacement of existing assets may also be tracked as a capital project to ensure proper long-term planning. Long-term capital planning documents such as infrastructure master plans should also be tracked as a capital project.

Management will plan and manage the City's capital infrastructure and assets in a fiscally sound and sustainable manner to ensure they support City operations, goals for quality of life, and future growth.

A balanced Capital Improvement Plan (CIP), which supports City operations and goals for quality of life and future growth, shall be developed for a five-year period to allow for appropriate planning. The CIP shall be considered balanced when all sources of funds (revenue, transfers in, and fund balances) are greater than or equal to all uses of funds (expenditures, transfers out, and contingencies) by year for each fund in the capital program. The CIP shall cover a planning period of five years, but only the first year of the five-year CIP will be adopted by City Council as part of the annual budget.

Capital projects will only be approved with funding from designated sources that are known – or considered reasonably likely during the project's plan – and meet the project's estimated development costs and costs to support.

Capital project budgets often span multiple fiscal years and appropriation often needs to carryover from one fiscal year to the next to ensure adequate appropriation for the project. Carryover of a project budget shall not increase or decrease the total approved budget for a project. The budget of an approved capital project shall be managed at both the total project budget level (regardless of fiscal year) and also the approved fiscal year appropriation. Finance and Budget Department staff may adjust carryover appropriation for a capital project if the

adjustment does not increase or decrease the total project budget.

Changes to capital projects within the approved CIP in terms of material individual capital project changes in scope and proposed transfers of funds between approved capital projects greater than $50,000 require City Council review and authorization. Mid-year capital project additions to the approved CIP will be kept to a minimum to ~~minimize~~ limit the impact on future budgets ~~and require City~~ .

Council review and authorization. The council report must indicate the reason for the mid-year change, the impact on the overall CIP including future capital projects, and why the change needs to occur mid-year and cannot wait for the annual budget process.

The Finance and Budget Director or designee may approve transfers up to $10,000 of available appropriation in the CIP within capital projects of the same fund. The City Manager or designee may approve transfers between capital projects of the same fund between $10,001 and $50,000.

The budget for closed projects may be reduced to actual cost with savings reserved for midyear allocation to other projects within the same fund according to the approval schedule outlined above. Unused project saving appropriations will lapse at the end of the current fiscal year.

The performance and continued use of capital infrastructure is essential to delivering public services. Deferring essential maintenance and/or asset replacement can negatively impact service delivery and increase long-term costs. As such, the City will periodically assess the condition of assets and infrastructure and appropriately plan for required major maintenance and replacement needs. Efforts will be made to allocate sufficient funds in the CIP and operating budgets for condition assessment, preventative and major maintenance, and repair and replacement of critical infrastructure assets.

Capital Assets

Capital assets are real, intangible, or personal property that have a value equal to or greater than the capitalization threshold and have an estimated useful life of greater than one year. A capital asset shall be reported and with certain exceptions, using the straight-line method over the estimated useful life based on the depreciation schedule.

Capital assets shall be recorded at their acquisition, construction or historical cost and include all costs associated with placing the asset in service including but not limited to insurance during transit, freight, and installation costs. In the absence of historical cost information, an estimated historical cost may be used. All capital assets shall be assigned an asset number and entered into the asset management system by the Finance and Budget Department for tracking,

reporting, and depreciation purposes.

The City shall capitalize assets whose individual costs are $10,000 or more or groups of assets with an aggregate value of $1.0 million or more, which is 1% of the City's total capital asset value net of accumulated depreciation. For example, replacing 500 computers valued at $2,000 would be capitalized because the aggregate value is more than the threshold.

Construction in progress is the economic construction activity status of buildings, infrastructure, and improvements that are substantially incomplete. Construction in progress assets shall be capitalized but not depreciated until the earliest occurrence of substantial completion or the asset is placed in service. Payroll costs are not capitalized for projects completed by City staff.

GASB 87 requires that property and equipment leases that convey control of the right to use another entity's financial asset in an exchange or exchange-like transaction must be reported as a capital lease/financing lease. Where the City is the lessee, a lease liability and intangible asset shall be recognized. Where the City is the lessor, a lease receivable and deferred inflow of resources shall be recognized. The City shall recognize GASB 87 lease receivable or lease liability with an initial, individual value of $100,000 or more.

GASB 96 requires the City to recognize a right-to-use subscription as an intangible asset and a corresponding subscription as liability. The City should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. This Statement provides an exception for short-term subscription-based IT arrangements (SBITA). Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. The City shall recognize SBITA intangible asset with an initial, individual value of $100,000 or more.

The City will record the acquisition and disposition of capital assets in a timely manner and in accordance with accepted accounting practices and will maintain appropriate control over their location and condition. Finance and Budget Department staff will establish a system of controls that ensures departments maintain stewardship and control of their non-capital assets.

To ensure the safeguarding of capital assets, a physical inventory of capital assets shall be performed annually.

Debt Management

The City will prudently utilize debt to fund long-term objectives without overcommitting the City's current or future resources. The proceeds from General Obligation, Excise, and Utility Revenue bonds may be used as a funding source for the capital improvement plan. The City shall not use derivatives for debt management.

Long-term debt shall not be issued to finance ongoing operations. Short-term borrowing or lease purchase contracts should only be considered for financing major operating capital equipment when it is determined to be in the City's best financial interest as determined by the Finance and Budget Department Director or their designee.

The City's capacity to issue new General Obligation (G.O.) debt, within the limits established in Article 9, Section 8 of the Arizona Constitution, will be projected annually with the budget process. General obligation debt will not be issued if the secondary property tax rate when combined with the primary rate is projected to exceed $2.00 per hundred dollars of assessed valuation.

Bonds which pledge excise taxes will be issued only when actual annual excise tax collections are at least three (3) times the maximum annual debt service. Bonds which pledge water, sewer, or solid waste revenue will be issued only when minimum fund reserves are projected to be maintained. The water, sewer, and solid waste funds will maintain operating debt coverage ratios that are at least 1.5 times the fund's maximum annual debt service requirement over a prospective five-year period. The operating debt coverage ratio represents the utilities' revenues less operating and maintenance expense (without debt service) compared to annual debt service obligations.

Debt shall be structured to provide a stable property tax rate and must abide by Arizona Revised Statute Title 35, Chapter 3 and the authorizing documents.

The City shall contract with a municipal advisor professional registered with the Municipal Securities Rulemaking Board and bond counsel to assist with the issuance of debt. In consultation with the municipal ~~financial~~ advisor, the Finance and Budget Department Director or their designee will determine the method of sale most advantageous to the City for the specific debt issuance, including competitive, negotiated, private placement, or bank loan. The ~~financial~~municipal advisor shall provide bond pricing services or market indices to evaluate final bond pricing. The City will endeavor to obtain the best bond pricing through the use of credit rating agencies or the acquisition of bond insurance. The ~~financial~~ municipal advisor shall assist with obtaining the best pricing, including determining the number of ratings, the selection of rating services, the selection of bond insurance providers, and the selection of underwriters.

The Finance and Budget Department Director shall have written documentation related to the investment of bond proceeds, continuing disclosure procedures, tax law compliance monitoring, arbitrage rebate monitoring, federal and state law compliance practices, and ongoing investor relations efforts.

Debt service shall be included in all budgets and long-term financial plans to ensure adequate resources are available to make payments on time. The City shall utilize a bond paying agent to distribute interest and principal payments to bondholders.

Unfunded pension liabilities, or pension debt, are often a significant portion of a ~~city~~City's debt. Consequently, the City shall maintain and comply with a written pension funding policy for its Public Safety Personnel Retirement System plan that has been approved by the City Council. The City will ensure that the plan has sufficient assets to meet actuarial requirements. In funding the plan, the City will balance member pension benefits and taxpayer funds in an equitable manner.

Accounting, Auditing, and Reporting

The City will conform to general accepted accounting principles (GAAP) adopted by the Governmental Accounting Standards Board (GASB) and will remain abreast of current policies and changes in approaches. Staff will apply best practices and authoritative standards for local governments to ensure ease of understanding and financial transparency.

The City will prepare and publish an Annual Comprehensive Financial Report to provide accurate and meaningful information on the City's financial condition as prescribed by the Government Finance Officers Association (GFOA).

Management will ensure appropriate internal controls are in place across the City to ensure funds are safeguarded and utilized according to stated objectives and governing policies. Finance and Budget Department staff may develop guidance or policies to assist departments with proper internal control protocols and procedures.

All City bank accounts shall be reconciled and reviewed on a monthly basis and no later than 45 days after the end of the calendar month.

Separate ~~B~~bond funds will be ~~managed~~utilized to facilitate arbitrage and accounting requirements.

Enterprise and Internal Service Funds

The City's enterprise funds are established to provide services to the community and are to be self-supporting from the revenues generated by their user charges and fees. These funds will pay an appropriate amount of overhead costs for services received from central service departments. Revenues from ratepayers will not be used to subsidize the operations of non-enterprise functions.

The water and sewer operating funds will maintain an operating reserve as assigned fund balance equal to six (6) months of the previous year's adopted budgeted expenditures that includes debt service payments but excludes depreciation expense, capital expenditures, and contingency appropriation. The solid waste fund and any additional enterprise funds the City may add in the future will maintain an operating reserve as assigned fund balance equal to four (4) months of the previous year's adopted budgeted expenditures plus the amount required to meet the annual debt service requirements, but excludes depreciation expense, capital expenditures, and contingency appropriation.

Enterprise funds may have separate administrative funds for the separate tracking of capital development and equipment replacement. The water, sewer, and solid waste development and equipment replacement funds are not considered part of the operating funds for the reserve calculations, but the funds may reserve separate amounts for capital replacements in accordance with any bond covenant requirements.

User rates and fees for enterprise operations will be reviewed and recommendations on user rates and fees will be presented to City Council for adoption periodically to ensure they recover the costs of operations, capital investments, debt obligations, and required reserve requirements to ensure stability and financial sustainability. The City will endeavor to set charges that are competitive, as affordable as possible, and recognize customer value. Enterprise funds will pay appropriate internal service costs for central City functions using the same allocation methodology as other City funds. These will be separate from any assessments to the City's water and sewer utilities for payments-in-lieu-of-property tax (PILOT) and franchise fee-in-lieu interfund transfers.

Internal service funds may be established for activities that provide goods and services to other areas of the City on a cost-reimbursement basis. Internal service funds will also be used in areas the City finds it advantageous to be self-insured.

Internal service funds should operate on a cost-recovery basis. User fees will be established and updated annually to ensure the full cost of providing services, including the cost of capital assets (depreciation, related debt services or estimated replacement cost) will be recovered. Surplus or deficit fund balances in these funds will be monitored to ensure they are compatible with the cost- reimbursement character of the fund type.

Accounting Principles and Budget

Annually, the City of Avondale Finance and Budget Department publishes ~~a financial document related to the City budget called an~~ the Annual Comprehensive Financial Report (ACFR). It provides a fair representation of the status of the City's financial position, changes in financial position, and changes in cash flow, as applicable, of the City's governmental funds, proprietary funds and fiduciary funds in accordance with U.S. "generally accepted accounting principles" (GAAP) adopted by the Governmental Accounting Standards Board (GASB). The GASB is the recognized standard-setting body for establishing governmental accounting and reporting principles.

In accordance with GASB, the governmental fund types (General, Special Revenue, Debt Service, and Capital Project Funds) are prepared on a modified accrual basis and focus on near- term liquidity. In these funds, expenditures are recorded when the related fund liability is incurred and revenues are recognized only when they are measurable and available. The proprietary fund types (Internal Service and Enterprise Funds) are prepared on a full accrual basis of

accounting and have an economic resources measurement focus. In these funds, expenses are recognized when they are incurred and revenues are recognized when they are earned by the City (e.g., water user fees are recognized as revenue when service is provided). ~~The ACFR includes a budgetary comparison for all major governmental funds.~~

The City of Avondale uses a fund-based budget, meaning that the accounts of the City are organized on the basis of funds. Each fund is considered a separate entity accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net position, revenues and expenditures/expenses. Funds are segregated for the purpose of carrying specific activities or attaining certain objectives in accordance to special regulations, restrictions, or limitations. For all funds, the budget, or appropriations, lapse on June 30th. Any unspent appropriations required in the subsequent fiscal year are estimated and re-appropriated as carryover budgets in each respective fund.

In most cases, the City conforms to GASB principles when preparing its budget and reporting fund balances for budgeting purposes. Exceptions are made where it would be impractical or inappropriate to budget using accounting requirements. Some of the more significant differences follow:

- Compensated absence liabilities (e.g., sick and vacation leave) are recorded as expenses within the Enterprise Funds when earned by employees (GAAP) as opposed to being expensed when paid (Budget).
- Claims incurred but not reported (IBNR) expense are recorded for GAAP basis but excluded on a budget basis.
- Capital outlays within the Enterprise Funds are recorded as assets on a GAAP basis and expenses on a budget basis.
- Principal payments on debt obligations of the Enterprise funds are recorded as a reduction of liability on a GAAP basis and expensed on a budget basis.
- Depreciation expense is recorded on a GAAP basis only.
- Changes in the fair value of investments are treated as adjustments to revenue on a GAAP basis only.
- Leases receivable is recorded on a GAAP basis only.
- Cash from interfund loans are reported as fund balance for budgeting purposes but the associated asset and liability are not reported for budgeting purposes.

Accounting reclassification or adjustments required for ACFR presentation or audit compliance are recorded on a GAAP basis only.

Investment Policy

The City receives significant revenue over the course of a year, and it is important that cash balances are prudently invested so that they not only provide an adequate return to the City, but invested monies are returned intact without any loss in principal balance. This investment

policy is established to ensure the safety of City monies while at the same time providing the required liquidity to operate City programs.

This policy is designed to apply to the investment program of the City.

- The City will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies regarding investment management pricing, safekeeping costs and administration costs. Cash in certain restricted and/or trust funds with investment restrictions may be kept separate.
- Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.
- The City operates under Arizona Revised Statute (A.R.S.) Title 35, Chapter 2, Article 2.1 entitled Money Management, and other investment guidelines mandated by statute. Investments that need to restrict yield for purposes of the Internal Revenue Service's Arbitrage Bond Regulations (Treasury Regulation Section 1.148-1 et seq.) may be deposited into a separate account and invested in a manner that meets arbitrage guidelines permitted by the IRS.

The primary objectives, in order of priority, of the City's investment activities are:

1. **Safety** – Safety of principal is the foremost objective of the investment program. The City will seek to ensure preservation of principal in the overall portfolio. The objective will be to prudently mitigate credit risk and interest rate risk. It is understood by the City that no investment is completely free of risk.
2. **Liquidity** – The investment pools and funds will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated. This is to be accomplished by structuring the portfolio so that securities mature concurrent with anticipated cash flow needs. The portfolio should consist of securities for which there exist active secondary markets.
3. **Return on Investment** – The investment pools and funds shall be managed with the objective of attaining a competitive rate of return given the constraints of the safety and liquidity objectives. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

The Standards of Care for the City are:

- Prudence – The standard of prudence to be used by investment officials shall be the "uniform prudent investor act" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.
- Ethics and Conflict of Interest – Officers and employees of the City involved in the

investment process shall adhere to the conflict-of-interest laws as set forth in A.R.S. §38-501 through 38-511. They shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

The City Manager~~, Assistant City Manager,~~ and Finance and Budget Director may delegate the management of the investment program of the City to an external SEC-registered investment advisor(s). If authority to manage all or a part of the investment program of the City is delegated to an external advisor(s):

- The advisor(s) shall comply with this Policy and other written instructions provided by the Finance and Budget Director.
- The Finance and Budget Director will be responsible for:
    1. Periodic investment portfolio reporting;
    2. Evaluating the performance of the externally managed portfolio;
    3. Monitoring manager compliance with the investment policy;
    4. Conveying the investment needs of the City to the external manager/Investment Advisor(s);
    5. Developing investment strategy with the external manager and/or Investment Advisor(s).

A list will be maintained of financial institutions and depositories authorized to provide investment services.

All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:

- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines.
- Proof of Financial Industry Regulatory Authority (FINRA) certification (not applicable to Certificate of Deposit counterparties).
- Proof of state registration.
- Completed broker/dealer questionnaire (not applicable to Certificate of Deposit counterparties).
- Certification of having read and understood and agreeing to comply with the City's investment policy.
- Evidence of adequate insurance coverage.

An annual review of the financial condition and registration of all qualified financial institutions and broker/dealers will be conducted by the Finance and Budget Department.

If the City chooses to retain an investment advisor, then their approved Broker/Dealer list may be used in lieu of the requirements listed above.

The following standards related to Safekeeping and Custody shall be followed:

- All security transactions entered into by the City shall be conducted on a delivery versus payment basis.
- Securities shall be held by a custodian designated by the City and evidenced by custodial reports.
- Securities will be held by an independent third-party custodian selected by the entity as with all securities held in the City's name.
- The safekeeping institution shall annually provide a copy of their most recent report on internal controls ~~(Statement of Auditing Standards No. 70, or SAS 70)~~.

The City shall establish written internal controls to regulate the activities of investment personnel, which shall include:

- Control of Collusion: Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
- Segregation of duties: By separating the person who authorizes or performs the transaction, a good separation of duties is achieved.
- Custodial Safekeeping: Securities purchased from any bank or dealer, including appropriate collateral, shall be placed into an independent third-party institution for custodial safekeeping.
- Avoidance of physical delivery securities: Book entry securities are much easier to transfer and account for since actual delivery is never taken. Physical delivery securities must be properly safeguarded as are any valuable documents. The potential of fraud and loss increases with physical delivery securities. Bearer-form securities are much easier to convert to personal use than securities that are registered in the name of the government.
- Clear delegation of authority to subordinate staff members: Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid any improper actions. Clear delegation of authority also preserves the internal control structure that is built around the various staff positions and their respective responsibilities.
- Written Confirmation of all transactions (transfer, fax, internet) for investments and wire transfers: Due to potential for errors and improprieties arising from telephone/electronic transactions, these shall be documented in writing and approved by the appropriate person.
- Development of an electronic funds transfer agreement with banks: This agreement should outline the various controls and security provisions for making and receiving electronic funds transfers.
- Authorization representing the government shall be in compliance with the policy for all transfers.
- Financial institutions will have written instructions regarding government authorizations for wire transfers, restrictions on accounts where funds can be wired, and other procedures that will mitigate unauthorized movement of funds (e.g., call-back to independent person, written confirmation, etc.)

- Insurance may be secured at appropriate levels to bond employees charged with investment and cash handling responsibilities.

Consistent with the City's investment policy objectives and A.R.S. §35-323A, the following investments will be permitted by this policy:

1. Certificates of deposit in eligible depositories-50% sector limit, must be insured or fully collateralized.
2. Negotiable or brokered certificates of deposit issued by a nationally or state- chartered bank or savings and loan association; that are rated "A" (long-term) or A-1 (short-term) or the equivalent or better by a NRSRO-50% sector limit, 5% issuer limit.
3. Commercial paper, of prime quality that is rated within the top two ratings by a nationally recognized rating agency. All commercial paper must be issued by corporations organized and doing business in the United States-50% sector limit, 5% issuer limit.
4. Interest bearing savings accounts in banks and savings and loan institutions doing business in this state whose accounts are insured by federal deposit insurance for their industry. Deposits in excess of the insured amount are secured by collateral as outlined in A.R.S. §35-323.
5. The pooled investment funds established by the state treasurer pursuant to A.R.S. §35-326.
6. Obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations or instrumentalities.
7. Bonds or other evidence of indebtedness of this state or any of its counties, incorporated cities or school districts-40% sector limit, 5% issuer limit.
8. Bonds, notes or evidence of indebtedness issued by any county improvement district or municipal improvement district of any state to finance local improvements authorized by law, if the principal and interest of the obligations are payable from assessments on real property within the improvement district-40% sector limit, 5% issuer limit. An investment shall not be made if:
    a. The face value of all such obligations, and similar obligations outstanding, exceeds fifty percent of the market value of the real property, and if improvements on which the bonds or the assessments for the payment of principal and interest on the bonds are liens inferior only to the liens for general ad valorem taxes.
    b. A default in payment of principal or interest on the obligations to be purchased has occurred within five years of the date of investment, or, if the obligations were issued less than five years before the date of investment, a default in the payment of principal or interest has occurred on the obligations to be purchased or on any other obligation of the issuer within five years of the investment.
9. Bonds, debentures, notes or other evidence of indebtedness that are denominated in United States dollars and that carry at a minimum an "A" or better rating, at the time of purchase, from at least two nationally recognized rating agencies-50% sector limit, 5% issuer limit.

10. Repurchase agreements with a maximum maturity of one hundred eighty days-40% sector limit, 20% issuer limit.

Unless part of the above lists of permitted investments, all other investments instruments are hereby prohibited from consideration.

The City shall invest trust and restricted funds in accordance with A.R.S. §35-324, A.R.S. §35-328 and the terms of the trust or controlling documents, if any.

Table of Permitted Investment

Item	Investment Type	Sector Limit	Issuer Limit
1	Certificates of Deposit (CDs)	50%	
2	Negotiable/Brokered CDs	50%	5%
3	Commercial Paper	50%	5%
4	Cash Funds/Money Market Accounts	100%	
5	Local Government Investment Pool (LGIP)	100%	
6	U.S. Treasury, U.S. Gov. Agency Obligations/Instrumentalities	100%	
7-8	State or Local Government Agency Obligations	40%	5%
9	Corporate Notes, Asset-backed securities	50%	5%
10	Repurchase Agreements	40%	20%

Following the primary objective of preservation of capital, investments shall be actively managed to take advantage of market opportunities. In so doing, negotiable securities may be sold prior to their maturity to provide liquid funds as needed for cash flow purposes, to enhance portfolio returns, or to restructure maturities to increase yield and/or reduce risk.

The City recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Portfolio diversification is employed to control risk. The Finance and Budget Director will display prudence in the selection of securities to minimize default risk. No individual investment transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio. In the event of a default by a specific issuer, the Finance and Budget Director shall review, and if appropriate, proceed to liquidate securities having comparable risks.

The Finance & Budget Director shall periodically adjust guidelines and strategies to control risks of default, market price changes and illiquidity.

It is the policy of the City to diversify its investment portfolio.

- Investment funds shall be diversified to minimize the risk of loss resulting from overconcentration of assets in a specific maturity, a specific issuer, or a specific class of securities.
- Diversification strategies shall be periodically reviewed by the Investment Advisory Committee.

The City, to the extent possible, will attempt to match investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five years from the date of purchase or in accordance with governing legislation.

Reserve funds may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

Maturity decisions will be made based on a variety of factors, including the following:

- Internal factors, such as cash flow projections, debt service, potential CIP outlays, etc.
- The yield curve at various maturity sectors of the market.
- Federal Reserve Bank policy and the financing plans of the U.S. Treasury and Agencies.

Competitive bidding strengthens the investment program in terms of level and consistency of performance. In general, all purchases of investments will be bid competitively and to the extent practical, all purchases will be awarded to vendors yielding the highest returns to the City. The City reserves the right to reject the bid yielding the highest return if the transaction is deemed to be inconsistent with City policy, i.e., maturity, risk, liquidity, etc.

For every investment transaction the City shall conduct a competitive "bid" process, securing quotes from at least three (3) qualified broker/dealer institutions. If the City utilizes an outside investment advisor, the advisor shall follow the same process of securing a minimum of three (3) bids from their list of approved broker/dealers.

A report containing balance and yield information related to liquidity investments such as LGIP, overnight balances, money market funds, and short-term certificates of deposit will be provided to the Finance & Budget Director on a monthly basis.

The following reports related to third party managed investment securities will be provided to the Finance & Budget Director.

- Monthly
    1. Month end Investment Summary. The month-end investments are summarized by type of investment. The report summarizes original cost and market values of investments in the pools and funds.
    2. Earned investment yield for period, year-to-date, and comparison to prior year.

3. Interest distributed for period.

- Quarterly
  1. Monthly average rate of return on the portfolio.
  2. Average days to maturity.
  3. Monthly portfolio composition.

At a minimum, a report shall be presented annually to the City Manager and Council to update administration on securities held, maturities, investment returns, unrealized gains (losses), and comparisons to established benchmarks, market conditions, prevailing investment strategy, and adherence to the investment policy. Securities will be reported on a market-to-market basis as defined by the Governmental Accounting Standards Board (GASB).

The report of investment holdings shall be reconciled to the City's custodian bank within thirty (30) days of the close of each month and any discrepancies shall be reported to the Finance & Budget Director.

Changes to Financial Policies

The City's Comprehensive Financial Policies are reviewed annually, and the entire policy document, with any recommended changes, is generally adopted by City Council at the same time as the annual budget. In June 2020, the City's Comprehensive Financial Policies were overhauled. Minor changes have been made each subsequent year. The table below details the notable changes over the past five years.

Date of Update	Notable Changes
June 1, 2026	• Added a new section with specific guidance and thresholds for Administrative Award Authority • Added administrative CIP transfer thresholds within the same fund for the Finance and Budget Director and the City Manager • Clarified Accounting reclassification or adjustments administratively permitted at year end • Added credit card transaction limits and ability to pass along convenience fees
June 2, 2025	• Allow a temporary overlap when filling critical positions • Enhance the debt management policy to conform with best practices • Delegates authority to transfer realized vacancy savings for employee payouts • Reformat the investment policy to match the other financial policies • Included a Table of Contents for easier document navigation
June 3, 2024	• Added fund balance requirements for the two dedicated one-half cent sales tax funds • Added authorization to budget vacancy savings and transfer vacancy savings from department budgets • Added a capital assets section establishing capitalization thresholds
June 5, 2023	• Added the Investment Policy. This policy was previously approved by council separately • Reduced the limit for credit/debit card payments accepted for payment of fees and charges from $25,000 to $15,000 • Licensed professionals are to be used to assess development impact fees • Defines fund and allows for administrative funds to be used to track specific revenues and expenditures • Defines FTE and pooled positions • Defines capital projects • Delegates carryforward adjustments for capital projects to the Finance & Budget Department
June 6, 2022	• Added limits for credit card payments accepted for payment of fees and charges • Added the Public Safety Department to the list of departments allowed to request the hiring of unbudgeted critical public safety positions • Clarified that part time FTE positions represent 2080 compensated hours during the fiscal year • Clarified that the assigned reserve balance is equal six or four months of operating expenditures • Updated technical accounting language to reflect current GFOA Blue Book guidance. • Updated the name of the annual financial report from Comprehensive Annual Financial Report to Annual Comprehensive Financial Report
June 7, 2021	• Added clarification on hiring of unbudgeted critical public safety positions • Removed reference to Capital Improvement Plan Citizen Committee
June 15, 2020	• New Comprehensive Financial Policies Adopted • Added General Fund Tier 1 and Tier 2 fund balance reserve designations • Tier 1: 25% emergency reserve • Tier 2: 10% rainy day reserve • Water and Sewer fund balance requirements amended • Reduced from 9 months operating expenditures plus 5% asset value excluding accumulated depreciation to 6 months operating expenditures including debt service • but excluding depreciation

City of Avondale Comprehensive Financial Policies

Amended May 4, 2026

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Introduction

Comprehensive financial, budgetary and accounting principles help create a resilient structure for the City's strong, long-term financial planning. Financial policies contribute to increased stakeholder confidence and trust and provide clear direction to City staff concerning the diligence and stewardship with which public monies are to be managed. Policies that are formally adopted show our residents, visitors, businesses, credit rating agencies, and bond investors the City's commitment to financial resiliency and thoughtful management.

Avondale incorporates the following short and long-term financial policies and guidelines for managing revenues, expenditures, fund balance, capital planning, and debt management in its annual budget planning and in ongoing operations throughout each year. In addition, proper accounting practices complement budget development and internal controls to enable the implementation of the City's long-term objectives.

Importantly, the responsibility for applying these policies does not rest solely with Finance and Budget Department staff, but involves the entire City organization of staff, management, and elected officials to ensure Avondale adheres to, and collaborates in, the application of these policies.

To be effective over the long term, these policies must be re-evaluated and updated on a regular basis to ensure the goals and objectives are applicable and achievable.

Fiscal Planning

Fiscal planning is a key element in ensuring that positive financial outcomes can be achieved and will be sustained over time. The City expresses its planning objectives through the adoption and monitoring of the annual budget. These policies will aid in developing the annual budget and related controls, but more importantly, should provide a longer-term perspective to the City's financial position and planning.

The City Council conducts budget planning in public meetings to communicate policy direction for the development of the annual budget and other fiscal priorities and goals. Staff incorporates these policy directions into the annual budget development process. The City will budget revenues and expenditures for all funds on a fiscal year basis which begins July 1 and ends on the following June 30

Staff identifies the City's revenue sources and provides their best estimates of the anticipated level of funding during the forecast period. Staff also prepares realistic estimates of the likely costs of current and proposed City programs, costs of City staffing and benefits, and related operational costs. The principles outlined within this policy help to ensure these goals can be operationalized and sustained from year to year.

Staff evaluate revenue sources to determine if they should be considered on-going or one-time in nature. Revenues that are determined to be on-going may be used to fund the City's on-

going operations and one-time needs. However, one-time revenues shall not be budgeted to fund on-going expenses or debt.

Management prepares recommendations to create a balanced budget and sets priorities for the planning period to accomplish the Council's policy direction.

Fund Balance and Reserves

Maintaining reserves is a prudent financial practice, and fund balance is an important indicator of the City's financial health and stability. Fund balances and reserves are maintained to allow the City to continue providing services to the community in case of unexpected emergencies, unfunded mandates from other governments, and/or economic downturns.

The City classifies and reports fund balances in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The Council has the authority to set aside funds for a specific purpose. Any funds set aside as committed fund balance requires a simple majority vote of the Council prior to the conclusion of the annual audit for the applicable fiscal year.

The Finance and Budget Department Director has the authority to assign funds that are not otherwise assigned by Council action for specific purposes. Any funds set aside as assigned fund balance in this manner must be documented in writing to the City Manager. Such assignments will be identified and incorporated in the City's annual budget planning process. When an expenditure is incurred for purposes for which committed, assigned, and unassigned balances are available, as a general rule, the City will first reduce the committed amounts, followed by assigned amounts, and then unassigned.

Restricted fund balance includes amounts that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.

The City utilizes a two-tier stabilization arrangement as committed fund balance in the General Fund of no less than 35 percent (35%) of adopted budgeted General Fund expenditures from the prior fiscal year, excluding interfund transfers, expenditures on capital projects, and contingency appropriation, to provide a comfortable margin of safety to address potential natural disasters, unexpected economic events, revenue shortfalls, or other budget contingencies.

The first-tier commitment consists of a 25% emergency reserve that may only be used for the following reasons:

- Mitigate damage and expenditures caused by a declared disaster or declared state of emergency for which no reasonable budget adjustments are available to continue or restore essential services.

- Address emergency events that jeopardize the public safety.
- Provide and maintain essential services to the public during natural disasters or emergency events.

The second-tier commitment consists of a 10% Rainy-Day Reserve that may only be used under the following circumstances:

- The City experiences sudden and/or unexpected declines in revenues that are greater than 10% of General Fund operating revenues from the prior year.
- The City experiences sudden and/or unexpected declines in state-shared revenues that are greater than 10% of General Fund operating expenditures from the prior year.
- Provide and maintain essential services to the public during natural disasters or emergency events.

Once the City Manager, or their designee, has determined that it is necessary to expend stabilization reserves, the City Manager shall provide written communication to the Council explaining the nature of the event/occurrence necessitating their use for Council approval. If the reserves are reduced below the minimum required levels, the City staff shall develop a plan for Council approval to restore the reserves to the appropriate balances.

The City shall replenish the emergency and rainy-day reserves within two (2) fiscal years and five (5) fiscal years following the fiscal year of the event, respectively. If the depletion occurs during an ongoing economic downturn, the City shall restore the funds within two (2) years of revenue meeting or exceeding pre-economic downturn amounts, as applicable. The progress of replenishment shall be reported in the City's annual budget.

The City has established two dedicated one-half cent sales tax funds for designated purposes approved by Avondale voters. These funds are recorded and expended separately in accordance with their enabling ordinances. The City ensures the funds are sustainable and can address the City's funding requirements for the approved uses over the City's forecasting period by maintaining a forecasted budgeted fund balance of no less than 16 percent (16%) of budgeted ongoing operating expenditures to provide a comfortable margin of safety to address potential natural disasters, unexpected economic events, revenue shortfalls, or other budget contingencies.

A. The City maintains a separate one half-cent sales tax fund to fund capital improvement projects related to street maintenance, sidewalk improvements, constructing and maintaining residential streets, constructing traffic signals and installing streetlights, construction of water infrastructure and wastewater treatment infrastructure to increase capacity, and transportation projects and services.
B. The City maintains a separate one half-cent sales tax fund to fund needs of its public safety operations above the fiscal year 2003 amount, including: sworn personnel, command staff, support staff, and support costs; code enforcement personnel and support costs; and personnel and/or services to support the City Court.

The following table details the historical reserve fund balance policies.

Fund	FY2025	FY2024	FY2022	FY2021
	General Fund			
General Fund Reserve Total	35% budgeted expenditures of prior fiscal year	35% budgeted expenditures of prior fiscal year	35% budgeted expenditures of prior fiscal year	35% budgeted expenditures of prior fiscal year
Tier 1: Emergency Reserve	25%	25%	25%	25%
Tier 2: Rainy Day Reserve	10%	10%	10%	10%
	Enterprise Funds			
Water and Sewer Operating Reserve Funds	6 months of prior year budget expenses, including debt service but excluding depreciation, capital, and contingency	6 months of prior year budget expenses, including debt service but excluding depreciation, capital, and contingency	6 months operating expenditures including debt service but excluding depreciation	6 months operating expenditures including debt service but excluding depreciation
Solid Waste Reserve Funds	4 months of prior year budget expenses, including debt service but excluding depreciation, capital, and contingency	4 months of prior year budget expenses, including debt service but excluding depreciation, capital, and contingency	4 months operating expenditures + annual debt service	4 months operating expenditures + annual debt service
	Other Funds			
Dedicated Sales Tax	16% of budgeted ongoing operating expenditures	None	None	None
Public Safety Sales Tax	16% of budgeted ongoing operating expenditures	None	None	None

Revenues, Collections and Fees

Management will strive to develop a diverse and sustainable revenue base to support City operations and future objectives.

Unless required to pay the debt service on secondary obligations, the combined primary and secondary City property tax rates will be set at an amount that will not be more than $2.00 per $100 of assessed valuation. Tax rates set by Community Facility Districts (CFDs) or Maintenance Improvement Districts (MIDs) within the City are excluded from the rate ceiling.

When appropriate, and in the determination by the Finance and Budget Department Director, user fees are reviewed on a regular basis to calculate their full cost recovery levels, to compare them to the current fee structure, and to recommend adjustments where necessary for City Council adoption. Competing policy objectives may result in reduced user fees and charges that recover only a portion of service costs.

Rates and fees that are not set within the Avondale Municipal Code or state statute will be reviewed annually and may be adopted or amended by Council in accordance with Arizona Revised Statutes (A.R.S.) §9-499.15.

Staff will contract with licensed professionals to assess the appropriate level of development

impact fees to provide a funding source for necessary public infrastructure that will benefit future City growth. These fees will be adopted, managed, and accounted for in compliance with Arizona Revised Statutes (A.R.S.) §9-463.05. These fees will be updated and reported as needed or as required by state statute.

The City may accept payments for fees and other charges by credit or debit card but shall not accept credit or debit card payments for less than one dollar ($1.00) or greater than one hundred and twenty-five thousand dollars ($125,000). A credit card convenience fee may be applied to in-person credit card purchases and online credit and debit card purchases.

The city shall establish cost allocation models to determine the administrative service charges due to the appropriate operating fund for overhead and staff support provided to another fund.

Expenditure and Budget Control

Management must ensure compliance with the legally adopted budget and establish policies and procedures that provide for appropriate controls in the application and monitoring of the City's fiscal operations. Purchases and expenditures must comply with legal requirements and policies and procedures set forth by the state and the City.

A balanced operating and capital budget will be presented annually for Council review and adoption no later than July 1st of the fiscal year and in accordance with the requirements of A.R.S.§42-17105. These budgets should reflect the priorities of Council and reflect the City's current needs, strategic goals, and priorities.

The City will budget and track expenses and revenues by fund. Each fund is considered a separate fiscal entity accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net position, revenues and expenditures/expenses. Funds are segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance to special regulations, restrictions, or limitations. Staff may add additional administrative funds for tracking specific expenses and revenues.

The budget shall be considered balanced when all sources of funds (revenue, transfers in, and fund balances) are greater than or equal to all uses of funds (expenditures, transfers out, and contingencies) for each fund.

As part of the budget, staff will develop forecasts of the City's major funds over a five-year period.

Requests during the budget process for new or expanded on-going services shall be made through supplemental requests. Appropriations from supplemental requests approved during the budget process will be used only for the purposes authorized by the approved supplemental request. The Finance and Budget Department will monitor the utilization of these amounts to ensure timely expenditure. If the funding is not utilized for the stated purpose in a reasonable timeframe, funds may be reverted with the authorization of the City Manager. If the

funds are no longer needed for the purpose, the City Manager may reallocate the funds according to the budget transfer guidelines. Funds not identified for a specific use may be used for their highest and best use as determined by the department director and the City Manager and according to any legal restrictions on the funds being used.

A system will be used to manage position control that coordinates human resource information with budgeted position information. Seasonal, temporary, or positions with irregular hours may be controlled by the dollar amount budgeted for this purpose.

The City Manager and Human Resources Director may authorize Public Safety, Police, and Fire and Medical to hire critical public safety employees without budgeted positions on a temporary basis as those employees go through training. The requesting department will identify the funding source for these training positions prior to authorization from the City Manager and Human Resources Department.

To ensure continuity of operations, the City Manager and Human Resources Director may authorize departments to temporarily exceed budgeted staffing levels to fill critical positions when the current incumbent in a critical position has formally announced their retirement. This temporary overlap is intended to provide adequate time for training and knowledge transfer

The City may budget for a reasonable amount of vacancy savings by fund in the non-departmental budget. The amount of budgeted vacancy savings shall consider prior year amounts, the economy, and any new recruiting or retention efforts.

Mid-year budget requests that require commitment of on-going resources will be kept to a minimum to minimize the impact on future budgets. If unexpected resources are secured after budget adoption, departments may not expend any of the funds without appropriation.

All departments are responsible for ensuring that expenditures do not exceed their approved budget. Department directors are obligated to communicate potential over-expenditures of their amended budgets to the Finance and Budget Department as soon as they become known.

The budget is adopted by the City Council by department and by fund. The budget will be further allocated by management to divisions and expenditure categories. Budget amendments may be executed throughout the year when the adopted purpose varies from operational needs identified during the fiscal year pursuant to the following guidelines. Amendments must be fully executed before the authorization or expenditure of funds.

Operating Budget Transfer Guidelines:

- Use of contingency fund appropriation requires City Council approval.
- Transfers of appropriation between funds require City Council approval. Administrative funds shall be treated as belonging to their parent funds for the purpose of this provision.

- Transfers of appropriation between departments require City Council approval.
- Transfers needed to appropriate formally accepted grants, intergovernmental agreements (IGAs), private donations, and programs where expenditures must be pre-approved by the entity providing the funds may be approved by Finance and Budget.
- Transfers of appropriation to / from personal services (salaries, wages, and benefits) line items within the same department and fund require City Manager approval and must be one-time in nature so as not to impact the department's authorized FTE counts. Savings in personal services will not be used to offset deficits in department operating budgets without written authorization from the City Manager.
- Finance and Budget staff may transfer realized vacancy savings from department budgets to the non-departmental budget to satisfy the budgeted vacancy savings. Finance and Budget staff may transfer realized vacancy savings from the non-departmental budget to department budgets to cover budget overages caused by vacation payouts, separation payouts, and other payouts.
- Department directors are authorized for all other transfer types between divisions and category of expenditures within the same fund.

Continuation of one-time appropriations (carryover) into the next fiscal year may be included in the adopted annual budget. Departments will identify these anticipated amounts as part of the annual budget process. Finance and Budget Department staff will evaluate and recommend requests for consideration as part of the budget adoption process. Appropriations from carryover approved during the budget process will be used only for the purposes authorized by the approved carryover. Finance and Budget Department staff may adjust carryover amounts after the budget is adopted if items with carryover appropriation were received or completed in the prior year.

The City will maintain a purchasing system that provides needed commodities and services in a timely manner to avoid interruptions in the delivery of services. All purchases shall be made in accordance with the City's procurement code, purchasing policies, guidelines, procedures, and applicable state and federal laws. The City will endeavor to obtain supplies, equipment, and services that provide the best value through cooperative purchase agreements and competitive selections.

A system of appropriate internal controls and procedures using best practices shall be maintained for the City's payment processes to ensure vendor and contractor invoices are paid in a timely manner and in accordance with A.R.S. §34-221.

The State of Arizona sets a limit on the expenditures of local jurisdictions. The City will comply with these expenditure limitations and will submit an audited expenditure limitation report as defined by the Uniform Expenditure Reporting System (A.R.S. §41-1279.07) along with audited financial statements to the State Auditor General within the prescribed timelines.

The City Council will pursue an alternative expenditure limitation or an adjustment to the State expenditure limitation as provided by Article IX, Section 20 of the State Constitution if the

projected expenditures within two years are anticipated to exceed the expenditure limitation.

City staff will develop policies and procedures for the administration of grant awards. The City will evaluate potential grants to ensure that they further the goals and objectives of the City without unduly obligating or leveraging current or future City funds. Grant opportunities will be reviewed and approved by the Finance & Budget Department Director or their designee prior to the creation of the grant application.

All grant awards and intergovernmental agreements require the approval of City Manager or their designee for acceptance before appropriation of funds. Finance and Budget staff may transfer appropriations as necessary for accepted grants, IGA, or private donations. Grant and IGA funding may not be obligated in advance of acceptance by the City Manager or their designee. The stability of the funding source along with potential funding alternatives, should the grant or donation diminish or cease, shall be considered prior to funding personnel or other ongoing expenses in-whole or in-part from grants or donations.

City Council Award Authority — Administrative Processes

Administrative award authority is the delegated power granted by City Council during budget adoption that allows the Procurement Manager to approve contracts exceeding the standard $100,000 threshold, up to a specified limit for designated budget categories, without requiring individual Council approval for each contract.

Administrative award authority enables the Procurement Manager to efficiently execute budget-approved procurements over $100,000 without delays for individual Council approvals, while maintaining fiscal oversight through pre-established spending limits by category.

The City Council reviews and approves administrative award authority through multiple governance processes, including the adoption of the annual budget, acceptance of grants and donations, and approval of mid-year budget adjustments. Awards made in accordance with these actions — and within the scope, description, and allocated expenditure authorized through such processes — are considered to have received City Council approval for purposes of contract award authority. Delegation of award authority for these items is governed by Procurement Code Section 25-6I.

For awards not previously approved through the above processes, the following approval authority applies:

Award Amount	**Approving Authority**
Over $100,000	City Council
$5,001 – $100,000	City Manager or Designee
Up to $5,000	Department Director

Awards that exceed the allocated expenditure or materially deviate from the approved scope

require City Council approval regardless of dollar amount.

Capital Planning and Asset Management

The City will manage and plan for capital assets and infrastructure improvements. A capital project is defined as a one-time, long-term project to build upon, add to, or improve a capital asset. Capital projects should generally cost more than $100,000 and the infrastructure improvement resulting from a completed capital project should have a lifespan of more than three years. Replacement of existing assets may also be tracked as a capital project to ensure proper long-term planning. Long-term capital planning documents such as infrastructure master plans should also be tracked as a capital project.

Management will plan and manage the City's capital infrastructure and assets in a fiscally sound and sustainable manner to ensure they support City operations, goals for quality of life, and future growth.

A balanced Capital Improvement Plan (CIP), which supports City operations and goals for quality of life and future growth, shall be developed for a five-year period to allow for appropriate planning. The CIP shall be considered balanced when all sources of funds (revenue, transfers in, and fund balances) are greater than or equal to all uses of funds (expenditures, transfers out, and contingencies) by year for each fund in the capital program. The CIP shall cover a planning period of five years, but only the first year of the five-year CIP will be adopted by City Council as part of the annual budget.

Capital projects will only be approved with funding from designated sources that are known – or considered reasonably likely during the project's plan – and meet the project's estimated development costs and costs to support.

Capital project budgets often span multiple fiscal years, and appropriation often needs to carryover from one fiscal year to the next to ensure adequate appropriation for the project. Carryover of a project budget shall not increase or decrease the total approved budget for a project. The budget of an approved capital project shall be managed at both the total project budget level (regardless of fiscal year) and also the approved fiscal year appropriation. Finance and Budget Department staff may adjust carryover appropriation for a capital project if the adjustment does not increase or decrease the total project budget.

Changes to capital projects within the approved CIP in terms of material individual capital project changes in scope and proposed transfers of funds between approved capital projects greater than $50,000 require City Council review and authorization. Mid-year capital project additions to the approved CIP will be kept to a minimum to limit the impact on future budgets.

Council review and authorization. The council report must indicate the reason for the mid-year change, the impact on the overall CIP including future capital projects, and why the change needs to occur mid-year and cannot wait for the annual budget process.

The Finance and Budget Director or designee may approve transfers up to $10,000 of available appropriation in the CIP within capital projects of the same fund. The City Manager or designee may approve transfers between capital projects of the same fund between $10,001 and $50,000.

The budget for closed projects may be reduced to actual cost with savings reserved for midyear allocation to other projects within the same fund according to the approval schedule outlined above. Unused project saving appropriations will lapse at the end of the current fiscal year.

The performance and continued use of capital infrastructure is essential to delivering public services. Deferring essential maintenance and/or asset replacement can negatively impact service delivery and increase long-term costs. As such, the City will periodically assess the condition of assets and infrastructure and appropriately plan for required major maintenance and replacement needs. Efforts will be made to allocate sufficient funds in the CIP and operating budgets for condition assessment, preventative and major maintenance, and repair and replacement of critical infrastructure assets.

Capital Assets

Capital assets are real, intangible, or personal property that have a value equal to or greater than the capitalization threshold and have an estimated useful life of greater than one year. A capital asset shall be reported and with certain exceptions, using the straight-line method over the estimated useful life based on the depreciation schedule.

Capital assets shall be recorded at their acquisition, construction or historical cost and include all costs associated with placing the asset in service including but not limited to insurance during transit, freight, and installation costs. In the absence of historical cost information, an estimated historical cost may be used. All capital assets shall be assigned an asset number and entered into the asset management system by the Finance and Budget Department for tracking, reporting, and depreciation purposes.

The City shall capitalize assets whose individual costs are $10,000 or more or groups of assets with an aggregate value of $1.0 million or more, which is 1% of the City's total capital asset value net of accumulated depreciation. For example, replacing 500 computers valued at $2,000 would be capitalized because the aggregate value is more than the threshold.

Construction in progress is the economic construction activity status of buildings, infrastructure, and improvements that are substantially incomplete. Construction in progress assets shall be capitalized but not depreciated until the earliest occurrence of substantial completion or the asset is placed in service. Payroll costs are not capitalized for projects completed by City staff.

GASB 87 requires that property and equipment leases that convey control of the right to use another entity's financial asset in an exchange or exchange-like transaction must be reported as a capital lease/financing lease. Where the City is the lessee, a lease liability and intangible asset shall be recognized. Where the City is the lessor, a lease receivable and deferred inflow of resources shall be recognized. The City shall recognize GASB 87 lease receivable or lease

liability with an initial, individual value of $100,000 or more.

GASB 96 requires the City to recognize a right-to-use subscription as an intangible asset and a corresponding subscription as liability. The City should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. This Statement provides an exception for short-term subscription-based IT arrangements (SBITA). Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. The City shall recognize SBITA intangible asset with an initial, individual value of $100,000 or more.

The City will record the acquisition and disposition of capital assets in a timely manner and in accordance with accepted accounting practices and will maintain appropriate control over their location and condition. Finance and Budget Department staff will establish a system of controls that ensures departments maintain stewardship and control of their non-capital assets.

To ensure the safeguarding of capital assets, a physical inventory of capital assets shall be performed annually.

Debt Management

The City will prudently utilize debt to fund long-term objectives without overcommitting the City's current or future resources. The proceeds from General Obligation, Excise, and Utility Revenue bonds may be used as a funding source for the capital improvement plan. The City shall not use derivatives for debt management.

Long-term debt shall not be issued to finance ongoing operations. Short-term borrowing or lease purchase contracts should only be considered for financing major operating capital equipment when it is determined to be in the City's best financial interest as determined by the Finance and Budget Department Director or their designee.

The City's capacity to issue new General Obligation (G.O.) debt, within the limits established in Article 9, Section 8 of the Arizona Constitution, will be projected annually with the budget process. General obligation debt will not be issued if the secondary property tax rate when combined with the primary rate is projected to exceed $2.00 per hundred dollars of assessed valuation.

Bonds which pledge excise taxes will be issued only when actual annual excise tax collections are at least three (3) times the maximum annual debt service. Bonds which pledge water, sewer, or solid waste revenue will be issued only when minimum fund reserves are projected to be maintained. The water, sewer, and solid waste funds will maintain operating debt coverage ratios that are at least 1.5 times the fund's maximum annual debt service requirement over a prospective five-year period. The operating debt coverage ratio represents the utilities' revenues less operating and maintenance expense (without debt service) compared to annual debt service obligations.

Debt shall be structured to provide a stable property tax rate and must abide by Arizona Revised Statute Title 35, Chapter 3 and the authorizing documents.

The City shall contract with a municipal advisor professional registered with the Municipal Securities Rulemaking Board and bond counsel to assist with the issuance of debt. In consultation with the municipal advisor, the Finance and Budget Department Director or their designee will determine the method of sale most advantageous to the City for the specific debt issuance, including competitive, negotiated, private placement, or bank loan. The municipal advisor shall provide bond pricing services or market indices to evaluate final bond pricing. The City will endeavor to obtain the best bond pricing through the use of credit rating agencies or the acquisition of bond insurance. The municipal advisor shall assist with obtaining the best pricing, including determining the number of ratings, the selection of rating services, the selection of bond insurance providers, and the selection of underwriters.

The Finance and Budget Department Director shall have written documentation related to the investment of bond proceeds, continuing disclosure procedures, tax law compliance monitoring, arbitrage rebate monitoring, federal and state law compliance practices, and ongoing investor relations efforts.

Debt service shall be included in all budgets and long-term financial plans to ensure adequate resources are available to make payments on time. The City shall utilize a bond paying agent to distribute interest and principal payments to bondholders.

Unfunded pension liabilities, or pension debt, are often a significant portion of a City's debt. Consequently, the City shall maintain and comply with a written pension funding policy for its Public Safety Personnel Retirement System plan that has been approved by the City Council. The City will ensure that the plan has sufficient assets to meet actuarial requirements. In funding the plan, the City will balance member pension benefits and taxpayer funds in an equitable manner.

Accounting, Auditing, and Reporting

The City will conform to general accepted accounting principles (GAAP) adopted by the Governmental Accounting Standards Board (GASB) and will remain abreast of current policies and changes in approaches. Staff will apply best practices and authoritative standards for local governments to ensure ease of understanding and financial transparency.

The City will prepare and publish an Annual Comprehensive Financial Report to provide accurate and meaningful information on the City's financial condition as prescribed by the Government Finance Officers Association (GFOA).

Management will ensure appropriate internal controls are in place across the City to ensure funds are safeguarded and utilized according to stated objectives and governing policies. Finance and Budget Department staff may develop guidance or policies to assist departments

with proper internal control protocols and procedures.

All City bank accounts shall be reconciled and reviewed on a monthly basis and no later than 45 days after the end of the calendar month.

Separate bond funds will be utilized to facilitate arbitrage and accounting requirements.

Enterprise and Internal Service Funds

The City's enterprise funds are established to provide services to the community and are to be self-supporting from the revenues generated by their user charges and fees. These funds will pay an appropriate amount of overhead costs for services received from central service departments. Revenues from ratepayers will not be used to subsidize the operations of non-enterprise functions.

The water and sewer operating funds will maintain an operating reserve as assigned fund balance equal to six (6) months of the previous year's adopted budgeted expenditures that includes debt service payments but excludes depreciation expense, capital expenditures, and contingency appropriation. The solid waste fund and any additional enterprise funds the City may add in the future will maintain an operating reserve as assigned fund balance equal to four (4) months of the previous year's adopted budgeted expenditures plus the amount required to meet the annual debt service requirements, but excludes depreciation expense, capital expenditures, and contingency appropriation.

Enterprise funds may have separate administrative funds for the separate tracking of capital development and equipment replacement. The water, sewer, and solid waste development and equipment replacement funds are not considered part of the operating funds for the reserve calculations, but the funds may reserve separate amounts for capital replacements in accordance with any bond covenant requirements.

User rates and fees for enterprise operations will be reviewed and recommendations on user rates and fees will be presented to City Council for adoption periodically to ensure they recover the costs of operations, capital investments, debt obligations, and required reserve requirements to ensure stability and financial sustainability. The City will endeavor to set charges that are competitive, as affordable as possible, and recognize customer value. Enterprise funds will pay appropriate internal service costs for central City functions using the same allocation methodology as other City funds. These will be separate from any assessments to the City's water and sewer utilities for payments-in-lieu-of-property tax (PILOT) and franchise fee-in-lieu interfund transfers.

Internal service funds may be established for activities that provide goods and services to other areas of the City on a cost-reimbursement basis. Internal service funds will also be used in areas the City finds it advantageous to be self-insured.

Internal service funds should operate on a cost-recovery basis. User fees will be established and

updated annually to ensure the full cost of providing services, including the cost of capital assets (depreciation, related debt services or estimated replacement cost) will be recovered. Surplus or deficit fund balances in these funds will be monitored to ensure they are compatible with the cost- reimbursement character of the fund type.

Accounting Principles and Budget

Annually, the City of Avondale Finance and Budget Department publishes the Annual Comprehensive Financial Report (ACFR). It provides a fair representation of the status of the City's financial position, changes in financial position, and changes in cash flow, as applicable, of the City's governmental funds, proprietary funds and fiduciary funds in accordance with U.S. "generally accepted accounting principles" (GAAP) adopted by the Governmental Accounting Standards Board (GASB). The GASB is the recognized standard-setting body for establishing governmental accounting and reporting principles.

In accordance with GASB, the governmental fund types (General, Special Revenue, Debt Service, and Capital Project Funds) are prepared on a modified accrual basis and focus on near- term liquidity. In these funds, expenditures are recorded when the related fund liability is incurred and revenues are recognized only when they are measurable and available. The proprietary fund types (Internal Service and Enterprise Funds) are prepared on a full accrual basis of accounting and have an economic resources measurement focus. In these funds, expenses are recognized when they are incurred and revenues are recognized when they are earned by the City (e.g., water user fees are recognized as revenue when service is provided).

The City of Avondale uses a fund-based budget, meaning that the accounts of the City are organized on the basis of funds. Each fund is considered a separate entity accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net position, revenues and expenditures/expenses. Funds are segregated for the purpose of carrying specific activities or attaining certain objectives in accordance to special regulations, restrictions, or limitations. For all funds, the budget, or appropriations, lapse on June 30th. Any unspent appropriations required in the subsequent fiscal year are estimated and re-appropriated as carryover budgets in each respective fund.

In most cases, the City conforms to GASB principles when preparing its budget and reporting fund balances for budgeting purposes. Exceptions are made where it would be impractical or inappropriate to budget using accounting requirements. Some of the more significant differences follow:

- Compensated absence liabilities (e.g., sick and vacation leave) are recorded as expenses within the Enterprise Funds when earned by employees (GAAP) as opposed to being expensed when paid (Budget).
- Claims incurred but not reported (IBNR) expense are recorded for GAAP basis but excluded on a budget basis.
- Capital outlays within the Enterprise Funds are recorded as assets on a GAAP basis and expenses on a budget basis.

- Principal payments on debt obligations of the Enterprise funds are recorded as a reduction of liability on a GAAP basis and expensed on a budget basis.
- Depreciation expense is recorded on a GAAP basis only.
- Changes in the fair value of investments are treated as adjustments to revenue on a GAAP basis only.
- Leases receivable is recorded on a GAAP basis only.
- Cash from interfund loans are reported as fund balance for budgeting purposes but the associated asset and liability are not reported for budgeting purposes.

Accounting reclassification or adjustments required for ACFR presentation or audit compliance are recorded on a GAAP basis only.

Investment Policy

The City receives significant revenue over the course of a year, and it is important that cash balances are prudently invested so that they not only provide an adequate return to the City, but invested monies are returned intact without any loss in principal balance. This investment policy is established to ensure the safety of City monies while at the same time providing the required liquidity to operate City programs.

This policy is designed to apply to the investment program of the City.

- The City will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies regarding investment management pricing, safekeeping costs and administration costs. Cash in certain restricted and/or trust funds with investment restrictions may be kept separate.
- Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.
- The City operates under Arizona Revised Statute (A.R.S.) Title 35, Chapter 2, Article 2.1, Money Management, and other investment guidelines mandated by statute. Investments that need to restrict yield for purposes of the Internal Revenue Service's Arbitrage Bond Regulations (Treasury Regulation Section 1.148-1 et seq.) may be deposited into a separate account and invested in a manner that meets arbitrage guidelines permitted by the IRS.

The primary objectives, in order of priority, of the City's investment activities are:

1. **Safety** – Safety of principal is the foremost objective of the investment program. The City will seek to ensure preservation of principal in the overall portfolio. The objective will be to prudently mitigate credit risk and interest rate risk. It is understood by the City that no investment is completely free of risk.
2. **Liquidity** – The investment pools and funds will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated. This is to be accomplished by structuring the portfolio so that securities mature concurrent with anticipated cash flow needs. The portfolio should consist of securities for which there exist active secondary markets.

3. **Return on Investment** – The investment pools and funds shall be managed with the objective of attaining a competitive rate of return given the constraints of the safety and liquidity objectives. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

The Standards of Care for the City are:

- Prudence – The standard of prudence to be used by investment officials shall be the "uniform prudent investor act" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.
- Ethics and Conflict of Interest – Officers and employees of the City involved in the investment process shall adhere to the conflict-of-interest laws as set forth in A.R.S. §38-501 through 38-511. They shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

The City Manager and Finance and Budget Director may delegate the management of the investment program of the City to an external SEC-registered investment advisor(s). If authority to manage all or a part of the investment program of the City is delegated to an external advisor(s):

- The advisor(s) shall comply with this Policy and other written instructions provided by the Finance and Budget Director.
- The Finance and Budget Director will be responsible for:
    1. Periodic investment portfolio reporting;
    2. Evaluating the performance of the externally managed portfolio;
    3. Monitoring manager compliance with the investment policy;
    4. Conveying the investment needs of the City to the external manager/Investment Advisor(s);
    5. Developing investment strategy with the external manager and/or Investment Advisor(s).

A list will be maintained of financial institutions and depositories authorized to provide investment services.

All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:

- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines.
- Proof of Financial Industry Regulatory Authority (FINRA) certification (not applicable to

Certificate of Deposit counterparties).
- Proof of state registration.
- Completed broker/dealer questionnaire (not applicable to Certificate of Deposit counterparties).
- Certification of having read and understood and agreeing to comply with the City's investment policy.
- Evidence of adequate insurance coverage.

An annual review of the financial condition and registration of all qualified financial institutions and broker/dealers will be conducted by the Finance and Budget Department.

If the City chooses to retain an investment advisor, then their approved Broker/Dealer list may be used in lieu of the requirements listed above.

The following standards related to Safekeeping and Custody shall be followed:
- All security transactions entered into by the City shall be conducted on a delivery versus payment basis.
- Securities shall be held by a custodian designated by the City and evidenced by custodial reports.
- Securities will be held by an independent third-party custodian selected by the entity as with all securities held in the City's name.
- The safekeeping institution shall annually provide a copy of their most recent report on internal controls.

The City shall establish written internal controls to regulate the activities of investment personnel, which shall include:

- Control of Collusion: Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
- Segregation of duties: By separating the person who authorizes or performs the transaction, a good separation of duties is achieved.
- Custodial Safekeeping: Securities purchased from any bank or dealer, including appropriate collateral, shall be placed into an independent third-party institution for custodial safekeeping.
- Avoidance of physical delivery securities: Book entry securities are much easier to transfer and account for since actual delivery is never taken. Physical delivery securities must be properly safeguarded as are any valuable documents. The potential of fraud and loss increases with physical delivery securities. Bearer-form securities are much easier to convert to personal use than securities that are registered in the name of the government.
- Clear delegation of authority to subordinate staff members: Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid any improper actions. Clear delegation of authority also preserves the internal control structure that is built around the various staff positions and their respective

responsibilities.

- Written Confirmation of all transactions (transfer, fax, internet) for investments and wire transfers: Due to potential for errors and improprieties arising from telephone/electronic transactions, these shall be documented in writing and approved by the appropriate person.
- Development of an electronic funds transfer agreement with banks: This agreement should outline the various controls and security provisions for making and receiving electronic funds transfers.
- Authorization representing the government shall be in compliance with the policy for all transfers.
- Financial institutions will have written instructions regarding government authorizations for wire transfers, restrictions on accounts where funds can be wired, and other procedures that will mitigate unauthorized movement of funds (e.g., call-back to independent person, written confirmation, etc.)
- Insurance may be secured at appropriate levels to bond employees charged with investment and cash handling responsibilities.

Consistent with the City's investment policy objectives and A.R.S. §35-323A, the following investments will be permitted by this policy:

1. Certificates of deposit in eligible depositories-50% sector limit, must be insured or fully collateralized.
2. Negotiable or brokered certificates of deposit issued by a nationally or state- chartered bank or savings and loan association; that are rated "A" (long-term) or A-1 (short-term) or the equivalent or better by a NRSRO-50% sector limit, 5% issuer limit.
3. Commercial paper, of prime quality that is rated within the top two ratings by a nationally recognized rating agency. All commercial paper must be issued by corporations organized and doing business in the United States-50% sector limit, 5% issuer limit.
4. Interest bearing savings accounts in banks and savings and loan institutions doing business in this state whose accounts are insured by federal deposit insurance for their industry. Deposits in excess of the insured amount are secured by collateral as outlined in A.R.S. §35-323.
5. The pooled investment funds established by the state treasurer pursuant to A.R.S. §35-326.
6. Obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations or instrumentalities.
7. Bonds or other evidence of indebtedness of this state or any of its counties, incorporated cities or school districts-40% sector limit, 5% issuer limit.
8. Bonds, notes or evidence of indebtedness issued by any county improvement district or municipal improvement district of any state to finance local improvements authorized by law, if the principal and interest of the obligations are payable from assessments on real property within the improvement district-40% sector limit, 5% issuer limit. An investment shall not be made if:
    a. The face value of all such obligations, and similar obligations outstanding,

exceeds fifty percent of the market value of the real property, and if improvements on which the bonds or the assessments for the payment of principal and interest on the bonds are liens inferior only to the liens for general ad valorem taxes.

b. A default in payment of principal or interest on the obligations to be purchased has occurred within five years of the date of investment, or, if the obligations were issued less than five years before the date of investment, a default in the payment of principal or interest has occurred on the obligations to be purchased or on any other obligation of the issuer within five years of the investment.

9. Bonds, debentures, notes or other evidence of indebtedness that are denominated in United States dollars and that carry at a minimum an "A" or better rating, at the time of purchase, from at least two nationally recognized rating agencies-50% sector limit, 5% issuer limit.
10. Repurchase agreements with a maximum maturity of one hundred eighty days-40% sector limit, 20% issuer limit.

Unless part of the above lists of permitted investments, all other investments instruments are hereby prohibited from consideration.

The City shall invest trust and restricted funds in accordance with A.R.S. §35-324, A.R.S. §35-328 and the terms of the trust or controlling documents, if any.

Table of Permitted Investment

Item	Investment Type	Sector Limit	Issuer Limit
1	Certificates of Deposit (CDs)	50%	
2	Negotiable/Brokered CDs	50%	5%
3	Commercial Paper	50%	5%
4	Cash Funds/Money Market Accounts	100%	
5	Local Government Investment Pool (LGIP)	100%	
6	U.S. Treasury, U.S. Gov. Agency Obligations/Instrumentalities	100%	
7-8	State or Local Government Agency Obligations	40%	5%
9	Corporate Notes, Asset-backed securities	50%	5%
10	Repurchase Agreements	40%	20%

Following the primary objective of preservation of capital, investments shall be actively managed to take advantage of market opportunities. In so doing, negotiable securities may be sold prior to their maturity to provide liquid funds as needed for cash flow purposes, to enhance portfolio returns, or to restructure maturities to increase yield and/or reduce risk.

The City recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Portfolio diversification is employed to control risk. The Finance and Budget Director will display prudence in the selection of securities to minimize default risk. No individual investment transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio. In the event of a default by a specific issuer, the Finance and Budget Director shall review, and if appropriate, proceed to liquidate securities having comparable risks.

The Finance & Budget Director shall periodically adjust guidelines and strategies to control risks of default, market price changes and illiquidity.

It is the policy of the City to diversify its investment portfolio.

- Investment funds shall be diversified to minimize the risk of loss resulting from overconcentration of assets in a specific maturity, a specific issuer, or a specific class of securities.
- Diversification strategies shall be periodically reviewed by the Investment Advisory Committee.

The City, to the extent possible, will attempt to match investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five years from the date of purchase or in accordance with governing legislation.

Reserve funds may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

Maturity decisions will be made based on a variety of factors, including the following:

- Internal factors, such as cash flow projections, debt service, potential CIP outlays, etc.
- The yield curve at various maturity sectors of the market.
- Federal Reserve Bank policy and the financing plans of the U.S. Treasury and Agencies.

Competitive bidding strengthens the investment program in terms of level and consistency of performance. In general, all purchases of investments will be bid competitively and to the extent practical, all purchases will be awarded to vendors yielding the highest returns to the City. The City reserves the right to reject the bid yielding the highest return if the transaction is deemed to be inconsistent with City policy, i.e., maturity, risk, liquidity, etc.

For every investment transaction the City shall conduct a competitive "bid" process, securing quotes from at least three (3) qualified broker/dealer institutions. If the City utilizes an outside investment advisor, the advisor shall follow the same process of securing a minimum of three (3) bids from their list of approved broker/dealers.

A report containing balance and yield information related to liquidity investments such as LGIP, overnight balances, money market funds, and short-term certificates of deposit will be provided to the Finance & Budget Director on a monthly basis.

The following reports related to third party managed investment securities will be provided to the Finance & Budget Director.

- Monthly
    1. Month end Investment Summary. The month-end investments are summarized by type of investment. The report summarizes original cost and market values of investments in the pools and funds.
    2. Earned investment yield for period, year-to-date, and comparison to prior year.
    3. Interest distributed for period.
- Quarterly
    1. Monthly average rate of return on the portfolio.
    2. Average days to maturity.
    3. Monthly portfolio composition.

At a minimum, a report shall be presented annually to the City Manager and Council to update administration on securities held, maturities, investment returns, unrealized gains (losses), and comparisons to established benchmarks, market conditions, prevailing investment strategy, and adherence to the investment policy. Securities will be reported on a market-to-market basis as defined by the Governmental Accounting Standards Board (GASB).

The report of investment holdings shall be reconciled to the City's custodian bank within thirty (30) days of the close of each month and any discrepancies shall be reported to the Finance & Budget Director.

Changes to Financial Policies

The City's Comprehensive Financial Policies are reviewed annually, and the entire policy document, with any recommended changes, is generally adopted by City Council at the same time as the annual budget. In June 2020, the City's Comprehensive Financial Policies were overhauled. Minor changes have been made each subsequent year. The table below details the notable changes over the past several years.

Date of Update	Notable Changes
May 4, 2026	• Added a new section with specific guidance and thresholds for Administrative Award Authority • Added administrative CIP transfer thresholds within the same fund for the Finance and Budget Director and the City Manager • Clarified Accounting reclassification or adjustments administratively permitted at year end • Added credit card transaction limits and ability to pass along convenience fees
June 2, 2025	• Allow a temporary overlap when filling critical positions • Enhance the debt management policy to conform with best practices • Delegates authority to transfer realized vacancy savings for employee payouts • Reformat the investment policy to match the other financial policies • Included a Table of Contents for easier document navigation
June 3, 2024	• Added fund balance requirements for the two dedicated one-half cent sales tax funds • Added authorization to budget vacancy savings and transfer vacancy savings from department budgets • Added a capital assets section establishing capitalization thresholds
June 5, 2023	• Added the Investment Policy. This policy was previously approved by council separately • Reduced the limit for credit/debit card payments accepted for payment of fees and charges from $25,000 to $15,000 • Licensed professionals are to be used to assess development impact fees • Defines fund and allows for administrative funds to be used to track specific revenues and expenditures • Defines FTE and pooled positions • Defines capital projects • Delegates carryforward adjustments for capital projects to the Finance & Budget Department
June 6, 2022	• Added limits for credit card payments accepted for payment of fees and charges • Added the Public Safety Department to the list of departments allowed to request the hiring of unbudgeted critical public safety positions • Clarified that part time FTE positions represent 2080 compensated hours during the fiscal year • Clarified that the assigned reserve balance is equal to six or four months of operating expenditures • Updated technical accounting language to reflect current GFOA Blue Book guidance. • Updated the name of the annual financial report from Comprehensive Annual Financial Report to Annual Comprehensive Financial Report
June 7, 2021	• Added clarification on hiring of unbudgeted critical public safety positions • Removed reference to Capital Improvement Plan Citizen Committee
June 15, 2020	• New Comprehensive Financial Policies Adopted • Added General Fund Tier 1 and Tier 2 fund balance reserve designations • Tier 1: 25% emergency reserve • Tier 2: 10% rainy day reserve • Water and Sewer fund balance requirements amended • Reduced from 9 months operating expenditures plus 5% asset value excluding accumulated depreciation to 6 months operating expenditures including debt service • but excluding depreciation

RESOLUTION NO. 1027-0526

A RESOLUTION OF THE COUNCIL OF THE CITY OF AVONDALE, ARIZONA, AMENDING THE CITY OF AVONDALE COMPREHENSIVE FINANCIAL POLICIES.

WHEREAS, on June 2, 2025, by Resolution No. 1029-0625, the Council of the City of Avondale (the "City Council") adopted the City of Avondale Comprehensive Financial Policies (the "Financial Policies"); and

WHEREAS, City Council desires to amend the Financial Policies to update the fund balance and financial policies contained therein to provide more comprehensive direction in financial matters and policies; and

WHEREAS, the National Government Finance Officers Association (GFOA) has recommended that municipalities formally adopt financial policies as a central component to strategic, long-term financial management.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF AVONDALE as follows:

SECTION 1. The recitals above are hereby incorporated as if fully set forth herein.

SECTION 2. The May 4, 2026, Amended City of Avondale Comprehensive Financial Policies (the "Amended Financial Policies") are hereby adopted in the form attached thereto as Exhibit A and incorporated herein by reference.

SECTION 3. If any section, subsection, sentence, clause, phrase or portion of this Resolution or any part of the Amended Financial Policies adopted herein is for any reason held to be invalid or unconditional by the decision of any court or competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

SECTION 4. The Mayor, the City Manager, the City Clerk and the City Attorney are hereby authorized and directed to execute all documents and take all steps necessary to carry out the purpose and intent of this Resolution.

[SIGNATURES ON FOLLOWING PAGE]

PASSED AND ADOPTED by the Council of the City of Avondale, Arizona, May 4, 2026.

Mike Pineda, Mayor

ATTEST:

Marcella Sarmiento, City Clerk

APPROVED AS TO FORM:

Nicholle Harris, City Attorney

EXHIBIT A
TO
RESOLUTION NO. 1027-0526

[Amended Financial Policies]

See following pages.

City of Avondale Comprehensive Financial Policies

Amended May 4, 2026

Introduction 1
Fiscal Planning 1
Fund Balance and Reserves 2
Revenues, Collections and Fees 4
Expenditure and Budget Control 4
City Council Award Authority — Administrative Processes 7
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Introduction

Comprehensive financial, budgetary and accounting principles help create a resilient structure for the City's strong, long-term financial planning. Financial policies contribute to increased stakeholder confidence and trust and provide clear direction to City staff concerning the diligence and stewardship with which public monies are to be managed. Policies that are formally adopted show our residents, visitors, businesses, credit rating agencies, and bond investors the City's commitment to financial resiliency and thoughtful management.

Avondale incorporates the following short and long-term financial policies and guidelines for managing revenues, expenditures, fund balance, capital planning, and debt management in its annual budget planning and in ongoing operations throughout each year. In addition, proper accounting practices complement budget development and internal controls to enable the implementation of the City's long-term objectives.

Importantly, the responsibility for applying these policies does not rest solely with Finance and Budget Department staff, but involves the entire City organization of staff, management, and elected officials to ensure Avondale adheres to, and collaborates in, the application of these policies.

To be effective over the long term, these policies must be re-evaluated and updated on a regular basis to ensure the goals and objectives are applicable and achievable.

Fiscal Planning

Fiscal planning is a key element in ensuring that positive financial outcomes can be achieved and will be sustained over time. The City expresses its planning objectives through the adoption and monitoring of the annual budget. These policies will aid in developing the annual budget and related controls, but more importantly, should provide a longer-term perspective to the City's financial position and planning.

The City Council conducts budget planning in public meetings to communicate policy direction for the development of the annual budget and other fiscal priorities and goals. Staff incorporates these policy directions into the annual budget development process. The City will budget revenues and expenditures for all funds on a fiscal year basis which begins July 1 and ends on the following June 30

Staff identifies the City's revenue sources and provides their best estimates of the anticipated level of funding during the forecast period. Staff also prepares realistic estimates of the likely costs of current and proposed City programs, costs of City staffing and benefits, and related operational costs. The principles outlined within this policy help to ensure these goals can be operationalized and sustained from year to year.

Staff evaluate revenue sources to determine if they should be considered on-going or one-time

in nature. Revenues that are determined to be on-going may be used to fund the City's on-going operations and one-time needs. However, one-time revenues shall not be budgeted to fund on-going expenses or debt.

Management prepares recommendations to create a balanced budget and sets priorities for the planning period to accomplish the Council's policy direction.

Fund Balance and Reserves

Maintaining reserves is a prudent financial practice, and fund balance is an important indicator of the City's financial health and stability. Fund balances and reserves are maintained to allow the City to continue providing services to the community in case of unexpected emergencies, unfunded mandates from other governments, and/or economic downturns.

The City classifies and reports fund balances in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The Council has the authority to set aside funds for a specific purpose. Any funds set aside as committed fund balance requires a simple majority vote of the Council prior to the conclusion of the annual audit for the applicable fiscal year.

The Finance and Budget Department Director has the authority to assign funds that are not otherwise assigned by Council action for specific purposes. Any funds set aside as assigned fund balance in this manner must be documented in writing to the City Manager. Such assignments will be identified and incorporated in the City's annual budget planning process. When an expenditure is incurred for purposes for which committed, assigned, and unassigned balances are available, as a general rule, the City will first reduce the committed amounts, followed by assigned amounts, and then unassigned.

Restricted fund balance includes amounts that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.

The City utilizes a two-tier stabilization arrangement as committed fund balance in the General Fund of no less than 35 percent (35%) of adopted budgeted General Fund expenditures from the prior fiscal year, excluding interfund transfers, expenditures on capital projects, and contingency appropriation, to provide a comfortable margin of safety to address potential natural disasters, unexpected economic events, revenue shortfalls, or other budget contingencies.

The first-tier commitment consists of a 25% emergency reserve that may only be used for the following reasons:

- Mitigate damage and expenditures caused by a declared disaster or declared state of emergency for which no reasonable budget adjustments are available to continue or

restore essential services.

- Address emergency events that jeopardize the public safety.
- Provide and maintain essential services to the public during natural disasters or emergency events.

The second-tier commitment consists of a 10% Rainy-Day Reserve that may only be used under the following circumstances:

- The City experiences sudden and/or unexpected declines in revenues that are greater than 10% of General Fund operating revenues from the prior year.
- The City experiences sudden and/or unexpected declines in state-shared revenues that are greater than 10% of General Fund operating expenditures from the prior year.
- Provide and maintain essential services to the public during natural disasters or emergency events.

Once the City Manager, or their designee, has determined that it is necessary to expend stabilization reserves, the City Manager shall provide written communication to the Council explaining the nature of the event/occurrence necessitating their use for Council approval. If the reserves are reduced below the minimum required levels, the City staff shall develop a plan for Council approval to restore the reserves to the appropriate balances.

The City shall replenish the emergency and rainy-day reserves within two (2) fiscal years and five (5) fiscal years following the fiscal year of the event, respectively. If the depletion occurs during an ongoing economic downturn, the City shall restore the funds within two (2) years of revenue meeting or exceeding pre-economic downturn amounts, as applicable. The progress of replenishment shall be reported in the City's annual budget.

The City has established two dedicated one-half cent sales tax funds for designated purposes approved by Avondale voters. These funds are recorded and expended separately in accordance with their enabling ordinances. The City ensures the funds are sustainable and can address the City's funding requirements for the approved uses over the City's forecasting period by maintaining a forecasted budgeted fund balance of no less than 16 percent (16%) of budgeted ongoing operating expenditures to provide a comfortable margin of safety to address potential natural disasters, unexpected economic events, revenue shortfalls, or other budget contingencies.

A. The City maintains a separate one half-cent sales tax fund to fund capital improvement projects related to street maintenance, sidewalk improvements, constructing and maintaining residential streets, constructing traffic signals and installing streetlights, construction of water infrastructure and wastewater treatment infrastructure to increase capacity, and transportation projects and services.
B. The City maintains a separate one half-cent sales tax fund to fund needs of its public safety operations above the fiscal year 2003 amount, including: sworn personnel, command staff, support staff, and support costs; code enforcement personnel and support costs; and personnel and/or services to support the City

Court.

The following table details the historical reserve fund balance policies.

Fund	FY2025	FY2024	FY2022	FY2021
	General Fund			
General Fund Reserve Total	35% budgeted expenditures of prior fiscal year	35% budgeted expenditures of prior fiscal year	35% budgeted expenditures of prior fiscal year	35% budgeted expenditures of prior fiscal year
Tier 1: Emergency Reserve	25%	25%	25%	25%
Tier 2: Rainy Day Reserve	10%	10%	10%	10%
	Enterprise Funds			
Water and Sewer Operating Reserve Funds	6 months of prior year budget expenses, including debt service but excluding depreciation, capital, and contingency	6 months of prior year budget expenses, including debt service but excluding depreciation, capital, and contingency	6 months operating expenditures including debt service but excluding depreciation	6 months operating expenditures including debt service but excluding depreciation
Solid Waste Reserve Funds	4 months of prior year budget expenses, including debt service but excluding depreciation, capital, and contingency	4 months of prior year budget expenses, including debt service but excluding depreciation, capital, and contingency	4 months operating expenditures + annual debt service	4 months operating expenditures + annual debt service
	Other Funds			
Dedicated Sales Tax	16% of budgeted ongoing operating expenditures	None	None	None
Public Safety Sales Tax	16% of budgeted ongoing operating expenditures	None	None	None

Revenues, Collections and Fees

Management will strive to develop a diverse and sustainable revenue base to support City operations and future objectives.

Unless required to pay the debt service on secondary obligations, the combined primary and secondary City property tax rates will be set at an amount that will not be more than $2.00 per $100 of assessed valuation. Tax rates set by Community Facility Districts (CFDs) or Maintenance Improvement Districts (MIDs) within the City are excluded from the rate ceiling.

When appropriate, and in the determination by the Finance and Budget Department Director, user fees are reviewed on a regular basis to calculate their full cost recovery levels, to compare them to the current fee structure, and to recommend adjustments where necessary for City Council adoption. Competing policy objectives may result in reduced user fees and charges that recover only a portion of service costs.

Rates and fees that are not set within the Avondale Municipal Code or state statute will be

reviewed annually and may be adopted or amended by Council in accordance with Arizona Revised Statutes (A.R.S.) §9-499.15.

Staff will contract with licensed professionals to assess the appropriate level of development impact fees to provide a funding source for necessary public infrastructure that will benefit future City growth. These fees will be adopted, managed, and accounted for in compliance with Arizona Revised Statutes (A.R.S.) §9-463.05. These fees will be updated and reported as needed or as required by state statute.

The City may accept payments for fees and other charges by credit or debit card but shall not accept credit or debit card payments for less than one dollar ($1.00) or greater than one hundred and twenty-five thousand dollars ($125,000). A credit card convenience fee may be applied to in-person credit card purchases and online credit and debit card purchases.

The City shall establish cost allocation models to determine the administrative service charges due to the appropriate operating fund for overhead and staff support provided to another fund.

Expenditure and Budget Control

Management must ensure compliance with the legally adopted budget and establish policies and procedures that provide for appropriate controls in the application and monitoring of the City's fiscal operations. Purchases and expenditures must comply with legal requirements and policies and procedures set forth by the state and the City.

A balanced operating and capital budget will be presented annually for Council review and adoption no later than July 1st of the fiscal year and in accordance with the requirements of A.R.S.§42-17105. These budgets should reflect the priorities of Council and reflect the City's current needs, strategic goals, and priorities.

The City will budget and track expenses and revenues by fund. Each fund is considered a separate fiscal entity accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net position, revenues and expenditures/expenses. Funds are segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance to special regulations, restrictions, or limitations. Staff may add additional administrative funds for tracking specific expenses and revenues.

The budget shall be considered balanced when all sources of funds (revenue, transfers in, and fund balances) are greater than or equal to all uses of funds (expenditures, transfers out, and contingencies) for each fund.

As part of the budget, staff will develop forecasts of the City's major funds over a five-year period.

Requests during the budget process for new or expanded on-going services shall be made

through supplemental requests. Appropriations from supplemental requests approved during the budget process will be used only for the purposes authorized by the approved supplemental request. The Finance and Budget Department will monitor the utilization of these amounts to ensure timely expenditure. If the funding is not utilized for the stated purpose in a reasonable timeframe, funds may be reverted with the authorization of the City Manager. If the funds are no longer needed for the purpose, the City Manager may reallocate the funds according to the budget transfer guidelines. Funds not identified for a specific use may be used for their highest and best use as determined by the department director and the City Manager and according to any legal restrictions on the funds being used.

A system will be used to manage position control that coordinates human resource information with budgeted position information. Seasonal, temporary, or positions with irregular hours may be controlled by the dollar amount budgeted for this purpose.

The City Manager and Human Resources Director may authorize Public Safety, Police, and Fire and Medical to hire critical public safety employees without budgeted positions on a temporary basis as those employees go through training. The requesting department will identify the funding source for these training positions prior to authorization from the City Manager and Human Resources Department.

To ensure continuity of operations, the City Manager and Human Resources Director may authorize departments to temporarily exceed budgeted staffing levels to fill critical positions when the current incumbent in a critical position has formally announced their retirement. This temporary overlap is intended to provide adequate time for training and knowledge transfer

The City may budget for a reasonable amount of vacancy savings by fund in the non-departmental budget. The amount of budgeted vacancy savings shall consider prior year amounts, the economy, and any new recruiting or retention efforts.

Mid-year budget requests that require commitment of on-going resources will be kept to a minimum to minimize the impact on future budgets. If unexpected resources are secured after budget adoption, departments may not expend any of the funds without appropriation.

All departments are responsible for ensuring that expenditures do not exceed their approved budget. Department directors are obligated to communicate potential over-expenditures of their amended budgets to the Finance and Budget Department as soon as they become known.

The budget is adopted by the City Council by department and by fund. The budget will be further allocated by management to divisions and expenditure categories. Budget amendments may be executed throughout the year when the adopted purpose varies from operational needs identified during the fiscal year pursuant to the following guidelines. Amendments must be fully executed before the authorization or expenditure of funds.

Operating Budget Transfer Guidelines:

- Use of contingency fund appropriation requires City Council approval.
- Transfers of appropriation between funds require City Council approval. Administrative funds shall be treated as belonging to their parent funds for the purpose of this provision.
- Transfers of appropriation between departments require City Council approval.
- Transfers needed to appropriate formally accepted grants, intergovernmental agreements (IGAs), private donations, and programs where expenditures must be pre-approved by the entity providing the funds may be approved by Finance and Budget.
- Transfers of appropriation to / from personal services (salaries, wages, and benefits) line items within the same department and fund require City Manager approval and must be one-time in nature so as not to impact the department's authorized FTE counts. Savings in personal services will not be used to offset deficits in department operating budgets without written authorization from the City Manager.
- Finance and Budget staff may transfer realized vacancy savings from department budgets to the non-departmental budget to satisfy the budgeted vacancy savings. Finance and Budget staff may transfer realized vacancy savings from the non-departmental budget to department budgets to cover budget overages caused by vacation payouts, separation payouts, and other payouts.
- Department directors are authorized for all other transfer types between divisions and category of expenditures within the same fund.

Continuation of one-time appropriations (carryover) into the next fiscal year may be included in the adopted annual budget. Departments will identify these anticipated amounts as part of the annual budget process. Finance and Budget Department staff will evaluate and recommend requests for consideration as part of the budget adoption process. Appropriations from carryover approved during the budget process will be used only for the purposes authorized by the approved carryover. Finance and Budget Department staff may adjust carryover amounts after the budget is adopted if items with carryover appropriation were received or completed in the prior year.

The City will maintain a purchasing system that provides needed commodities and services in a timely manner to avoid interruptions in the delivery of services. All purchases shall be made in accordance with the City's procurement code, purchasing policies, guidelines, procedures, and applicable state and federal laws. The City will endeavor to obtain supplies, equipment, and services that provide the best value through cooperative purchase agreements and competitive selections.

A system of appropriate internal controls and procedures using best practices shall be maintained for the City's payment processes to ensure vendor and contractor invoices are paid in a timely manner and in accordance with A.R.S. §34-221.

The State of Arizona sets a limit on the expenditures of local jurisdictions. The City will comply with these expenditure limitations and will submit an audited expenditure limitation report as defined by the Uniform Expenditure Reporting System (A.R.S. §41-1279.07) along with audited financial statements to the State Auditor General within the prescribed timelines.

The City Council will pursue an alternative expenditure limitation or an adjustment to the State expenditure limitation as provided by Article IX, Section 20 of the State Constitution if the projected expenditures within two years are anticipated to exceed the expenditure limitation.

City staff will develop policies and procedures for the administration of grant awards. The City will evaluate potential grants to ensure that they further the goals and objectives of the City without unduly obligating or leveraging current or future City funds. Grant opportunities will be reviewed and approved by the Finance & Budget Department Director or their designee prior to the creation of the grant application.

All grant awards and intergovernmental agreements require the approval of City Manager or their designee for acceptance before appropriation of funds. Finance and Budget staff may transfer appropriations as necessary for accepted grants, IGA, or private donations. Grant and IGA funding may not be obligated in advance of acceptance by the City Manager or their designee. The stability of the funding source along with potential funding alternatives, should the grant or donation diminish or cease, shall be considered prior to funding personnel or other ongoing expenses in-whole or in-part from grants or donations.

City Council Award Authority — Administrative Processes

Administrative award authority is the delegated power granted by City Council during budget adoption that allows the Procurement Manager to approve contracts exceeding the standard $100,000 threshold, up to a specified limit for designated budget categories, without requiring individual Council approval for each contract.

Administrative award authority enables the Procurement Manager to efficiently execute budget-approved procurements over $100,000 without delays for individual Council approvals, while maintaining fiscal oversight through pre-established spending limits by category.

The City Council reviews and approves administrative award authority through multiple governance processes, including the adoption of the annual budget, acceptance of grants and donations, and approval of mid-year budget adjustments. Awards made in accordance with these actions — and within the scope, description, and allocated expenditure authorized through such processes — are considered to have received City Council approval for purposes of contract award authority. Delegation of award authority for these items is governed by Procurement Code Section 25-6I.

For awards not previously approved through the above processes, the following approval

authority applies:

Award Amount	Approving Authority
Over $100,000	City Council
$5,001 – $100,000	City Manager or Designee
Up to $5,000	Department Director

Awards that exceed the allocated expenditure or materially deviate from the approved scope require City Council approval regardless of dollar amount.

Capital Planning and Asset Management

The City will manage and plan for capital assets and infrastructure improvements. A capital project is defined as a one-time, long-term project to build upon, add to, or improve a capital asset. Capital projects should generally cost more than $100,000 and the infrastructure improvement resulting from a completed capital project should have a lifespan of more than three years. Replacement of existing assets may also be tracked as a capital project to ensure proper long-term planning. Long-term capital planning documents such as infrastructure master plans should also be tracked as a capital project.

Management will plan and manage the City's capital infrastructure and assets in a fiscally sound and sustainable manner to ensure they support City operations, goals for quality of life, and future growth.

A balanced Capital Improvement Plan (CIP), which supports City operations and goals for quality of life and future growth, shall be developed for a five-year period to allow for appropriate planning. The CIP shall be considered balanced when all sources of funds (revenue, transfers in, and fund balances) are greater than or equal to all uses of funds (expenditures, transfers out, and contingencies) by year for each fund in the capital program. The CIP shall cover a planning period of five years, but only the first year of the five-year CIP will be adopted by City Council as part of the annual budget.

Capital projects will only be approved with funding from designated sources that are known – or considered reasonably likely during the project's plan – and meet the project's estimated development costs and costs to support.

Capital project budgets often span multiple fiscal years, and appropriation often needs to carryover from one fiscal year to the next to ensure adequate appropriation for the project. Carryover of a project budget shall not increase or decrease the total approved budget for a project. The budget of an approved capital project shall be managed at both the total project budget level (regardless of fiscal year) and also the approved fiscal year appropriation. Finance and Budget Department staff may adjust carryover appropriation for a capital project if the adjustment does not increase or decrease the total project budget.

Changes to capital projects within the approved CIP in terms of material individual capital project changes in scope and, proposed transfers of funds between approved capital projects greater than $50,000 require City Council review and authorization. Mid-year capital project additions to the approved CIP will be kept to a minimum to minimize the impact on future budgets and require City.

Council review and authorization. The council report must indicate the reason for the mid- year change, the impact on the overall CIP including future capital projects, and why the change needs to occur mid-year and cannot wait for the annual budget process.

The Finance and Budget Director or designee may approve transfers up to $10,000 of available appropriation in the CIP within capital projects of the same fund. The City Manager or designee may approve transfers between capital projects of the same fund between $10,001 and $50,000.

The budget for closed projects may be reduced to actual cost with savings reserved for midyear allocation to other projects within the same fund according to the approval schedule outlined above. Unused project saving appropriations will lapse at the end of the current fiscal year.

The performance and continued use of capital infrastructure is essential to delivering public services. Deferring essential maintenance and/or asset replacement can negatively impact service delivery and increase long term costs. As such, the City will periodically assess the condition of assets and infrastructure and appropriately plan for required major maintenance and replacement needs. Efforts will be made to allocate sufficient funds in the CIP and operating budgets for condition assessment, preventative and major maintenance, and repair and replacement of critical infrastructure assets.

Capital Assets

Capital assets are real, intangible, or personal property that have a value equal to or greater than the capitalization threshold and have an estimated useful life of greater than one year. A capital asset shall be reported and with certain exceptions, using the straight-line method over the estimated useful life based on the depreciation schedule.

Capital assets shall be recorded at their acquisition, construction or historical cost and include all costs associated with placing the asset in service including but not limited to insurance during transit, freight, and installation costs. In the absence of historical cost information, an estimated historical cost may be used. All capital assets shall be assigned an asset number and entered into the asset management system by the Finance and Budget Department for tracking, reporting, and depreciation purposes.

The City shall capitalize assets whose individual costs are $10,000 or more or groups of assets with an aggregate value of $1.0 million or more, which is 1% of the City's total capital asset value

net of accumulated depreciation. For example, replacing 500 computers valued at $2,000 would be capitalized because the aggregate value is more than the threshold.

Construction in progress is the economic construction activity status of buildings, infrastructure, and improvements that are substantially incomplete. Construction in progress assets shall be capitalized but not depreciated until the earliest occurrence of substantial completion or the asset is placed in service. Payroll costs are not capitalized for projects completed by City staff.

GASB 87 requires that property and equipment leases that convey control of the right to use another entity's financial asset in an exchange or exchange-like transaction must be reported as a capital lease/financing lease. Where the City is the lessee, a lease liability and intangible asset shall be recognized. Where the City is the lessor, a lease receivable and deferred inflow of resources shall be recognized. The City shall recognize GASB 87 lease receivable or lease liability with an initial, individual value of $100,000 or more.

GASB 96 requires the City to recognize a right-to-use subscription as an intangible asset and a corresponding subscription as liability. The City should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. This Statement provides an exception for short-term subscription-based IT arrangements (SBITA). Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. The City shall recognize SBITA intangible asset with an initial, individual value of $100,000 or more.

The City will record the acquisition and disposition of capital assets in a timely manner and in accordance with accepted accounting practices and will maintain appropriate control over their location and condition. Finance and Budget Department staff will establish a system of controls that ensures departments maintain stewardship and control of their non-capital assets.

To ensure the safeguarding of capital assets, a physical inventory of capital assets shall be performed annually.

Debt Management

The City will prudently utilize debt to fund long-term objectives without over-committing the City's current or future resources. The proceeds from General Obligation, Excise, and Utility Revenue bonds may be used as a funding source for the capital improvement plan. The City shall not use derivatives for debt management.

Long-term debt shall not be issued to finance ongoing operations. Short-term borrowing or lease purchase contracts should only be considered for financing major operating capital equipment when it is determined to be in the City's best financial interest as determined by the

Finance and Budget Department Director or their designee.

The City's capacity to issue new General Obligation (G.O.) debt, within the limits established in Article 9, Section 8 of the Arizona Constitution, will be projected annually with the budget process. General obligation debt will not be issued if the secondary property tax rate when combined with the primary rate is projected to exceed $2.00 per hundred dollars of assessed valuation.

Bonds which pledge excise taxes will be issued only when actual annual excise tax collections are at least three (3) times the maximum annual debt service. Bonds which pledge water, sewer, or solid waste revenue will be issued only when minimum fund reserves are projected to be maintained. The water, sewer, and solid waste funds will maintain operating debt coverage ratios that are at least 1.5 times the fund's maximum annual debt service requirement over a prospective five-year period. The operating debt coverage ratio represents the utilities' revenues less operating and maintenance expense (without debt service) compared to annual debt service obligations.

Debt shall be structured to provide a stable property tax rate and must abide by Arizona Revised Statute Title 35, Chapter 3 and the authorizing documents.

The City shall contract with a municipal advisor professional registered with the Municipal Securities Rulemaking Board and bond counsel to assist with the issuance of debt. In consultation with the municipal advisor, the Finance and Budget Department Director or their designee will determine the method of sale most advantageous to the City for the specific debt issuance, including competitive, negotiated, private placement, or bank loan. The municipal advisor shall provide bond pricing services or market indices to evaluate final bond pricing. The City will endeavor to obtain the best bond pricing through the use of credit rating agencies or the acquisition of bond insurance. The municipal advisor shall assist with obtaining the best pricing, including determining the number of ratings, the selection of rating services, the selection of bond insurance providers, and the selection of underwriters.

The Finance and Budget Department Director shall have written documentation related to the investment of bond proceeds, continuing disclosure procedures, tax law compliance monitoring, arbitrage rebate monitoring, federal and state law compliance practices, and ongoing investor relations efforts.

Debt service shall be included in all budgets and long-term financial plans to ensure adequate resources are available to make payments on time. The City shall utilize a bond paying agent to distribute interest and principal payments to bondholders.

Unfunded pension liabilities, or pension debt, are often a significant portion of a City's debt. Consequently, the City shall maintain and comply with a written pension funding policy for its Public Safety Personnel Retirement System plan that has been approved by the City Council. The City will ensure that the plan has sufficient assets to meet actuarial requirements. In funding

the plan, the City will balance member pension benefits and taxpayer funds in an equitable manner.

Accounting, Auditing, and Reporting

The City will conform to general accepted accounting principles (GAAP) adopted by the Governmental Accounting Standards Board (GASB) and will remain abreast of current policies and changes in approaches. Staff will apply best practices and authoritative standards for local governments to ensure ease of understanding and financial transparency.

The City will prepare and publish an Annual Comprehensive Financial Report to provide accurate and meaningful information on the City's financial condition as prescribed by the Government Finance Officers Association (GFOA).

Management will ensure appropriate internal controls are in place across the City to ensure funds are safeguarded and utilized according to stated objectives and governing policies. Finance and Budget Department staff may develop guidance or policies to assist departments with proper internal control protocols and procedures.

All City bank accounts shall be reconciled and reviewed on a monthly basis and no later than 45 days after the end of the calendar month.

Separate bond funds will be utilized to facilitate arbitrage and accounting requirements.

Enterprise and Internal Service Funds

The City's enterprise funds are established to provide services to the community and are to be self-supporting from the revenues generated by their user charges and fees. These funds will pay an appropriate amount of overhead costs for services received from central service departments. Revenues from ratepayers will not be used to subsidize the operations of non-enterprise functions.

The water and sewer operating funds will maintain an operating reserve as assigned fund balance equal to six (6) months of the previous year's adopted budgeted expenditures that includes debt service payments but excludes depreciation expense, capital expenditures, and contingency appropriation. The solid waste fund and any additional enterprise funds the City may add in the future will maintain an operating reserve as assigned fund balance equal to four (4) months of the previous year's adopted budgeted expenditures plus the amount required to meet the annual debt service requirements, but excludes depreciation expense, capital expenditures, and contingency appropriation.

Enterprise funds may have separate administrative funds for the separate tracking of capital development and equipment replacement. The water, sewer, and solid waste development and equipment replacement funds are not considered part of the operating funds for the reserve

calculations, but the funds may reserve separate amounts for capital replacements in accordance with any bond covenant requirements.

User rates and fees for enterprise operations will be reviewed and recommendations on user rates and fees will be presented to City Council for adoption periodically to ensure they recover the costs of operations, capital investments, debt obligations, and required reserve requirements to ensure stability and financial sustainability. The City will endeavor to set charges that are competitive, as affordable as possible, and recognize customer value. Enterprise funds will pay appropriate internal service costs for central City functions using the same allocation methodology as other City funds. These will be separate from any assessments to the City's water and sewer utilities for payments-in-lieu-of-property tax (PILOT) and franchise fee-in-lieu interfund transfers.

Internal service funds may be established for activities that provide goods and services to other areas of the City on a cost-reimbursement basis. Internal service funds will also be used in areas the City finds it advantageous to be self-insured.

Internal service funds should operate on a cost-recovery basis. User fees will be established and updated annually to ensure the full cost of providing services, including the cost of capital assets (depreciation, related debt services or estimated replacement cost) will be recovered. Surplus or deficit fund balances in these funds will be monitored to ensure they are compatible with the cost- reimbursement character of the fund type.

Accounting Principles and Budget

Annually, the City of Avondale Finance and Budget Department publishes the Annual Comprehensive Financial Report (ACFR). It provides a fair representation of the status of the City's financial position, changes in financial position, and changes in cash flow, as applicable, of the City's governmental funds, proprietary funds and fiduciary funds in accordance with U.S. "generally accepted accounting principles" (GAAP) adopted by the Governmental Accounting Standards Board (GASB). The GASB is the recognized standard-setting body for establishing governmental accounting and reporting principles.

In accordance with GASB, the governmental fund types (General, Special Revenue, Debt Service, and Capital Project Funds) are prepared on a modified accrual basis and focus on near- term liquidity. In these funds, expenditures are recorded when the related fund liability is incurred, and revenues are recognized only when they are measurable and available. The proprietary fund types (Internal Service and Enterprise Funds) are prepared on a full accrual basis of accounting and have an economic resources measurement focus. In these funds, expenses are recognized when they are incurred and revenues are recognized when they are earned by the City (e.g., water user fees are recognized as revenue when service is provided).

The City of Avondale uses a fund-based budget, meaning that the accounts of the City are

organized on the basis of funds. Each fund is considered a separate entity accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net position, revenues and expenditures/expenses. Funds are segregated for the purpose of carrying specific activities or attaining certain objectives in accordance to special regulations, restrictions, or limitations. For all funds, the budget, or appropriations, lapse on June 30th. Any unspent appropriations required in the subsequent fiscal year are estimated and re-appropriated as carryover budgets in each respective fund.

In most cases, the City conforms to GASB principles when preparing its budget and reporting fund balances for budgeting purposes. Exceptions are made where it would be impractical or inappropriate to budget using accounting requirements. Some of the more significant differences follow:

- Compensated absence liabilities (e.g., sick and vacation leave) are recorded as expenses within the Enterprise Funds when earned by employees (GAAP) as opposed to being expensed when paid (Budget).
- Claims incurred but not reported (IBNR) expense are recorded for GAAP basis but excluded on a budget basis.
- Capital outlays within the Enterprise Funds are recorded as assets on a GAAP basis and expenses on a budget basis.
- Principal payments on debt obligations of the Enterprise funds are recorded as a reduction of liability on a GAAP basis and expensed on a budget basis.
- Depreciation expense is recorded on a GAAP basis only.
- Changes in the fair value of investments are treated as adjustments to revenue on a GAAP basis only.
- Leases receivable is recorded on a GAAP basis only.
- Cash from interfund loans are reported as fund balance for budgeting purposes but the associated asset and liability are not reported for budgeting purposes.

Accounting reclassification or adjustments required for ACFR presentation or audit compliance are recorded on a GAAP basis only.

Investment Policy

The City receives significant revenue over the course of a year, and it is important that cash balances are prudently invested so that they not only provide an adequate return to the City, but invested monies are returned intact without any loss in principal balance. This investment policy is established to ensure the safety of City monies while at the same time providing the required liquidity to operate City programs.

This policy is designed to apply to the investment program of the City.

- The City will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies regarding investment management

pricing, safekeeping costs and administration costs. Cash in certain restricted and/or trust funds with investment restrictions may be kept separate.

- Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.
- The City operates under Arizona Revised Statute (A.R.S.) Title 35, Chapter 2, Article 2.1 entitled Money Management, and other investment guidelines mandated by statute. Investments that need to restrict yield for purposes of the Internal Revenue Service's Arbitrage Bond Regulations (Treasury Regulation Section 1.148-1 et seq.) may be deposited into a separate account and invested in a manner that meets arbitrage guidelines permitted by the IRS.

The primary objectives, in order of priority, of the City's investment activities are:

1. **Safety** – Safety of principal is the foremost objective of the investment program. The City will seek to ensure preservation of principal in the overall portfolio. The objective will be to prudently mitigate credit risk and interest rate risk. It is understood by the City that no investment is completely free of risk.
2. **Liquidity** – The investment pools and funds will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated. This is to be accomplished by structuring the portfolio so that securities mature concurrent with anticipated cash flow needs. The portfolio should consist of securities for which there exist active secondary markets.
3. **Return on Investment** – The investment pools and funds shall be managed with the objective of attaining a competitive rate of return given the constraints of the safety and liquidity objectives. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

The Standards of Care for the City are:

- Prudence – The standard of prudence to be used by investment officials shall be the "uniform prudent investor act" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.
- Ethics and Conflict of Interest – Officers and employees of the City involved in the investment process shall adhere to the conflict-of-interest laws as set forth in A.R.S. §38-501 through 38-511. They shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

The City Manager and Finance and Budget Director may delegate the management of the

investment program of the City to an external SEC-registered investment advisor(s). If authority to manage all or a part of the investment program of the City is delegated to an external advisor(s):

- The advisor(s) shall comply with this Policy and other written instructions provided by the Finance and Budget Director.
- The Finance and Budget Director will be responsible for:
    1. Periodic investment portfolio reporting;
    2. Evaluating the performance of the externally managed portfolio;
    3. Monitoring manager compliance with the investment policy;
    4. Conveying the investment needs of the City to the external manager/Investment Advisor(s);
    5. Developing investment strategy with the external manager and/or Investment Advisor(s).

A list will be maintained of financial institutions and depositories authorized to provide investment services.

All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:

- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines.
- Proof of Financial Industry Regulatory Authority (FINRA) certification (not applicable to Certificate of Deposit counterparties).
- Proof of state registration.
- Completed broker/dealer questionnaire (not applicable to Certificate of Deposit counterparties).
- Certification of having read and understood and agreeing to comply with the City's investment policy.
- Evidence of adequate insurance coverage.

An annual review of the financial condition and registration of all qualified financial institutions and broker/dealers will be conducted by the Finance and Budget Department.

If the City chooses to retain an investment advisor, then their approved Broker/Dealer list may be used in lieu of the requirements listed above.

The following standards related to Safekeeping and Custody shall be followed:

- All security transactions entered into by the City shall be conducted on a delivery versus payment basis.
- Securities shall be held by a custodian designated by the City and evidenced by custodial reports.
- Securities will be held by an independent third-party custodian selected by the entity

as with all securities held in the City's name.
- The safekeeping institution shall annually provide a copy of their most recent report on internal controls.

The City shall establish written internal controls to regulate the activities of investment personnel, which shall include:

- Control of Collusion: Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
- Segregation of duties: By separating the person who authorizes or performs the transaction, a good separation of duties is achieved.
- Custodial Safekeeping: Securities purchased from any bank or dealer, including appropriate collateral, shall be placed into an independent third-party institution for custodial safekeeping.
- Avoidance of physical delivery securities: Book entry securities are much easier to transfer and account for since actual delivery is never taken. Physical delivery securities must be properly safeguarded as are any valuable documents. The potential of fraud and loss increases with physical delivery securities. Bearer-form securities are much easier to convert to personal use than securities that are registered in the name of the government.
- Clear delegation of authority to subordinate staff members: Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid any improper actions. Clear delegation of authority also preserves the internal control structure that is built around the various staff positions and their respective responsibilities.
- Written Confirmation of all transactions (transfer, fax, internet) for investments and wire transfers: Due to potential for errors and improprieties arising from telephone/electronic transactions, these shall be documented in writing and approved by the appropriate person.
- Development of an electronic funds transfer agreement with banks: This agreement should outline the various controls and security provisions for making and receiving electronic funds transfers.
- Authorization representing the government shall be in compliance with the policy for all transfers.
- Financial institutions will have written instructions regarding government authorizations for wire transfers, restrictions on accounts where funds can be wired, and other procedures that will mitigate unauthorized movement of funds (e.g., call-back to independent person, written confirmation, etc.)
- Insurance may be secured at appropriate levels to bond employees charged with investment and cash handling responsibilities.

Consistent with the City's investment policy objectives and A.R.S. §35-323A, the following investments will be permitted by this policy:

1. Certificates of deposit in eligible depositories-50% sector limit, must be insured or fully collateralized.
2. Negotiable or brokered certificates of deposit issued by a nationally or state- chartered bank or savings and loan association; that are rated "A" (long-term) or A-1 (short-term) or the equivalent or better by a NRSRO-50% sector limit, 5% issuer limit.
3. Commercial paper, of prime quality that is rated within the top two ratings by a nationally recognized rating agency. All commercial paper must be issued by corporations organized and doing business in the United States-50% sector limit, 5% issuer limit.
4. Interest bearing savings accounts in banks and savings and loan institutions doing business in this state whose accounts are insured by federal deposit insurance for their industry. Deposits in excess of the insured amount are secured by collateral as outlined in A.R.S. §35-323.
5. The pooled investment funds established by the state treasurer pursuant to A.R.S. §35-326.
6. Obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations or instrumentalities.
7. Bonds or other evidence of indebtedness of this state or any of its counties, incorporated cities or school districts-40% sector limit, 5% issuer limit.
8. Bonds, notes or evidence of indebtedness issued by any county improvement district or municipal improvement district of any state to finance local improvements authorized by law, if the principal and interest of the obligations are payable from assessments on real property within the improvement district-40% sector limit, 5% issuer limit. An investment shall not be made if:
    a. The face value of all such obligations, and similar obligations outstanding, exceeds fifty percent of the market value of the real property, and if improvements on which the bonds or the assessments for the payment of principal and interest on the bonds are liens inferior only to the liens for general ad valorem taxes.
    b. A default in payment of principal or interest on the obligations to be purchased has occurred within five years of the date of investment, or, if the obligations were issued less than five years before the date of investment, a default in the payment of principal or interest has occurred on the obligations to be purchased or on any other obligation of the issuer within five years of the investment.
9. Bonds, debentures, notes or other evidence of indebtedness that are denominated in United States dollars and that carry at a minimum an "A" or better rating, at the time of purchase, from at least two nationally recognized rating agencies-50% sector limit, 5% issuer limit.
10. Repurchase agreements with a maximum maturity of one hundred eighty days-40% sector limit, 20% issuer limit.

Unless part of the above lists of permitted investments, all other investments instruments are hereby prohibited from consideration.

The City shall invest trust and restricted funds in accordance with A.R.S. §35-324, A.R.S. §35-328 and the terms of the trust or controlling documents, if any.

Table of Permitted Investment

Item	Investment Type	Sector Limit	Issuer Limit
1	Certificates of Deposit (CDs)	50%	
2	Negotiable/Brokered CDs	50%	5%
3	Commercial Paper	50%	5%
4	Cash Funds/Money Market Accounts	100%	
5	Local Government Investment Pool (LGIP)	100%	
6	U.S. Treasury, U.S. Gov. Agency Obligations/Instrumentalities	100%	
7-8	State or Local Government Agency Obligations	40%	5%
9	Corporate Notes, Asset-backed securities	50%	5%
10	Repurchase Agreements	40%	20%

Following the primary objective of preservation of capital, investments shall be actively managed to take advantage of market opportunities. In so doing, negotiable securities may be sold prior to their maturity to provide liquid funds as needed for cash flow purposes, to enhance portfolio returns, or to restructure maturities to increase yield and/or reduce risk.

The City recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Portfolio diversification is employed to control risk. The Finance and Budget Director will display prudence in the selection of securities to minimize default risk. No individual investment transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio. In the event of a default by a specific issuer, the Finance and Budget Director shall review, and if appropriate, proceed to liquidate securities having comparable risks.

The Finance & Budget Director shall periodically adjust guidelines and strategies to control risks of default, market price changes and illiquidity.

It is the policy of the City to diversify its investment portfolio.

- Investment funds shall be diversified to minimize the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities.
- Diversification strategies shall be periodically reviewed by the Investment Advisory Committee.

The City, to the extent possible, will attempt to match investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five years from the date of purchase or in accordance with governing legislation.

Reserve funds may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

Maturity decisions will be made based on a variety of factors, including the following:

- Internal factors, such as cash flow projections, debt service, potential CIP outlays, etc.
- The yield curve at various maturity sectors of the market.
- Federal Reserve Bank policy and the financing plans of the U.S. Treasury and Agencies.

Competitive bidding strengthens the investment program in terms of level and consistency of performance. In general, all purchases of investments will be bid competitively and to the extent practical, all purchases will be awarded to vendors yielding the highest returns to the City. The City reserves the right to reject the bid yielding the highest return if the transaction is deemed to be inconsistent with City policy, i.e., maturity, risk, liquidity, etc.

For every investment transaction the City shall conduct a competitive "bid" process, securing quotes from at least three (3) qualified broker/dealer institutions. If the City utilizes an outside investment advisor, the advisor shall follow the same process of securing a minimum of three (3) bids from their list of approved broker/dealers.

A report containing balance and yield information related to liquidity investments such as LGIP, overnight balances, money market funds, and short-term certificates of deposit will be provided to the Finance & Budget Director on a monthly basis.

The following reports related to third party managed investment securities will be provided to the Finance & Budget Director.

Monthly

1. Month end Investment Summary. The month-end investments are summarized by type of investment. The report summarizes original cost and market values of investments in the pools and funds.
2. Earned investment yield for period, year-to-date, and comparison to prior year.
3. Interest distributed for period.

Quarterly

1. Monthly average rate of return on the portfolio.
2. Average days to maturity.

3. Monthly portfolio composition.

At a minimum, a report shall be presented annually to the City Manager and Council to update administration on securities held, maturities, investment returns, unrealized gains (losses), and comparisons to established benchmarks, market conditions, prevailing investment strategy, and adherence to the investment policy. Securities will be reported on a market-to-market basis as defined by the Governmental Accounting Standards Board (GASB).

The report of investment holdings shall be reconciled to the City's custodian bank within thirty (30) days of the close of each month and any discrepancies shall be reported to the Finance & Budget Director.

Changes to Financial Policies

The City's Comprehensive Financial Policies are reviewed annually, and the entire policy document, with any recommended changes, is generally adopted by City Council at the same time as the annual budget. In June 2020, the City's Comprehensive Financial Policies were overhauled. Minor changes have been made each subsequent year. The table below details the notable changes over the past five years.

Date of Update	Notable Changes
June 1, 2026	• Added specific guidance for Administrative Award Authority • Allow administrative CIP transfer thresholds within the same fund at project closure • Clarified Accounting reclassification or adjustments administratively permitted at year end • Added credit card transaction limits and ability to pass along convenience fees
June 2, 2025	• Allow a temporary overlap when filling critical positions • Enhance the debt management policy to conform with best practices • Delegates authority to transfer realized vacancy savings for employee payouts • Reformat the investment policy to match the other financial policies • Included a Table of Contents for easier document navigation
June 3, 2024	• Added fund balance requirements for the two dedicated one-half cent sales tax funds • Added authorization to budget vacancy savings and transfer vacancy savings from department budgets • Added a capital assets section establishing capitalization thresholds
June 5, 2023	• Added the Investment Policy. This policy was previously approved by council separately • Reduced the limit for credit/debit card payments accepted for payment of fees and charges from $25,000 to $15,000 • Licensed professionals are to be used to assess development impact fees • Defines fund and allows for administrative funds to be used to track specific revenues and expenditures • Defines FTE and pooled positions • Defines capital projects • Delegates carryforward adjustments for capital projects to the Finance & Budget Department
June 6, 2022	• Added limits for credit card payments accepted for payment of fees and charges • Added the Public Safety Department to the list of departments allowed to request the hiring of unbudgeted critical public safety positions • Clarified that part time FTE positions represent 2080 compensated hours during the fiscal year • Clarified that the assigned reserve balance is equal six or four months of operating expenditures • Updated technical accounting language to reflect current GFOA Blue Book guidance. • Updated the name of the annual financial report from Comprehensive Annual Financial Report to Annual Comprehensive Financial Report
June 7, 2021	• Added clarification on hiring of unbudgeted critical public safety positions • Removed reference to Capital Improvement Plan Citizen Committee
June 15, 2020	• New Comprehensive Financial Policies Adopted • Added General Fund Tier 1 and Tier 2 fund balance reserve designations • Tier 1: 25% emergency reserve • Tier 2: 10% rainy day reserve • Water and Sewer fund balance requirements amended • Reduced from 9 months operating expenditures plus 5% asset value excluding accumulated depreciation to 6 months operating expenditures including debt service but excluding depreciation

CITY COUNCIL REPORT

ITEM NUMBER: 4.e.

SUBJECT: Resolution 1028-0526 - Adoption of Reimbursement Resolution for Water Utility Revenue Obligations and Wastewater Utility Revenue Obligations

MEETING DATE: 5/4/2026

TO: Mayor and Council

FROM: Renee Weatherless, Finance & Budget Director

THROUGH: Ron Corbin, City Manager, (623) 333-1011

REVIEWED: Ron Corbin, City Manager, (623) 333-1011

STRATEGIC PLAN:

This agenda item supports the following Avondale Strategic Outcome Area: **Resilient Infrastructure & Transportation**

Avondale invests in safe and sustainable infrastructure, including water, roads, and utilities, and actively participates in regional planning and development.

PURPOSE:

City Council will consider a request to adopt Resolution 1028-0526, adopting a reimbursement resolution for Water Utility Revenue Obligations and Wastewater Utility Revenue Obligations to declare official intent to be reimbursed in connection with certain capital expenditures relating to environmental mitigation and water and wastewater utility system capital improvement projects and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

BACKGROUND:

The City anticipates undertaking PFAS mitigation, water utility, and wastewater utility capital improvement projects that are eligible to be financed through the issuance of revenue bonds. Prior to the issuance of such obligations, the City may incur expenditures related to project design, engineering, acquisition, construction, and other associated costs.

The City must adopt a reimbursement resolution to preserve its ability to reimburse itself for eligible expenditures incurred prior to the issuance of the obligations. Adoption of the proposed resolution establishes the City's intent to seek reimbursement from future bond proceeds for qualifying expenditures.

DISCUSSION:

The proposed reimbursement resolution allows the City to maintain flexibility in financing capital projects and begin project work prior to securing long-term financing while preserving the option to use tax-exempt bond proceeds for reimbursement.

The resolution will apply to expenditures incurred no more than 60 days prior to adoption and for a period not to exceed 18 months after the later of (1) the date of the expenditure or (2) the date the project is placed in service, consistent with federal regulations.
The maximum principal amount of bonds expected to be issued for the projects is estimated at $66,250,000.

Adoption of this resolution is a standard procedural step in municipal finance and ensures compliance with federal requirements.

BUDGET IMPACT:
This resolution will allow the City to reimburse itself for expenditures made on certain capital projects prior to the issuance of the obligations. Appropriations for the projects are already budgeted in FY2026 and FY2027.

RECOMMENDATION:
Staff is recommending Council adopt a resolution allowing the City to reimburse itself for expenditures made on eligible capital projects prior to the issuance of the obligations.

Contact person for document distribution: *Renee Weatherless, Gregory Luethje*

RESOLUTION NO. 1028-0526

RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF AVONDALE, ARIZONA, DECLARING, FOR PURPOSES OF SECTION 1.150-2 OF THE FEDERAL TREASURY REGULATIONS, OFFICIAL INTENT TO BE REIMBURSED IN CONNECTION WITH CERTAIN CAPITAL EXPENDITURES RELATING TO ENVIRONMENTAL MITIGATION AND WATER AND WASTEWATER UTILITY SYSTEM CAPITAL IMPROVEMENT PROJECTS

WHEREAS, the City of Avondale, Arizona (the "City") is authorized and empowered pursuant to law to issue or cause to be issued obligations to finance the costs of various capital facilities owned or to be owned by the City; and

WHEREAS, it is contemplated that certain expenditures made by the City with regard to capital facilities owned or to be owned by the City with regard to environmental mitigation, including with regard to "PFAS" mitigation, and water and wastewater utility system capital improvement projects (collectively the "Project") will be reimbursed from the proceeds of the sale of obligations to be issued in the future by or on behalf of the City.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF AVONDALE as follows:

SECTION 1. The recitals above are hereby incorporated as if fully set forth herein.

SECTION 2. Definitions. The following terms shall have the meanings assigned thereto as follows:

"official intent" means a declaration of intent of the City to reimburse an original expenditure with proceeds of an obligation;

"original expenditure" means an expenditure for a governmental purpose that is originally paid from a source other than a reimbursement bond; and

"reimbursement bond" means the portion of an issue of obligations allocated to reimburse an original expenditure that was paid before the issue date of such issue.

SECTION 3. Official Intent. This Resolution is official intent relating to reimbursement for the original expenditures for the Project which are capital expenditures (being any cost of a type that is properly chargeable to a capital account (or would be so chargeable with a proper

election) under general federal income tax principles) made within sixty (60) days before and any time after the date of this Resolution. The maximum principal amount of obligations (including the reimbursement bonds for such purposes) to be issued for the Project is expected not to exceed $67,250,000.

SECTION 4. Reasonableness of Official Intent. On the date of this Resolution, the Mayor and Council of the City have a reasonable expectation (being that a prudent person in the same circumstances would have based on all the objective facts and circumstances) that the City will reimburse such original expenditures with proceeds of such obligations. Official intents have not been declared by the City as a matter of course or in amounts substantially in excess of the amounts expected to be necessary for such projects. Moreover, the City does not have a pattern (other than in extraordinary circumstances) of failure to reimburse actual original expenditures covered by official intents.

SECTION 5. Reimbursement Period. With certain exceptions, an allocation in writing that evidences use of proceeds of the reimbursement bonds to reimburse the original expenditures shall be made not later than 18 months after the later of (i) the date that the original expenditure is paid, or (ii) the date the project is placed in service or abandoned, but in no event more than 3 years after the original expenditure is paid.

SECTION 6. Public Record. This Resolution shall be included as of the date hereof in the publicly available official records of the City, such records being maintained and supervised by the City Clerk, being the main administrative office of the City, and shall remain available for public inspection on a reasonable basis.

PASSED AND ADOPTED by the Council of the City of Avondale, Arizona, May 4, 2026.

_____
Mike Pineda, Mayor

ATTEST:

_____
Marcella Sarmiento, City Clerk

APPROVED AS TO FORM:

_____
Nicholle Harris, City Attorney

CITY COUNCIL REPORT

ITEM NUMBER: 4.f.

SUBJECT: Ordinance 2012-0526 — Approving the Sale, Execution and Delivery of Wastewater System Revenue and/or Revenue Refunding Obligations, in one or more series; approving the form and authorizing the execution and delivery of necessary agreements, instruments, and documents; delegating authority to determine certain matters with respect to the foregoing; and declaring an emergency

MEETING DATE: 5/4/2026

TO: Mayor and Council

FROM: Renee Weatherless, Finance and Budget Director

THROUGH: Ron Corbin, City Manager, (623) 333-1011

REVIEWED: Ron Corbin, City Manager, (623) 333-1011

STRATEGIC PLAN:

This agenda item supports the following Avondale Strategic Outcome Area: **Resilient Infrastructure & Transportation**

Avondale invests in safe and sustainable infrastructure, including water, roads, and utilities, and actively participates in regional planning and development.

PURPOSE:

City Council will consider a request to adopt Ordinance 2012-0526, approving the sale and execution and delivery of Wastewater System Revenue and Wastewater System Revenue Refunding Obligations, in one or more series; authorizing the completion, execution and delivery with respect thereto of agreements necessary or appropriate as part of financing a portion of the Charles M. Wolf Water Reclamation Facility expansion and refinance existing Water and Sewer Revenue Obligations, Series 2016 and pay the cost of issuance; approving the form and authorizing the execution and delivery of agreements necessary for such sale; delegating to the Mayor, the City Manager, and the Finance and Budget Director authority to determine certain matters and terms with respect to the foregoing, authorizing all actions to further this ordinance; and declaring an emergency; and authorizing staff to transfer the necessary appropriation authority to the Wastewater Enterprise Funds and modify the interfund transfer schedule as necessary; and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

BACKGROUND:

Pledged revenue obligations are obligations from a specific income or revenue source. In this case, the City will be pledging Wastewater System revenue up to $48,000,000. As part of the FY2027 capital planning and budgeting process, staff and Council discussed the need to design and construct a portion of the expansion of the Charles M. Wolf Water Reclamation Facility from 9.0 million gallons per day (MGD) to 12.0 MGD. The

approved plan includes long-term bond financing to help fund this expansion.

Staff also identified an opportunity to refinance Water and Sewer Revenue Obligations issued in 2016, which were issued for sewer system improvements on a combined Water and Sewer pledge. This will allow the 2016 obligations to be refinanced and restructured though the Wastewater System pledged revenue and is expected to result in total expected savings of $112,000.

DISCUSSION:

The Ordinance authorizes the sale and issuance of City of Avondale, Arizona Wastewater System Revenue and Wastewater System Revenue Refunding Obligations, one or more series, and execution of necessary agreements and documents. The Ordinance also prescribes certain terms and conditions, including the delegation to the Mayor, City Manager, Assistant City Manager, and Finance and Budget Director the authority to:

- Designate the final principal and payment amounts, maturities and payment dates, and interest rates and yields.
- Accept a proposal for the purchase of the Wastewater System Revenue and Wastewater System Revenue Refunding Obligations, one or more series, and approve the form of the Purchase agreement.
- Appoint a Trustee and approve the form of the Trust Agreement.
- Approve the form of the Preliminary Official Statement and Official Statement.
- Ratify all actions taken with respect to the preparation and distribution of the Preliminary Official Statement.
- Approve the continuing disclosure undertaking.
- Authorize all actions taken to further this Ordinance.
- Declare an emergency in order to have the Ordinance effective immediately.

The sale of the obligations will be as a result of public offering. Stifel Inc. has advised staff on the bond sale. The Purchase Agreement and Trust Agreement will be executed in the attached substantially completed form.

The emergency clause is needed to provide flexibility in issuing the debt within the next 30 days to take advantage of potentially favorable market conditions if lower interest rates are available.

BUDGET IMPACT:

The principal and interest payments on these obligations will be incorporated into the FY 2027 recommended budget and appropriated in the Wastewater Enterprise Funds if approved by City Council.

The $46,750,000 million wastewater system revenue bond issuance will be a 30-year financing, with an estimated interest rate of 4.75%. The cost of interest is estimated to be $41,979,000 over the 30-year term. The source of repayment for the obligations is wastewater revenues, consisting primarily of user fees.

By refinancing the remaining debt on the 2016 Water & Sewer Revenue Obligations, the City is able to restructure the existing debt and is expected to save approximately $112,000, lowering the average interest rate.

RECOMMENDATION:

Staff recommends that City Council adopt an Ordinance approving the sale and execution and delivery of Wastewater System Revenue and Wastewater System Revenue Refunding Obligations, in one or more series; authorizing the completion, execution and delivery with respect thereto of agreements necessary or appropriate as part of financing a portion of the Charles M. Wolf Water Reclamation Facility expansion and refinance existing Water and Sewer Revenue Obligations, Series 2016 and pay the cost of issuance;

approving the form and authorizing the execution and delivery of agreements necessary for such sale; delegating to the Mayor, the City Manager, and the Finance and Budget Director authority to determine certain matters and terms with respect to the foregoing, authorizing all actions to further this ordinance; and declaring an emergency; and authorizing staff to transfer the necessary appropriation authority to the Wastewater Enterprise Funds and modify the interfund transfer schedule as necessary. The Council will take appropriate action.

Contact person for document distribution: *Renee Weatherless*
Kimberly Grant
Greg Luethje
Aaron White
Ron Corbin

DRAFT
03/23/26
04/22/26

SERIES 2026 WASTEWATER REVENUE OBLIGATION INDENTURE

by and between

CITY OF AVONDALE, ARIZONA

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

Dated as of June 1, 2026

relating to

$____,000
Wastewater System Revenue Obligations, Series 2026A
and
$____,000
Wastewater System Revenue Refunding Obligations, Series 2026B
Evidencing Proportionate Interests of the Holders Thereof in
Installment Payments of the Purchase Price to be Paid by the
City of Avondale, Arizona,
Pursuant to a Series 2026 Wastewater Revenue Purchase Agreement,
Dated as of June 1, 2026

(This Table of Contents is for informational purposes only and is not to be considered a part of the Series 2026 Wastewater Revenue Obligation Indenture)

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SERIES 2026 WASTEWATER REVENUE OBLIGATION INDENTURE

This SERIES 2026 WASTEWATER REVENUE OBLIGATION INDENTURE, dated as of June 1, 2026 (this "*Indenture*"), by and between the CITY OF AVONDALE, ARIZONA, a municipal corporation of the State of Arizona (the "*City*"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association authorized to exercise trust powers in the State of Arizona, as trustee, and any successor to its duties hereunder (the "*Trustee*"),

WITNESSETH:

WHEREAS, the Trustee, in its separate capacity as seller (the "*Seller*"), and the City, as purchaser, have entered into a Series 2026 Wastewater Revenue Purchase Agreement, dated as of June 1, 2026 (the "*Purchase Agreement*"), pursuant to which the execution and delivery of certain Wastewater System Revenue Obligations, Series 2026A (the "*2026A Obligations*") and Wastewater System Revenue Refunding Obligations, Series 2026B (the "*2026B Obligations*" and, collectively with the 2026A Obligations, the "*Obligations*"), Evidencing Proportionate Interests of the Holders Thereof in Installment Payments of the Purchase Price to be Paid by the City of Avondale, Arizona, Pursuant to a Series 2026 Wastewater Revenue Purchase Agreement, dated as of June 1, 2026, to purchase the Projects (as defined in the Purchase Agreement) has been provided; and

WHEREAS, for the purpose of obtaining the moneys to finance and refinance the costs of the Projects, rights pursuant to the Purchase Agreement have been assigned and transferred to the Trustee for purposes hereof, and in consideration of such assignment and the execution hereof, the Trustee shall execute and deliver the Obligations, each evidencing (notwithstanding the multiple series) a proportionate interest in certain rights pursuant to the Purchase Agreement, including the right to receive payment of the Purchase Price (as defined in the Purchase Agreement);

GRANTING CLAUSES

NOW, THEREFORE, THIS INDENTURE FURTHER WITNESSETH: That in order to secure all of the Obligations executed and delivered pursuant hereto, the payment of principal and interest thereon, the rights of the Holders (as defined herein) of the Obligations and the performance and observance of the covenants and conditions contained herein and in the Obligations and the Purchase Agreement, the Trustee shall receive and hold as security for the Holders of the Obligations, and there shall be granted a security interest in and released, assigned, transferred, pledged, mortgaged, granted and conveyed unto the Trustee or any successor to its duties hereunder, the following described property:

A. All rights and interests of the Seller in, under and pursuant to the Purchase Agreement as assigned, mortgaged, hypothecated and pledged pursuant to the Purchase Agreement, provided that the assignment made by this clause shall not include any right to limitation of liability, indemnification of liability, or payment or reimbursement of fees, costs or expenses,

B. Amounts on deposit from time to time in the funds and accounts created pursuant hereto subject to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, and

C. Any and all other real or personal property of any kind from time to time after execution hereof by delivery or by writing of any kind specifically conveyed, pledged, assigned or transferred, as and for additional security hereunder for the Obligations, by the City or by anyone on its behalf or with its written consent, in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof,

TO HAVE AND TO HOLD all said properties assigned, mortgaged, hypothecated and pledged and conveyed by the Seller, including all additional property that by the terms hereof has or may become subject to the encumbrance hereof, unto the Trustee and its successors in trust and its assigns forever, subject, however, to the rights reserved hereunder,

IN TRUST NEVERTHELESS, for the equal and proportionate benefit and security of the Holders from time to time of the Obligations executed and delivered and Outstanding (as defined herein) hereunder, without preference, priority or distinction as to lien or otherwise of any of the Obligations over any other or others of the Obligations to the end that each Holder of the Obligations has the same rights, privileges and lien under and by virtue hereof; and conditioned, however, that if all liabilities, obligations and sums at any time secured hereby shall be well and truly paid, or caused to be paid fully and promptly when due, and all of the covenants, warranties and agreements contained herein shall promptly, faithfully and strictly be kept, performed and observed, then and in such event, this Indenture shall be and become void and of no further force and effect; otherwise, the same shall remain in full force and effect, and upon the trust and subject to the covenants and conditions hereinafter set forth.

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions. Unless the context otherwise requires, the following words and phrases shall have the following meanings:

"*Business Day*" means a day on which banks located in the City of Phoenix, Arizona, and in the city or cities in which the principal office of the Trustee and the Paying Agents are not required or authorized by law or executive order to remain closed.

"*City Representative*" means the City Manager, the Finance and Budget Director of the City or any other person at any time designated to act on behalf of the City by written certificate furnished to the Trustee containing the specimen signature of such person and signed by the City Manager or his or her designee. Such certificate may designate one or more alternates.

"*Closing Date*" means June __, 2026.

"*Code*" means the Internal Revenue Code of 1986, as amended, and any successor provisions thereto.

"*Costs of Issuance Fund*" means the fund of that name created pursuant to Section 5.1.

"*Defeasance Obligations*" means, to the extent permitted by law, (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), or (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, or any combination thereof.

"*Depository Trustee*" means any financial institution meeting the requirements as a successor Trustee under Section 8.6 that may be designated by the City.

"*DTC*" means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

"*Escrow Trust Agreement*" means the Escrow Trust Agreement, dated as of June 1, 2026, by and between the Escrow Trustee and the City.

"*Escrow Trustee*" means U.S. Bank Trust Company, National Association, in its capacity as escrow trustee pursuant to the Escrow Trust Agreement.

"*Fitch*" shall mean Fitch Ratings, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency for the type of credit in question, "*Fitch*" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by written notice to the Trustee.

"*Holder*" means the registered owner of any Obligation.

"Improvements Fund" means the fund of that name created pursuant to Section 2.2 of the Purchase Agreement.

"*Indenture Event of Default*" means any one of those events set forth in Section 7.1.

"*Interest Account*" means the account of the Obligation Fund of that name created pursuant to Section 5.1.

"*Moody's*" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency for the type of credit in question, "*Moody's*" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by written notice to the Trustee.

"*Obligation Fund*" means the fund of that name created pursuant to Section 5.1.

"*Obligation Payment Date*" means each January 1 and July 1, commencing _____ 1, 20__, so long as any Obligations are Outstanding.

"*Opinion of Counsel*" means a written opinion of an attorney or firm of attorneys who or which (except as otherwise expressly provided herein or in the Purchase Agreement) may be counsel for the City or the Trustee, provided that such attorney or firm of attorneys may not be an employee of the Trustee.

"*Outstanding*" when used with reference to the Obligations, means, as of any date of determination, all Obligations theretofore executed and delivered except:

(i) Obligations theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Obligations that are deemed paid and no longer Outstanding as provided herein, including as a result of irrevocable instructions being provided by the City for the redemption thereof;

(iii) Obligations in lieu of which other Obligations have been executed and delivered pursuant to the provisions hereof relating to Obligations destroyed, stolen or lost, unless evidence satisfactory to the Trustee has been received that any such Obligation is held by a bona fide purchaser; and

(iv) For purposes of any consent or other action to be taken hereunder or under the Purchase Agreement by the Holders of a specified percentage in principal amount of Obligations, Obligations held by or for the account of the City, or any Person controlling, controlled by, or under common control with, any of them.

"*Paying Agent*" means the banks or trust companies and their successors designated as the paying agencies or places of payment for the Obligations. The Trustee is designated as Paying Agent for the Obligations.

"*Permitted Investments*" means any investment permitted by Section 35-323, Arizona Revised Statutes, as amended, or any successor provision thereto.

"*Person*" shall include an individual, association, unincorporated organization, corporation, partnership, joint venture, or government or agency or political subdivision thereof.

"*Principal Account*" means the account of the Obligation Fund of that name created pursuant to Section 5.1.

"*Principal Installment*" means, for any particular date, the aggregate of the principal amount of Obligations that is due on such date.

"*Record Date*" means (i) with respect to any Obligation Payment Date occurring on the first calendar day of any month, the fifteenth day of the calendar month next preceding that

Obligation Payment Date (regardless of whether such fifteenth day is a Business Day) or (ii) such other date as may be designated pursuant to Section 2.2(c).

"*S&P*" means Standard & Poor's Financial Services LLC, its successors and assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency for the type of credit in question, "*S&P*" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by written notice to the Trustee.

"*Securities Depository*" has the meaning provided in Section 2.8.

"*Special Counsel*" means an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the City.

"*Special Counsel's Opinion*" means an opinion signed by Special Counsel.

"*State*" means the State of Arizona.

Section 1.2 Interpretation.

(a) Any reference herein to the City Council or any officer of the City shall include those succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

(b) Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa and the use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender.

(c) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof. References to "Articles" and "Sections" are to those in this Indenture, unless otherwise specified.

Section 1.3 All Obligations Equally and Ratably Secured; Obligations Not General Obligations of the City. All of the Obligations executed and delivered hereunder and at any time Outstanding shall in all respects be equally and ratably secured hereby, without preference, priority, or distinction on account of the date or dates or the actual time or times of the execution and delivery or maturity of the Obligations, so that all Obligations at any time Outstanding hereunder shall have the same right, lien and preference hereunder and shall all be equally and ratably secured hereby. The Obligations shall be payable solely out of the revenues and other security pledged hereby and shall not constitute an indebtedness or general obligation of the City within the meaning of any State constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the City or be a charge against its general credit or a charge against the general credit or the taxing powers of the City, the State or any political subdivision thereof.

ARTICLE II
AUTHORIZATION AND TERMS OF OBLIGATIONS

Section 2.1 Authorization of Obligations. The Trustee is hereby authorized and directed, upon receipt of a request in writing from the City Representative, to prepare, execute and deliver the 2026A Obligations and the 2026B Obligations to, or upon the direction of, Raymond James & Associates, Inc., as the underwriter of the Obligations, in the aggregate original principal amount of $____,000 and $____,000, respectively.

Section 2.2 Form, Date and Payment Terms of Obligations.

(a) The Obligations shall:

(i) Be dated the date of their initial execution and delivery, be executed and delivered in denominations of $5,000 of principal each or any integral multiple thereof, and bear interest from the most recent Obligation Payment Date to which interest has been paid or for which due provision has been made or, if no interest has been paid, from the date of their initial execution and delivery. Said interest shall represent the portion of each installment of the Purchase Price designated as interest and coming due during the six-month period (or portion thereof) preceding each Obligation Payment Date paid pursuant to Section 5.4(i); provided that the first installment shall be for interest from the date of initial execution and delivery of the Obligations to _____ 1, 20__. The proportionate share of the portion of each installment of the Purchase Price designated as interest with respect to any Obligation shall be computed by multiplying the portion of each installment of the Purchase Price designated as principal with respect to such Obligation by the rate of interest applicable to such Obligation (on the basis of a 360-day year of twelve 30-day months).

(ii) Mature on July 1 in the years and amounts and bear interest at rates per annum (calculated on the basis of a 360-day year of twelve 30-day months) as follows:

2026A Obligations

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate

2026B Obligations

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate

(b) The Obligations shall be executed and delivered only in fully registered form and shall be numbered or otherwise designated in a manner specified by the Trustee so as to distinguish each Obligation from every other Obligation.

(c) Interest on the Obligations shall be payable when due to the Holder in whose name such Obligation is registered at the close of business on the Record Date with respect to each Obligation Payment Date, irrespective of any transfer or exchange of such Obligation subsequent to such Record Date and prior to such Obligation Payment Date, unless there is a default in the payment of interest due on such Obligation Payment Date. In the event of any such default, such defaulted interest shall be payable to the Holder in whose name such Obligation is registered at the close of business on a special Record Date for the payment of such defaulted interest established by notice mailed by the Trustee to the Holders of the Obligations not less than 15 days preceding such special Record Date. Such notice shall be mailed to the Holders in whose name the Obligations are registered at the close of business on the fifth day preceding the date of mailing. If the Trustee registers the transfer of any Obligation subsequent to the mailing of such notice and on or before the special Record Date, any such notice of payment of defaulted interest shall be binding upon the transferee and a copy of the notice of payment of defaulted interest shall be delivered by the Trustee to the transferee(s) along with the Obligation(s).

(d) Principal of and interest on the Obligations shall be payable when due in any coin or currency of the United States of America that is legal tender for the payment of public and private debts. Principal of the Obligations shall be payable at the designated corporate trust office of the Trustee upon surrender of the Obligation on or after the maturity date. Payment of interest on the Obligations shall be made by check or draft mailed to the registered address of the Person entitled thereto; except that, upon the written direction of any Holder of not less than $1,000,000 in aggregate principal amount of Obligations (which direction shall remain effective for so long as such Holder owns not less than $1,000,000 in Obligations or until such Holder countermands such written direction in writing), the payment of interest on the Obligations owned by such Holder may be made by wire transfer of immediately available funds to an account located in a bank within the United States pursuant to wire transfer directions issued by such Holder.

(e) Any payment due on any Obligation that is not paid when due shall bear interest at a rate equal to the rate of interest borne on such Obligation, from the date such payment is due until the payment is made. Such interest shall be calculated based upon an assumption of a 360-day year of twelve 30-day months, with such interest compounded semiannually.

Section 2.3 Mutilated, Destroyed, Lost and Stolen Obligations. If (a) any mutilated Obligation is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Obligation, and (b) there is delivered to the Trustee such security or indemnity as the Trustee may require to hold the Trustee harmless, then, in the absence of notice to the Trustee that such Obligation has been acquired by a bona fide purchaser and upon the Holder paying the reasonable expenses of the Trustee and of any security

or indemnity obligation required by the Trustee, the Trustee shall execute and deliver, in exchange for such mutilated Obligation or in lieu of such destroyed, lost or stolen Obligation, a new Obligation of like series, principal amount, date and tenor. If any such mutilated, destroyed, lost or stolen Obligation has become, or will on or before the next Obligation Payment Date become, due and payable, the Trustee may, in its discretion, pay such Obligation when due instead of delivering a new Obligation.

Section 2.4 Execution of Obligations. All Obligations shall be executed by and in the name of the Trustee by manual signature of an authorized representative of the Trustee. If any authorized representative of the Trustee whose signature appears on any Obligation ceases to be such authorized representative before the date of initial execution and delivery of the Obligations, such signature shall nevertheless be effective.

Section 2.5 Registration, Transfer and Exchange of Obligations.

(a) All Obligations executed and delivered hereunder shall be negotiable, subject to the provisions for registration and transfer thereof contained herein or in the Obligations.

(b) So long as any Obligations are Outstanding, the Trustee shall maintain at its offices books for the registration and transfer of Obligations and shall provide for the registration and transfer of any Obligation under such reasonable regulations as the Trustee may prescribe. The Trustee shall act as registrar for purposes of exchanging and registering Obligations in accordance with the provisions hereof.

(c) Each Obligation shall be transferable only upon the registration books maintained by the Trustee, by the Holder thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered Holder or his duly authorized attorney. Upon surrender for transfer of any Obligation, the Trustee shall authenticate and deliver, in the name of the transferee, one or more new Obligations, of the same series, aggregate principal amount and maturity as the surrendered Obligation.

(d) Any Obligation, upon surrender thereof to the Trustee together with written instructions satisfactory to the Trustee, duly executed by the registered Holder or his attorney duly authorized in writing, may, at the option of the registered Holder thereof, be exchanged for Obligations of any other authorized denominations, with an equal aggregate principal amount and the same maturity.

(e) All Obligations surrendered in any exchange or transfer of Obligations shall forthwith be cancelled by the Trustee.

(f) In connection with any such exchange or transfer of Obligations the Holder requesting such exchange or transfer shall as a condition precedent to the exercise of the privilege of making such exchange or transfer remit to the Trustee an amount sufficient to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer.

Section 2.6 Persons Deemed Owners. The Person in whose name any Obligation shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of principal of and interest on any Obligation shall be made only to or upon the written order of the registered Holder thereof (subject to provisions in this Indenture regarding the Record Date). Such payment shall be valid and effectual to satisfy and discharge the liability upon such Obligation to the extent of the amount so paid.

Section 2.7 Non-Presentment of Obligations. In the event any Obligation shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, if moneys sufficient to pay the principal of and interest on such Obligation shall have been deposited hereunder for such payment, all liability to the Holder thereof for the payment of such Obligation shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such moneys as provided herein, without liability for interest thereon, for the benefit of the Holder of such Obligation, who shall thereafter be restricted exclusively to such moneys, for any claim of whatever nature on his part under this Indenture or on, or with respect to, said Obligation.

Section 2.8 Book-Entry. The Trustee or the City may from time to time enter into, and discontinue, an agreement with a "clearing agency" (securities depository) registered under Section 17A of the Securities Exchange Act of 1934, as amended (the "*Securities Depository*"), which is the owner of the Obligations, to establish procedures with respect to the Obligations not inconsistent with the provisions of this Indenture; provided, that, notwithstanding any other provisions of this Indenture, any such agreement may provide that different provisions for notice to the Securities Depository may be set forth herein and that a legend shall appear on each Obligation so long as the Obligations are subject to such agreement. With respect to Obligations registered in the name of a Securities Depository (or its nominee), the Trustee shall not have any obligation to any of its members or participants or to any person on behalf of whom an interest is held in the Obligations. The City has entered into an agreement with DTC, and in and while such agreement is in effect, the procedures established therein shall apply to the Obligations notwithstanding any other provisions of this Indenture to the contrary. As long as DTC is the Securities Depository with respect to the Obligations, the Trustee shall be a "DTC Direct Participant."

ARTICLE III
REDEMPTION OF OBLIGATIONS

Section 3.1 Right to Redeem. The Obligations shall be subject to redemption prior to maturity, in any order of maturity, as directed by the City, at such times, to the extent and in the manner provided herein.

Section 3.2 Redemption of Obligations.

(a) The 2026A Obligations maturing prior to or on July 1, 20__, are not subject to optional redemption prior to maturity. The 2026A Obligations maturing on and after July 1, 20__, are subject to redemption, in whole or in part on any date on or after July 1, 20__, in increments of $5,000 of principal amount due on a specific maturity date, in any order of maturity,

all as directed by the City, and by lot within a maturity (as provided in Section 3.3 below) by payment of the principal amount of each 2026A Obligation to be redeemed plus interest accrued to the date fixed for redemption, without premium.

(b) The 2026B Obligations are not subject to optional redemption prior to maturity.

Section 3.3 Selection of Obligations to be Redeemed. If less than all of the Obligations of the same maturity are to be redeemed upon any redemption of Obligations hereunder, the Trustee shall select the Obligations to be redeemed by lot or in such other manner as the Trustee shall deem fair. In making such selection, the Trustee shall treat each Obligation as representing that number of Obligations of the lowest authorized denomination as is obtained by dividing the original principal amount of each such Obligation by such minimum denomination.

Section 3.4 Partial Redemption of Obligations. Upon the selection and notice of redemption and the surrender of any Obligation for redemption in part only, the Trustee shall execute and deliver to or upon the written order of the Holder thereof, at the expense of the City, a new Obligation(s) of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Obligation surrendered.

Section 3.5 Effect of Call for Redemption. On the date designated for redemption by notice given as herein provided, the Obligations so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Obligations on such date. If on the date fixed for redemption moneys or Defeasance Obligations sufficient for payment of the redemption price and accrued interest on such date are held by the Trustee as provided herein, interest on the Obligations so called for redemption shall cease to accrue, such Obligations shall cease to be entitled to any benefit or security hereunder except the right to receive payment from the moneys or Defeasance Obligations held by the Trustee and the amount of such Obligations so called for redemption shall be deemed paid and no longer Outstanding.

Section 3.6 Notice of Redemption.

(a) Whenever redemption of Obligations is to be made, the Trustee shall give notice of the redemption of such Obligations, which notice shall specify the redemption date, the redemption price and the place or places where amounts due upon such redemption will be payable and, if less than all of the Obligations are to be redeemed, the numbers or other distinguishing marks of such Obligations so to be redeemed, including CUSIP numbers, and, in the case of Obligations to be redeemed in part only, such notice shall also specify the respective portions of the principal amounts thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Obligation to be redeemed the redemption price thereof, as appropriate, of such Obligation or the specified portion thereof in the case of an Obligation to be redeemed in part only, together with interest accrued to the redemption date on such Obligations or portion thereof so to be redeemed and that, from and after such date, the Obligations being redeemed will cease to accrue interest. Notwithstanding the foregoing, no notice of redemption shall be sent unless (i) the Trustee has on deposit sufficient funds to effect such redemption, or (ii) the redemption notice states that redemption is contingent upon receipt of such

funds prior to the redemption date. Such redemption notices may state that no representation is made as to the correctness or accuracy of the CUSIP numbers printed therein or on the Obligations.

(b) Such notice shall be given by mailing a copy of such notice, first class United States mail postage prepaid, not less than 30 days nor more than 60 days before the redemption date, to all Holders of any Obligations or portions of Obligations that are to be redeemed at their last addresses appearing upon the registry books. Such notice shall be mailed a second time to any Holder of Obligations that have been called for redemption if such Holder has not presented such Obligations for payment of the redemption price within 60 days after the redemption date. Failure to mail any such notice, or a defect in such notice, as to any Obligation shall not affect the validity of the proceedings for the redemption of any other Obligation, and failure to mail such second notice shall not affect the validity of the proceedings for the redemption of any Obligation.

ARTICLE IV
FORM OF OBLIGATIONS

The 2026A Obligations shall be substantially in the form set forth in **Exhibit A** hereto and the 2026B Obligations shall be substantially in the form set forth in **Exhibit B** hereto, in each case with such additions, omissions, insertions and variations as are consistent with the provisions hereof.

ARTICLE V
REVENUES AND FUNDS

Section 5.1 Creation of Funds and Accounts. The Trustee shall create the Costs of Issuance Fund and the Obligation Fund. The Obligation Fund shall contain the following accounts: (i) the Interest Account, and (ii) the Principal Account. Such funds and accounts shall be held in trust for the benefit of the Holders.

Section 5.2 Application of Obligation Proceeds. The proceeds received by the Trustee from the sale of the Obligations (a total of $_____ consisting of $_____ of the proceeds of the 2026A Obligations and $_____ of the proceeds of the 2026B Obligations) shall forthwith be applied by the Trustee as follows:

(i) $_____ of the proceeds of the 2026A Obligations shall be transferred to the City for deposit to the Improvements Fund;

(ii) $_____ of the proceeds of the 2026B Obligations shall be held in a temporary fund and transferred on the Closing Date immediately, without requisition or other documentation, to the Escrow Trustee for the purposes of the Escrow Trust Agreement; and

(iii) $_____ (consisting of $_____ of the proceeds of the 2026A Obligations and $_____ of the proceeds of the 2026B Obligations) shall be deposited in the Costs of Issuance Fund and applied pursuant to Section 5.5.

Section 5.3 Flow of Funds Into the Obligation Fund. The following payments to the Trustee shall be applied in the following manner:

(i) The Trustee shall deposit to the Interest Account amounts paid pursuant to Section 3.3(ii) of the Purchase Agreement. (Amounts transferred pursuant to Section 2.2(d) of the Purchase Agreement shall also be deposited in the Interest Account.)

(ii) The Trustee shall deposit to the Principal Account amounts paid pursuant to Section 3.3(ii) of the Purchase Agreement as well as the total of any amounts received for any redemption of Obligations. (Amounts transferred pursuant to Section 2.2(d) of the Purchase Agreement shall also be deposited in the Principal Account.)

Section 5.4 Flow of Funds Out of the Obligation Fund. Amounts in the following accounts shall be applied in the following manner:

(i) Amounts in the Interest Account shall be used to pay interest on the Obligations as it becomes due.

(ii) Amounts in the Principal Account shall be used to retire Obligations by payment on their scheduled maturity date or redemption date.

Section 5.5 Flow of Funds Out of Costs of Issuance Fund. Moneys in the Costs of Issuance Fund shall be disbursed by the Trustee at the direction of the City for costs and expenses relating to the sale, credit enhancement and execution and delivery of the Obligations, including, but not limited to "out of pocket" expenses and charges, fees and disbursements of the municipal advisor to the City, counsel, rating agencies, printing expenses and other expenses reasonably incurred by the City or the Trustee in connection therewith. On the earlier of September 1, 2026, or when all the above-described costs have been paid, the Trustee shall transfer any amounts remaining in the Costs of Issuance Fund to the Obligation Fund, and the Costs of Issuance Fund shall be closed. The Trustee shall rely fully on any such request for disbursement by the City pursuant to this Section and shall not be required to make any investigation in connection therewith.

Section 5.6 Investment of Moneys Held by Trustee.

(a) Moneys in all funds and accounts held by the Trustee shall be invested by the Trustee, as soon as possible upon receipt of immediately available funds at its designated corporate trust office, to the fullest amount possible, in Permitted Investments as directed, in writing, by the City Representative; provided that the maturity date or the date on which such Permitted Investments may be redeemed at the option of the holder thereof shall coincide as nearly as practicable with (but in no event shall be later than) the date or dates on which moneys in the funds or accounts for which the investments were made will be required for the purposes thereof. The Trustee may conclusively rely upon the City Representative's written investment instructions as to both the suitability and legality of the directed investments and such written direction shall be deemed to be a certification to the Trustee that such directed investments constitute Permitted Investments and comply with the requirements of this Section. In the event no investment direction is given to the Trustee by the City, then the Trustee shall hold such funds uninvested in cash.

(b) Amounts credited to a fund or account may be invested, together with amounts credited to one or more other funds or accounts, in the same Permitted Investment, provided that (i) each such investment complies in all respects with the provisions of subsection (a) of this Section as they apply to each fund or account for which the joint investment is made, and (ii) the Trustee maintains separate records for each fund and account and such investments are accurately reflected therein.

(c) The Trustee may make any investment permitted by this Section, through or with its own commercial banking or investment departments unless otherwise directed by the City Representative.

(d) In computing the amount in any fund or account, Permitted Investments purchased as an investment of moneys therein shall be valued at market. In determining market value of Permitted Investments, the Trustee may use and rely conclusively and without liability upon any generally recognized pricing information service (including brokers and dealers in securities) available to it.

(e) The Trustee shall sell at the best price obtainable, or present for redemption, any Permitted Investment purchased by it as an investment whenever it shall be necessary in order to provide moneys to make any required payment or transfer from the fund or account for which such investment was made.

(f) The City shall not knowingly use or direct or permit the use of any moneys of the City in its possession or control in any manner that would cause any Obligation to be an "arbitrage bond" within the meaning ascribed to such term in section 148 of the Code, or any successor section of the Code. The City shall comply with and take all actions required by any arbitrage or similar certificate and will continue to do so notwithstanding any satisfaction or discharge of this Indenture. The Trustee shall not be responsible for determining whether the yield on any investments made in accordance with the Indenture would cause, or whether any other facts exist which would cause, any Obligation to become an arbitrage bond under section 148 of the Code, or successor section of the Code.

(g) The City recognizes that it may obtain brokerage confirmations or written statements containing comparable information at no additional cost. The City agrees that brokerage confirmations are not required to be issued by the Trustee for each month in which a monthly statement of investments is provided by the Trustee. No statement needs to be provided, however, for any fund or account for any month in which no investment activity occurred during such month in such fund or account.

(h) The City acknowledges that the legal obligation to pay the purchase price of directed investments arises immediately at the time of the purchase. The Trustee may elect to provisionally credit funds and accounts with moneys representing income or principal payments due on, or sales proceeds due in respect of, investments therein, or to provisionally credit funds and accounts with the investments intended to be purchased with such moneys, in each case before actually receiving the requisite moneys from the payment source. Any such crediting shall be provisional in nature, and the Trustee shall be authorized to reverse such crediting in the event that it does not receive good funds with respect thereto. Nothing in this Indenture shall constitute

a waiver of any of the Trustee's rights as a securities intermediary under Uniform Commercial Code Section 9-206.

Section 5.7 Liability of Trustee for Investments. The Trustee shall not be liable for any loss resulting from the making of any investment made in accordance with the provisions hereof, except for its own negligence, willful misconduct or breach of trust.

Section 5.8 Investment Income. Except as otherwise provided herein, interest income and gain received, or loss realized, from investments or moneys in any fund or account shall be credited, or charged, as the case may be, to such respective fund or account.

ARTICLE VI
CERTAIN COVENANTS

Section 6.1 Payment of Principal and Interest. Subject to the limited liability and sources of payment specified herein, the Obligations shall be promptly paid in the amounts due at the place, on the dates and in the manner provided herein and in said Obligations according to the terms thereof. The amounts due on the Obligations are payable solely from moneys held or received by the Trustee hereunder, all of which are hereby specifically assigned and pledged to such payment in the manner and to the extent specified herein and nothing herein or in the Obligations shall be construed as assigning or pledging any other funds or assets of the City.

Section 6.2 Performance of Covenants. Subject to the limited liability and sources of payment described herein and except to the extent assigned to the Trustee hereunder, the City shall faithfully perform at all times any and all covenants, undertakings, stipulations and provisions on its part to be performed as provided herein, in each and every Obligation executed, authenticated and delivered hereunder and in all proceedings of the City pertaining thereto.

Section 6.3 Instruments of Further Assurance. The City shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such instruments supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, mortgaging, conveying, pledging, assigning and confirming unto the Trustee all interests, revenues and receipts pledged hereby to the payment of the principal of and interest on the Obligations in the manner and to the extent contemplated herein.

Section 6.4 Rights under Series 2026 Wastewater Revenue Purchase Agreement. The Trustee may enforce all rights under the Purchase Agreement for and on behalf of the Holders, whether or not the City is then in default hereunder.

Section 6.5 Protection of Lien. The City shall not make or create or agree to permit to be made or created any assignment or lien on a parity with or having priority or preference over the assignment and lien hereof upon the interests granted hereby or any part thereof except as otherwise specifically provided in the Purchase Agreement. No obligation, the payment of which is secured by property or revenues pledged hereunder, shall be executed and delivered by the City except in lieu of, or upon transfer of registration or exchange of, any Obligation except as provided in the Purchase Agreement.

ARTICLE VII
DEFAULT AND REMEDIES

Section 7.1 Events of Default. Each of the following is an *"Indenture Event of Default"*:

(a) If payment of any installment of interest on any Obligation is not made in full when the same becomes due and payable;

(b) If payment of the principal of any Obligation is not made in full when the same becomes due and payable;

(c) If, under the provisions of any law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of all or any part of the interests pledged hereunder and such custody or control continues for more than 60 days;

(d) If the City defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions on its part to be performed as provided herein or in the Obligations and such default continues for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the City by the Trustee, unless within such 30 days the City shall commence and diligently pursue in good faith appropriate corrective action, and certify as such to the Trustee; the Trustee may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than 25 percent in principal amount of the Obligations then Outstanding; or

(e) If any event of default provided by Section 7.1 of the Purchase Agreement occurs.

Section 7.2 Remedies and Enforcement of Remedies.

(a) Upon the occurrence and continuance of any Indenture Event of Default and in accordance with Article VII hereof and Article VII of the Purchase Agreement, the Trustee may, and upon the written request of the Holders of not less than a majority in principal amount of the Obligations Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the Holders hereunder and the Obligations by such suits, actions or proceedings as the Trustee, being advised by counsel, deems expedient, including but not limited to, an action for the recovery of any amounts due hereunder or for damages for the breach of this Indenture, and the Trustee may pursue any other remedy that the law affords, including the remedy of specific performance. The Trustee shall also have those remedies provided pursuant to Article VII of the Purchase Agreement, subject to any limitations on such remedies set forth in such Article VII.

(b) Regardless of the happening of an Indenture Event of Default and subject to Section 7.7, the Trustee, if requested in writing by the Holders of not less than a majority in principal amount of the Obligations then Outstanding shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it deems necessary or

expedient (i) to prevent any impairment of the security hereunder by any acts that may be unlawful or in violation hereof, or (ii) to preserve or protect the interests of the Holders, provided that such request is in accordance with law and the provisions hereof and, in the sole judgment of the Trustee, is not unduly prejudicial to the interest of the Holders of Obligations not making such request.

Section 7.3 No Acceleration. In no event shall the Trustee have the right to accelerate or cause to become immediately due and payable, or payable in advance of their scheduled maturity dates, other than because of optional redemption pursuant thereto and then only to the extent of the amount to be so redeemed and only pursuant to Article III hereof, any amounts due hereunder.

Section 7.4 Application of Revenues and Other Moneys After Default.

(a) During the continuance of an Indenture Event of Default all moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses and advances incurred or made by the Trustee with respect thereto, be deposited in the Obligation Fund, and all amounts held by the Trustee hereunder shall be applied as follows; provided, that if the amount available shall not be sufficient to pay in full any amount or amounts then due, then to the payment thereof ratably in a manner consistent with Section 3.3 of the Purchase Agreement, according to the amounts due to the Persons entitled thereto, without any discrimination or preference:

First: To the payment of all installments of interest then due (including interest on amounts not paid when due on the Obligations); and

Second: To the payment of the unpaid Principal Installments or redemption price of any Obligations that have become due, whether at maturity or by call for redemption, in the order of their due dates.

(b) Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal of the Obligations to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any unpaid Obligation until such Obligation is presented to the Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

(c) Whenever all principal of and interest on the Obligations that has become due has been paid under the provisions of this Section and all expenses and charges of the Trustee have been paid and the Obligation Fund contains the amounts then required to be credited thereto, any balance remaining shall be paid to the City.

Section 7.5 Remedies Not Exclusive. No remedy by the terms hereof conferred upon or reserved to the Trustee or the Holders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or existing at law or in equity or by statute on or after the date hereof.

Section 7.6 Remedies Vested in Trustee. Any cause of action (including the right to file proof of claims) hereunder or under any of the Obligations may be enforced by the Trustee, without the possession of any of the Obligations or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding may be brought without the necessity of joining as plaintiffs or defendants any Holders of the Obligations. Subject to the provisions of Section 7.4, any recovery or judgment shall be for the equal benefit of the Holders of the Outstanding Obligations.

Section 7.7 Individual Holder Action Restricted.

(a) No Holder of any Obligation shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement hereof or for the execution of any trust hereunder or for any remedy hereunder except for the right to institute any suit, action or proceeding in equity or at law for the enforcement of the Trustee's duties and powers hereunder upon the occurrence of all of the following events:

(i) The Holders of at least a majority in principal amount of Obligations Outstanding have made written request to the Trustee to proceed to exercise the powers granted herein; and

(ii) Such Holders have offered the Trustee indemnity as provided in Section 8.2(v); and

(iii) The Trustee has failed or refused to exercise the duties or powers herein granted for a period of 60 days after receipt by it of such request and offer of indemnity; and

(iv) During such 60 day period no direction inconsistent with such written request has been delivered to the Trustee by the Holders of a greater majority in principal amount of Obligations then Outstanding.

(b) No one or more Holders of Obligations shall have any right in any manner whatsoever to affect, disturb or prejudice the security hereof or to enforce any right hereunder except in the manner herein provided and for the equal benefit of the Holders of all Obligations Outstanding.

(c) Nothing contained herein shall affect or impair, or be construed to affect or impair, the right of the Holder of any Obligation (i) to receive payment of the principal of or interest on such Obligation, as the case may be, on or after the due date thereof or (ii) to institute suit for the enforcement of any such payment on or after such due date; provided, however, no Holder of any Obligation may institute or prosecute any such suit or enter judgment therein if, and to the extent that, the institution or prosecution of such suit or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the lien hereof

on the moneys, funds and properties pledged hereunder for the equal and ratable benefit of all Holders of Obligations.

Section 7.8 Termination of Proceedings. In case any proceeding taken on account of an Indenture Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Holders, then the City, the Trustee and the Holders shall be restored to their former positions and rights hereunder, and all rights and powers of the Trustee and the Holders shall continue as if no such proceeding had been taken.

Section 7.9 Waiver of Event of Default.

(a) No delay or omission of the Trustee or of any Holder of the Obligations to exercise any right or power accruing upon any Indenture Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Indenture Event of Default or an acquiescence therein. Every power and remedy given by this Article may be exercised from time to time and as often as may be deemed expedient.

(b) The Trustee may waive in writing any Indenture Event of Default that in its opinion has been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions hereof, or before the completion of the enforcement of any other remedy hereunder.

(c) In case of any waiver by the Trustee of an Indenture Event of Default hereunder, the City, the Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other Indenture Event of Default or impair any right consequent thereon. The Trustee shall not be responsible to anyone for waiving or refraining from waiving any Indenture Event of Default in accordance with this Section.

Section 7.10 Notice of Default.

(a) (i) Immediately after the occurrence of an Indenture Event of Default under Section 7.1(a) or (b) of which the Trustee is deemed to have notice, or (ii) within 30 days after receipt by the Trustee of written notice of an Indenture Event of Default under Section 7.1(c), (d) or (e), the Trustee shall, unless such Indenture Event of Default has been cured, give written notice thereof by first class mail to each Holder of an Obligation then Outstanding, provided that, except in the case of a default in the payment of Principal Installments or the redemption price of or interest on any of the Obligations, the Trustee may withhold such notice if, in its sole judgment, it determines that the withholding of such notice is in the best interests of the Holders.

(b) The Trustee shall immediately notify the City of (i) the occurrence of an Indenture Event of Default under Section 7.1(a) or (b), and (ii) when the Trustee has received written notice of an Indenture Event of Default under Section 7.1(c), (d) or (e).

Section 7.11 Limitation of Liability.

(a) Except for the payment of amounts pursuant to the Purchase Agreement when due and the performance of the other covenants and agreements of the City contained in the Purchase Agreement and herein, the City shall have no pecuniary obligation or liability to any of the other parties or to the Holders with respect to this Indenture or the terms, execution, delivery or transfer of the Obligations, or the distribution of applicable portions of the Purchase Price to the Holders by the Trustee.

(b) The City shall not have any obligation or liability to any of the other parties or to the Holders with respect to the performance by the Trustee of any duty imposed upon it under this Indenture; nor shall the Trustee have any obligation or liability to any of the other parties or to the Holders with respect to the performance by the City of any duty imposed upon it under this Indenture.

Section 7.12 Limitations on Remedies. It is the purpose and intention of this Article to provide rights and remedies to the Trustee and Holders that may be lawfully granted, but should any right or remedy herein granted be held to be unlawful, the Trustee and the Holders shall be entitled, as above set forth, to every other right and remedy provided in this Indenture and, to the extent consistent with the provisions of this Indenture, by law.

ARTICLE VIII
THE TRUSTEE

Section 8.1 Certain Duties and Responsibilities.

(a) Except during the continuance of an Indenture Event of Default:

(i) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions that are required by any provision hereof or of the Purchase Agreement, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture or the Purchase Agreement on their face.

(b) In case an Indenture Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct or breach of trust, except that:

(i) this subsection shall not be construed to limit the effect of subsection (a);

(ii) the Trustee shall not be liable for any error of judgment made in good faith and without negligence or willful misconduct by a president or vice-president of the board of directors, the president or vice-president of the executive committee of the board of directors, the president, any vice president, any assistant vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any trust officer or assistant trust officer, the controller and any assistant controller or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers or, with respect to a particular matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith and without negligence in accordance with the direction of the Holders of the Outstanding Obligations as provided herein relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(iv) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. The Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment properly to be done by it as the Trustee, without prior assurance of indemnity, and in such case shall be entitled to reimbursement by the City for all reasonable costs, expenses, attorneys' and other fees, and all other reasonable disbursements, including its own fees, and for all liability and damages suffered by the Trustee in connection therewith except for the Trustee's negligence, willful misconduct or breach of trust.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 8.2 Certain Rights of Trustee. Except as otherwise provided in Section 8.1:

(i) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties.

(ii) Any request or direction of the City mentioned herein shall be sufficiently evidenced by a certificate of the City Representative, and any action of the City Council of the City may be sufficiently evidenced by a copy of a resolution or ordinance certified by the Clerk or Assistant Clerk of the City to have been duly adopted by the City Council of the City and to be in full force and effect on the date of such certification and delivered to the Trustee.

(iii) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a certificate of the City Representative.

(iv) The Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(v) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

(vi) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, obligation, note or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.

(vii) The Trustee may engage agents and attorneys to assist it in executing any of the trusts or powers hereunder or performing any duties hereunder and shall not be liable for the negligence or misconduct of such agents and attorneys so long as the Trustee exercises due care in the selection thereof.

(viii) The Trustee shall not be responsible for the recording or filing of any documents relating to the Purchase Agreement or this Indenture.

(ix) The Trustee shall be under no responsibility to approve or evaluate any expert or other skilled person selected by the City for any of the purposes expressed in this Indenture or the Purchase Agreement.

Section 8.3 Employment of Experts. The Trustee is authorized to employ as its agents such attorneys at law, certified public accountants and recognized authorities in their fields (who are not employees of the Trustee), as it reasonably may deem necessary to assist it to carry out any of its obligations hereunder, and shall be reimbursed by the City for all reasonable charges and expenses in so doing.

Section 8.4 Enforcement of Performance by Others. Except as provided in Section 8.1 or otherwise specifically provided herein, it shall not be the duty of the Trustee to monitor or see that any duties and obligations imposed herein or in the Purchase Agreement upon the City are performed.

Section 8.5 Right to Deal in Obligations and Take Other Actions. The Trustee may in good faith buy, sell or hold and deal in any Obligations with like effect as if it were not such Trustee and may commence or join in any action that a Holder is entitled to take with like effect as if the Trustee were not the Trustee. It is understood and agreed that the Trustee engages in a general banking business and no provision hereof or of the Purchase Agreement is to be construed to limit or restrict the right of the Trustee to engage in such business with the City or any Holder. So engaging in such business shall not, in and of itself, and so long as the Trustee duly performs all of its duties as required hereby and by the Purchase Agreement, constitute a breach of trust on the part of the Trustee, but neither shall engaging in such business abrogate, alter or diminish any duty or obligation of the Trustee as Trustee hereunder.

Section 8.6 Removal and Resignation of Trustee.

(a) The Trustee may resign with 30 days' written notice to the City from the trusts created hereby by giving written notice of the resignation to the City and any Paying Agents and by mailing written notice of the resignation to the Holders as their names and addresses appear on the register it maintains with respect to the Obligations at the close of business fifteen days prior to the mailing. The resignation shall take effect upon the appointment of a successor Trustee.

(b) The Trustee may be removed at any time by an instrument or document or concurrent instruments or documents in writing delivered to the Trustee, with copies thereof mailed to the City and any Paying Agents and signed by (i) the City Representative or (ii) by or on behalf of the Holders of not less than a majority in aggregate principal amount of the Obligations then Outstanding. The Trustee also may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by an instrument signed by the City or by any court of competent jurisdiction upon the application of the City, or the Holders of not less than a majority in aggregate principal amount of the Obligations then Outstanding under this Indenture. Any removal shall not take effect until a successor Trustee has been appointed. In the event a successor Trustee has not been appointed and qualified within 60 days of the date notice of resignation or removal is given, the Trustee may apply, at the expense of the City, to any court of competent jurisdiction for the appointment of a successor Trustee to act until such time as a successor is appointed as provided in this Section.

(c) In the event of the resignation or removal of the Trustee or in the event the Trustee is dissolved or otherwise becomes incapable to act as the Trustee, the City shall be entitled to appoint a successor Trustee acceptable to the City.

(d) If the Holders of a majority of the principal amount of Obligations then Outstanding object to the successor Trustee so appointed by the City and if such Holders

designate another Person qualified to act as the Trustee, the City shall then appoint as the Trustee the Person so designated by the Holders.

(e) Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Trustee shall be a trust company or bank having the powers of a trust company as to trusts, qualified to do trust business in the State and having an officially reported combined capital, surplus, undivided profits and reserves aggregating at least $200,000,000, if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

(f) Every successor Trustee howsoever appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the City an instrument in writing, accepting such appointment hereunder, and thereupon such successor Trustee, without further action, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor, and such predecessor shall execute and deliver an instrument transferring to such successor Trustee all the rights, power and trusts of such predecessor. The predecessor Trustee shall execute any and all documents necessary or appropriate to convey all interest it may have to the successor Trustee. The predecessor Trustee shall promptly deliver all records relating to the trust or copies thereof and communicate all material information it may have obtained concerning the trust to the successor Trustee.

(g) Each successor Trustee, not later than ten days after its assumption of the duties hereunder, shall mail a notice of such assumption to each Holder of an Obligation.

(h) Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee without the execution or filing of any paper or any further act, provided such company shall be eligible as a successor Trustee under this Indenture.

Section 8.7 Proof of Claim. The Trustee shall have the right and power to take actions in the name and place of the City or the Holders to make proof of claim in any proceeding, bankruptcy, reorganization or otherwise where proof of claim may be required. Any amount recovered as a result of any such claim, after payment of all fees (including reasonable attorneys' fees), costs, expenses and advances incurred by the Trustee or its agents in pursuing such claim, shall be for the equal benefit of all of the Holders.

Section 8.8 Trustee's Fees and Expenses.

(a) The Trustee shall be entitled to be paid from time to time reasonable compensation for all services rendered by it hereunder; to reimbursement upon request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and its agents), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith or willful misconduct or breach of trust; and to be indemnified by the City, for, from and against any loss, liability or expense arising out of or in

connection with the acceptance or administration of this trust or its duties hereunder. The Trustee's right to indemnity shall not extend to claims, suits and actions successfully brought against the Trustee for, or losses, liabilities or expenses determined by a court of competent jurisdiction to have been incurred as a result of the Trustee's own negligence, bad faith, willful misconduct or breach of trust. In the event any action or proceeding is instituted or pending against the Trustee by reason of or in connection with the acceptance or administration of this trust or the Trustee's duties hereunder, the City may, at its election, assume the defense of any such action or proceeding with counsel satisfactory to the Trustee. If any such action or proceeding includes any claims alleging the Trustee's own negligence, bad faith, willful misconduct or breach of trust, the Trustee shall reimburse the City its expenses (including reasonable attorneys' fees), if any, of assuming the defense of such action or proceeding if it is determined by a final judgment of a court of competent jurisdiction that the Trustee is not entitled to be indemnified as authorized in this Section. The Trustee may, however, retain its own counsel and still be indemnified against the cost of employing counsel and all other expenses despite an assumption of the defense by the City if the Trustee believes in good faith that there are defenses available to it that are not available to the City or that are adverse to or in conflict with those available to the City and that the Trustee believes in good faith cannot be effectively asserted by common counsel. The Trustee always has the right to employ separate counsel but, subject to the preceding sentence, the fees and expenses of its separate counsel must be paid by the Trustee unless the City has agreed to pay the fees and expenses of the Trustee's separate counsel. Any settlement of any such action or proceeding shall not, of itself, create a presumption as to the merits of any claims alleging the Trustee's own negligence, bad faith, willful misconduct or breach of trust. The Trustee's rights to compensation, reimbursement and indemnity while serving as Trustee hereunder shall survive resignation or removal of the Trustee or discharge of this Indenture. The indemnification provided by this Section shall be in addition to and not a limitation of the indemnity provided to the Trustee, in its capacity as Seller, under the Purchase Agreement.

(b) Any provision hereof to the contrary notwithstanding, if the City fails, within 30 days of receiving an itemized invoice and back-up documentation, to make any payment properly due the Trustee for its reasonable fees, costs, expenses and fees of attorneys, certified public accountants, recognized authorities in their field and agents (not employees of the Trustee) incurred in performance of its duties, the Trustee may reimburse itself from any surplus moneys on hand in any fund or account created pursuant hereto.

Section 8.9 Destruction of Obligations. Upon payment of or surrender to the Trustee for cancellation of any Obligation, the Trustee shall destroy such Obligation.

Section 8.10 Reports. The Trustee shall quarterly, or at such other intervals as the Trustee and the City shall from time to time agree upon (but in no event more frequently than monthly), prepare and submit to the City reports covering all moneys received and all payments, expenditures and investments made as the Trustee hereunder since the last previous such report. The Trustee's records shall be kept in accordance with corporate trust industry standards and shall be available for inspection by the City, or any of its agents, at any time, upon reasonable prior notice, during regular business hours.

Section 8.11 Separate or Co-Trustee.

(a) At any time or times, solely for the purpose of meeting any legal requirements of any jurisdiction other than the State, the City and the Trustee shall have power to appoint, and, upon the request of the Trustee or of the Holders of at least a majority in principal amount of Obligations then Outstanding and the City shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more Persons, approved by the Trustee and, unless an Indenture Event of Default has occurred and is continuing, reasonably acceptable to the City, either to act as co-trustee or co-trustees, jointly with the Trustee of all or any part of the pledged property, or to act as separate trustee or separate trustees of all or any part of the pledged property, and to vest in such Person or Persons, in such capacity, such title to the pledged property or any part thereof, and such rights, powers, duties, trusts or obligations as the City and the Trustee may consider necessary or desirable, subject to the remaining provisions of this Section.

(b) If the City shall not have joined in such appointment within 30 days after the receipt by it of a request so to do, or in case an Indenture Event of Default shall have occurred and be continuing, the Trustee alone shall have power to make such appointment.

(c) The City shall execute, acknowledge and deliver all such instruments as may reasonably be required by any such co-trustee or separate trustee for more fully and certainly vesting in such co-trustee or separate trustee the property, rights, powers and duties intended to be vested in such co-trustee or separate trustee.

(d) Every co-trustee or separate trustee shall, to the extent permitted by law but to such extent only, be appointed subject to the following terms, namely:

(i) The Obligations shall be authenticated and delivered, and all rights, powers, trusts, duties and obligations hereby conferred upon the Trustee in respect to the custody, control and management of moneys, papers, securities and other personal property shall be exercised, solely by the Trustee.

(ii) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Trustee, or by the Trustee and such co-trustee or co-trustees or separate trustee or separate trustees jointly, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees.

(iii) Any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee and such co-trustee or separate trustee shall abide by such request.

(iv) Any co-trustee or separate trustee may, to the extent permitted by law, delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(v) The Trustee may at any time, by any instrument in writing, with the concurrence of the City, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section, and, in case an Indenture Event of Default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee. Upon the request of the Trustee, the City shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal.

(vi) No Trustee or any Paying Agent hereunder shall be personally liable by reason of any act or omission of any other trustee or paying agent hereunder, nor will the act or omission of any trustee or paying agent hereunder be imputed to any other trustee or paying agent.

(vii) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the Trustee shall be deemed to have been delivered to each such co-trustee or separate trustee.

(viii) Any moneys, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

(e) Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it or he shall be vested jointly with the Trustee (except insofar as local law makes it necessary for any such co-trustee or separate trustee to act alone) with such title to the pledged property or any part thereof, and with such rights, powers, duties or obligations, as shall be specified in the instrument of appointment subject to all the terms hereof. Every such acceptance shall be filed with the Trustee. To the extent permitted by law, any co-trustee or separate trustee may, at any time by an instrument in writing signed by the Trustee and any co-trustee or separate trustee, constitute the Trustee, its or his attorney-in-fact and agent, with full power and authority to do all acts and things and to exercise all discretion on its or his behalf and in its or his name.

(f) In case any co-trustee or separate trustee shall dissolve, cease to exist, become incapable of acting, resign or be removed, the title to the pledged property, and all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner herein provided.

Section 8.12 Recitals and Representations.

(a) The recitals, statements and representations contained herein, or in any Obligation (excluding the Trustee's authentication on the Obligations or any recitals or representations concerning the Trustee or its powers) shall not be taken or construed as made by

the Trustee, and the Trustee neither assumes nor shall be under any responsibility for the correctness of the same.

(b) The Trustee makes no representation as to, and is not responsible for, the validity or sufficiency hereof, of the Obligations, or the validity or sufficiency of insurance or self-insurance program to be provided or, except as herein required, the filing or recording or registering of any document. The Trustee shall be deemed not to have made representations as to the security afforded hereby or hereunder or as to the validity or sufficiency of such document. The Trustee shall not be concerned with or accountable to anyone for the use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof. Except as to defaults described in Sections 7.1(a) and (b) of which the Trustee is deemed to have notice, the Trustee shall have no duty of inquiry with respect to any default or Events of Default described herein without receipt by the Trustee of written notice of a default or an Indenture Event of Default from any Holder.

(c) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or other disclosure or sales material prepared or distributed in connection with the execution and delivery of the Obligations.

ARTICLE IX
SUPPLEMENTS TO INDENTURE AND AMENDMENTS TO PURCHASE AGREEMENT

Section 9.1 Supplements Not Requiring Consent of Holders. The City acting through the City Representative and the Trustee may, without the consent of or notice to any of the Holders, enter into one or more supplements to this Indenture for one or more of the following purposes:

(i) to cure any ambiguity or formal defect or omission herein or to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising hereunder provided such action shall, in the opinion of counsel, which may be counsel to the City, delivered to the Trustee under Section 9.3(a), not materially adversely affect the interests of the Holders;

(ii) to grant or confer upon the Holders any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon them;

(iii) to secure additional revenues or provide additional security or reserves for payment of the Obligations and necessary, related provisions therefor;

(iv) to comply with the requirements of any state or federal securities laws or the Trust Indenture Act of 1939, as from time to time amended, if required by law or regulation lawfully issued thereunder;

(v) to provide for the appointment of a successor trustee or co-trustee pursuant to the terms of Section 8.6 and Section 8.11;

(vi) to permit Obligations in bearer form if the City and the Trustee receive a Special Counsel's Opinion that such action will not cause the interest on any Obligations to become includible in gross income for purposes of federal income taxes;

(vii) to preserve the exclusion of the interest on the Obligations from gross income for purposes of federal or State income taxes and to preserve the power of the City to continue to incur obligations (specifically not limited to the Obligations authorized hereby) the interest on which is likewise exempt from federal and State income taxes;

(viii) to adopt procedures for the disclosure of information to Holders and to others in accordance with any guidelines for such purpose promulgated by the American Bankers Association or some other similar national organization, as such guidelines may be made applicable to this Indenture by agreement of the Trustee and the City; and

(ix) to provide for additions or modifications to the Projects.

Section 9.2 Supplements Requiring Consent of Holders.

(a) Other than supplements referred to in Section 9.1 and subject to the terms and provisions and limitations contained in this Article and not otherwise, the Holders of not less than a majority in principal amount of the Obligations then Outstanding shall have the right, from time to time, anything contained herein to the contrary notwithstanding, to consent to and approve the execution by the City and the Trustee of such supplement as shall be deemed necessary and desirable by the City and the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular respect, any of the terms or provisions contained herein; provided, however, nothing in this Section or Section 9.1 shall permit or be construed as permitting a supplement that would:

(i) extend the stated maturity of or time for paying interest on any Obligation or reduce the principal amount of or rate of interest payable on any Obligation without the consent of the Holder of such Obligation;

(ii) prefer or give a priority to any Obligation over any other Obligation without the consent of the Holder of such Obligation;

(iii) reduce the principal amount of Obligations then Outstanding the consent of the Holders of which is required to authorize such Supplement without the consent of the Holders of all Obligations then Outstanding;

(iv) increase the principal amount of Obligations then Outstanding, the request of the Holders of which is required by Section 7.1(d), without the consent of the Holders of all Obligations then Outstanding; or

(v) reduce the redemption price of any Obligation upon optional redemption or reduce any period of time prior to commencement of any optional redemption period set forth in Section 3.2 without the consent of the Holders of such Obligation.

(b) If at any time the City requests the Trustee to enter into a Supplement pursuant to this Section, the Trustee shall, upon being satisfactorily and specifically indemnified by the City with respect to expenses with respect to such Supplement, cause notice of the proposed execution of such Supplement to be mailed by first class mail, postage pre-paid, to all registered Holders of Obligations then Outstanding at their addresses as they appear on the registration books herein provided for, by the means provided in Article XII. The Trustee shall not, however, be subject to any liability to any Holder by reason of its failure to mail, or the failure of such Holder to receive, the notice required by this Section, and any such failure shall not affect the validity of such Supplement when consented to and approved as provided in this Section. Such notice shall be prepared by the City, briefly set forth the nature of the proposed Supplement and state that copies thereof are on file at the office of the Trustee for inspection by all Holders.

(c) If within such period as shall be prescribed by the City, following the mailing of such notice, the Trustee shall receive an instrument or instruments purporting to be executed by the Holders of not less than the principal amount or number of Obligations specified in subsection (a) for the Supplement in question which instrument or instruments shall refer to the proposed Supplement described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice as on file with the Trustee, thereupon, but not otherwise, the Trustee and the City may execute such Supplement in substantially such form, without liability or responsibility to any Holder of any Obligation, whether or not such Holder shall have consented thereto.

(d) Any such consent shall be binding upon the Holder of the Obligation giving such consent and upon any subsequent Holder of such Obligation and of any Obligation executed and delivered in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Obligation giving such consent or by a subsequent Holder thereof by filing with the Trustee, prior to the execution by the Trustee of such Supplement, such revocation. At any time after the Holders of the required principal amount or number of Obligations shall have filed their consents to the Supplement, the Trustee shall make and file with the City a written statement to that effect. Such written statement shall be conclusive that such consents have been so filed.

(e) If the Holders of the required amount or number of the Obligations Outstanding shall have consented to and approved the execution of such Supplement as herein provided, no Holder of any Obligation shall have any right to object to the execution thereof, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the City from executing the same or from taking any action pursuant to the provisions thereof.

(f) S&P, Fitch and Moody's, if maintaining a rating on the Obligations, shall be provided a copy of any proposed supplement or any amendment to the Purchase Agreement at least 15 days prior to the execution of such Supplement or amendment.

Section 9.3 Execution and Effect of Supplements.

(a) In executing any Supplement permitted by this Article, the Trustee and the City shall be entitled to receive and to rely upon an Opinion of Counsel stating that the execution of such Supplement is authorized or permitted hereby. The Trustee may but shall not be obligated to enter into any such Supplement that affects the Trustee's own rights, duties or immunities.

(b) Upon the execution and delivery of any Supplement in accordance with this Article, the provisions hereof shall be modified in accordance therewith and such Supplement shall form a part hereof for all purposes and every Holder of an Obligation theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

(c) Any Obligation authenticated and delivered after the execution and delivery of any Supplement in accordance with this Article may, and if required by the Trustee shall, bear a notation in a form approved by the Trustee as to any matter provided for in such Supplement. If the Trustee shall so determine, upon receipt of Special Counsel's Opinion, new Obligations so modified as to conform, in the opinion of the Trustee, to any such Supplement may be executed and delivered by the Trustee in exchange for and upon surrender of Obligations then Outstanding.

Section 9.4 Amendments to Purchase Agreement Not Requiring Consent of Holders. The Trustee may, without the consent of or notice to any of the Holders, consent to and join with the City in the execution and delivery of any amendment, change or modification of the Purchase Agreement that is required (i) by the provisions thereof; (ii) to cure any ambiguity or formal defect or omission therein or to correct or supplement any provision therein which may be inconsistent with any other provision therein, or to make any other provisions with respect to matters or questions arising thereunder provided such action shall, in the opinion of counsel delivered to the Trustee under this Section, not materially adversely affect the interests of the Holders; (iii) to preserve the exclusion of the interest on the Obligations from gross income for purposes of federal or State income taxes and to preserve the power of the City to continue to incur bonds or other obligations (specifically not limited to the Obligations authorized hereby) the interest on which is likewise exempt from federal and State income taxes; and (iv) in connection with any other change therein, which in the opinion of the Trustee will not materially adversely affect the interests of the Holders or, in the opinion of the Trustee, the Trustee. In executing any amendment to the Purchase Agreement, the Trustee shall be entitled to receive and rely on an Opinion of Counsel, which may be counsel to the City, stating that such amendment is authorized or permitted under this Indenture and under the Purchase Agreement and, if applicable, will not materially adversely affect the interests of the Holders.

Section 9.5 Amendments to Purchase Agreement Requiring Consent of Holders.

(a) Except for amendments, changes or modification to the Purchase Agreement referred to in Section 9.4 hereof and subject to the terms, provisions and limitations contained in this Article and not otherwise, the Trustee may consent to and join with the City in the execution and delivery of any amendment, change or modification to the Purchase Agreement only upon the consent of not less than a majority in principal amount of Obligations then

Outstanding, given as provided in this Section; provided, however, no such amendment, change or modification may affect the obligation of the City to make payments under the Purchase Agreement or reduce the amount of or extend the time for making such payments without the consent of the Holders of all Obligations then Outstanding.

(b) If at any time the City shall request the consent of the Trustee to any such amendment, change or modification to the Purchase Agreement, the Trustee shall, upon being satisfactorily indemnified by the City with respect to expenses, cause notice of the proposed amendment, change or modification to be given in the same manner as provided in Section 9.2 with respect to Supplements hereto. Such notice shall be prepared by the City, briefly set forth the nature of the proposed amendment, change or modification and state that copies thereof are on file at the office of the Trustee for inspection by all Holders.

(c) If the consent to and approval of the execution of such amendment, change or modification is given by the Holders of not less than the aggregate principal amount or number of Obligations specified in subsection (a) within the time and in the manner provided by Section 9.2 with respect to Supplements hereto, but not otherwise, such amendment, change or modification may be consented to, executed and delivered upon the terms and conditions and with like binding effect upon the Holders as provided in Section 9.2 and Section 9.3 with respect to Supplements hereto.

ARTICLE X
SATISFACTION AND DISCHARGE

Section 10.1 Discharge.

(a) If payment of all principal of and interest on all of the Obligations in accordance with their terms and as provided herein and in Section 3.7 of the Purchase Agreement is made, or is provided for in accordance with this Article, and if all other sums, if any, payable hereunder shall be paid, then the liens, estates and security interests granted hereby shall cease. Thereupon, upon the request of the City, and upon receipt by the Trustee of an Opinion of Counsel addressed to the City and the Trustee stating that all conditions precedent to the satisfaction and discharge of the lien hereof have been satisfied, the Trustee shall execute and deliver proper instruments acknowledging such satisfaction and discharging the lien hereof and the Trustee shall transfer all property held by it hereunder, other than moneys or obligations held by the Trustee for payment of amounts due or to become due on the Obligations and to the City or such other Person as may be entitled thereto as their respective interests may appear. Such satisfaction and discharge shall be without prejudice to the rights of the Trustee thereafter to charge and be compensated or reimbursed for services rendered and expenditures incurred in connection herewith.

(b) The City may at any time surrender to the Trustee for cancellation any Obligations previously executed and delivered that the City may have acquired in any manner whatsoever and such Obligations upon such surrender and cancellation shall be deemed to be paid and retired.

Section 10.2 Providing for Payment of Obligations.

(a) Payment of all or any part of the Obligations in authorized denominations may be provided for by the deposit with the Trustee or a Depository Trustee of moneys or Defeasance Obligations that are not redeemable in advance of their maturity dates. The moneys and the maturing principal and interest income on such Defeasance Obligations, if any, shall be sufficient, as evidenced by a certificate or report of an independent nationally recognized certified public accountant or firm of such accountants selected by the City, to pay when due the principal or redemption price of and interest on such Obligations. The moneys and Defeasance Obligations shall be held by the Trustee or the Depository Trustee irrevocably in trust for the Holders of such Obligations solely for the purpose of paying the principal or redemption price of and interest on such Obligations as the same shall mature, come due or become payable upon redemption, and, if applicable, upon simultaneous direction, expressed to be irrevocable to the Trustee or Depository Trustee as to the dates upon which any such Obligations are to be redeemed prior to their respective dates.

(b) Notwithstanding the foregoing, no deposit under subsection (a) above shall be deemed a payment of such Obligation as aforesaid until the earlier of: (i) proper notice of redemption of such Obligation shall have been given in accordance with the provisions of Section 3.6 hereof or, in the event said Obligation is not to be redeemed within the next succeeding sixty (60) days, until the City shall have given the Trustee irrevocable instructions in form satisfactory to the Trustee, to notify, as soon as practicable, the Holder of such Obligation in accordance with Section 3.6 hereof, that the deposit required by subsection (a) above has been made with the Trustee and that said Obligation is deemed to have been paid in accordance with this Article and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the applicable redemption price, if any, on said Obligation, plus interest thereon to the due date or redemption date thereof, or (ii) the maturity of such Obligation.

(c) If payment of Obligations is so provided for, the Trustee or the Depository Trustee shall mail a notice so stating to each Holder of an Obligation so provided for.

(d) Obligations, the payment of which has been provided for in accordance with this Section, shall no longer be deemed Outstanding hereunder or secured hereby. The obligation in respect of such Obligations shall nevertheless continue but the Holders thereof shall thereafter be entitled to payment only from the moneys or Defeasance Obligations deposited with the Trustee or the Depository Trustee to provide for the payment of such Obligations.

(e) No Obligation may be so provided for if, as a result thereof or of any other action in connection with which the provisions for payment of such Obligation is made, the interest payable on any Obligation is made includible in gross income for purposes of federal income taxes. The Trustee and the City may rely upon a Special Counsel's Opinion to the effect that the provisions of this paragraph will not be breached by so providing for the payment of any Obligations.

Section 10.3 Payment of Obligations After Discharge. Notwithstanding the discharge of the lien hereof as in this Article provided, the Trustee shall nevertheless retain such

rights, powers and duties hereunder as may be necessary and convenient for the payment of amounts due or to become due on the Obligations and the registration, transfer, exchange and replacement of Obligations as provided herein. Nevertheless, any moneys held by the Trustee or any Paying Agent for the payment of the principal of or interest on any Obligation remaining unclaimed for two years after the same shall become due and payable at maturity by declaration as provided herein, shall then be paid to the City and the Holders of any Obligations not theretofore presented for payment shall thereafter be entitled to look only to the City for payment thereof and all liability of the Trustee or any Paying Agent with respect to such moneys shall thereupon cease. The obligations of the Trustee under this Section shall be subject, however, to the requirements of any applicable law regarding the disposition of unclaimed property.

ARTICLE XI
MISCELLANEOUS

Section 11.1 Evidence of Acts of Holders.

(a) Any request, direction, consent or other instrument provided hereby to be signed and executed by the Holders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Holders in person or by agent appointed in writing. Proof of the execution of any such request, direction or other instrument or of the writing appointing any such agent and of the ownership of Obligations, if made in the following manner, shall be sufficient for any of the purposes hereof and shall be conclusive in favor of the Trustee and the City, with regard to any action taken by them, or either of them, under such request or other instrument, namely:

(i) The fact and date of the execution by any Person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments in such jurisdiction, that the Person signing such writing acknowledged before him the execution thereof, or by the affidavit of a witness of such execution; and

(ii) The ownership of Obligations shall be proved by the register of such Obligations.

(b) Nothing in this Section shall be construed as limiting the Trustee to the proof herein specified, it being intended that the Trustee may accept any other evidence of the matters herein stated which it may deem sufficient.

(c) Any action taken or suffered by the Trustee pursuant to any provision hereof, upon the request or with the assent of any Person who at the time is the Holder of any Obligation, shall be conclusive and binding upon all future Holders of the same Obligation.

Section 11.2 Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Obligations is intended or shall be construed to give to any Person other than the parties hereto, the City and the Holders of the Obligations any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained.

Section 11.3 Severability. If any one or more sections, clauses, sentences or parts hereof shall for any reason be questioned in any court of competent jurisdiction and shall be adjudged unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions hereof, or the Obligations executed and delivered pursuant hereto, but shall be confined to the specific sections, clauses, sentences and parts so adjudged.

Section 11.4 Holidays. When the date on which principal of or interest on any Obligation is due and payable is not a Business Day, payment may be made on Obligations presented at such place of payment on the next Business Day with effect as though payment were made on the due date, and, if such payment is made, no additional interest shall accrue from and after such due date. When any other action is provided herein to be done on a day named or within a time period named, and the day or the last day of the period falls on a day other than a Business Day, it may be performed on the next ensuing Business Day with effect as though performed on the appointed day or within the specified period.

Section 11.5 Governing Law. This Indenture and the Obligations are contracts made under the laws of the State and shall be governed and construed in accordance with such laws.

Section 11.6 Notices.

(a) Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be deemed sufficiently given or served if given in writing, mailed by first class mail, postage prepaid and addressed as follows:

(i) If to the Trustee, addressed to it at 1101 West Washington Street, 2nd Floor, Tempe, Arizona 85288, Attention: Global Corporate Trust;

(ii) If to the registered Holder of an Obligation, addressed to such Holder at the address shown on the registration books kept pursuant hereto; and

(iii) If to the City, addressed to it at 11465 West Civic Center Drive, Avondale, Arizona 85323, Attention: Finance and Budget Director.

(b) The parties listed above may from time to time by notice in writing to the others designate a different address or addresses for notices hereunder.

(c) Unless otherwise provided herein, all notices, approvals, consents, requests and any communications to the Trustee hereunder must be in writing in English and must be in the form of a document that is signed manually or by way of an electronic signature (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other electronic signature provider acceptable to the Trustee). Electronic signatures believed by the Trustee to comply with the ESIGN ACT of 2000 or other applicable law shall be deemed original signatures for all purposes. If the City chooses to use electronic signatures to sign documents delivered to the Trustee, the City agrees to assume all risks arising out of its use of electronic signatures, including without limitation the risk of the Trustee acting on an unauthorized document and the risk of interception or misuse by third parties. Notwithstanding

the foregoing, the Trustee may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Trustee in lieu of, or in addition to, any document signed via electronic signature.

Section 11.7 Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which together shall constitute one instrument.

Section 11.8 Waiver of Personal Liability. No director, elected official, officer, agent, municipal advisor, counsel or employee of the City shall be individually or personally liable for the payment of the principal amount or redemption price of or interest on the Obligations; but nothing herein contained shall relieve any such director, officer, agent, muncipal advisor, counsel or employee from the performance of any official duty provided by law.

Section 11.9 Binding Effect. This instrument shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns subject to the limitations contained herein. Except as provided herein, the trust under this Indenture shall not be assigned to any other person, corporation, partnership or trustee unless the Trustee is required by law to divest, or does divest, itself of its trust department or unless the Trustee shall sell or assign substantially all of its corporate trust business in which event the trust hereunder shall be continued by the Trustee's successor in interest.

Section 11.10 Certain Statutory Notices.

(a) To the extent applicable by provision of law, the Trustee acknowledges that this Indenture is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, as amended, the provisions of which are incorporated herein and which provides that the City may within three (3) years after its execution cancel any contract (including this Indenture) without penalty or further obligation made by the City if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract. The Trustee shall take all such actions as possible to avoid violation of such statute.

(b) To the extent applicable under Section 41-4401, Arizona Revised Statutes, the Trustee shall comply with all federal immigration laws and regulations that relate to its employees and its compliance with the E-verify requirements under Section 23-214(A), Arizona Revised Statutes. The breach by the Trustee of the foregoing shall be deemed a material breach of this Indenture and may result in the termination of the services of the Trustee by the City. The City retains the legal right to randomly inspect the documents and records of the Trustee to ensure that the Trustee is complying with the above-mentioned warranty. The Trustee shall keep such documents and records open for random inspection during normal business hours by the City. The Trustee shall cooperate with the random inspections by the City including granting the City entry rights onto its property to perform such random inspections and waiving its respective rights to keep such documents and records confidential.

(c) To the extent applicable under Section 35-393, et seq., Arizona Revised Statutes, the Trustee hereby certifies it is not currently engaged in, and for the duration of this Indenture shall not engage in, a boycott of Israel. The term "boycott" has the meaning set forth in Section 35-393, Arizona Revised Statutes. If the City determines that the Trustee's certification above is false or that it has breached such agreement, the City may impose remedies as provided by law.

(d) To the extent applicable under Section 35-394, Arizona Revised Statutes, the Trustee hereby certifies it does not currently, and for the duration of this Indenture shall not use: (i) the forced labor of ethnic Uyghurs in the People's Republic of China, (ii) any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China, and (iii) any contractors, subcontractors or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China. The foregoing certification is made to the best knowledge of the Trustee without any current independent investigation or without any future independent investigation for the duration of this Indenture. If the Trustee becomes aware during the duration of this Indenture that it is not in compliance with such certification, the Trustee shall take such actions as provided by law, including providing the required notice to the City. If the City determines that the Trustee is not in compliance with the foregoing certification and has not taken remedial action, the City shall terminate the Trustee's role as Trustee hereunder pursuant to Article VIII.

Section 11.11 Facsimile Instructions. The Trustee shall have the right to accept and act upon instructions or directions, including funds transfer instructions, pursuant to this Indenture sent by Electronic Means. As used in this Section, "Electronic Means" means unsecured e-mail as a portable document format ("pdf") or other replicating image attached to an email, facsimile transmission, secure electronic transmission (containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee), or another method or system specified by the Trustee as available for use in connection with its services hereunder. The City agrees that the Trustee cannot determine the identity of the actual sender of such electronic instructions and that the Trustee shall conclusively presume that instructions that purport to have been sent by a City Representative listed on the incumbency certificate provided to the Trustee have been sent by such City Representative. The City shall be responsible for ensuring that only City Representatives transmit such instructions to the Trustee, and the City and the City Representatives are responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and authentication keys provided by the Trustee. The Trustee shall not be liable for any losses, costs, or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent instruction received via other means. The City agrees (i) to assume all risks arising out of the use of such Electronic Means to submit instructions and direction to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions and the risk or interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) that it will notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 11.12 Force Majeure. The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, "acts of God", terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other like occurrences beyond the control of the Trustee; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

* * *

[Signature page follows.]

IN WITNESS WHEREOF, the City has caused these presents to be signed in the name and on its behalf by its duly authorized officer and, to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and on its behalf by its duly authorized officer, all as of the day and year first above written.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By.....
Authorized Representative

CITY OF AVONDALE, ARIZONA

By.....
Mayor

ATTEST:

.....
Clerk

APPROVED AS TO FORM:

.....
City Attorney

EXHIBIT A

FORM OF 2026A OBLIGATION

UNLESS THIS OBLIGATION IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE CITY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY OBLIGATION ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

WASTEWATER SYSTEM REVENUE OBLIGATION, SERIES 2026A
Evidencing Proportionate Interests of the Holder Hereof in
Installment Payments of the Purchase Price to be Paid by the
CITY OF AVONDALE, ARIZONA,
Pursuant to a Series 2026 Wastewater Revenue Purchase Agreement,
Dated as of June 1, 2026

No: R-..... Denomination: .....

Interest Rate:	Maturity Date:	Dated:	CUSIP:
.....%	July 1, ...	June __, 2026	_____ .....

REGISTERED OWNER: .....

PRINCIPAL AMOUNT: ..... DOLLARS

The registered owner identified above, or registered assigns, as the registered owner of this Wastewater System Revenue Obligation, Series 2026A (this "*obligation*"), is the owner of an undivided proportionate interest in the right to receive certain installments of the "Purchase Price" pursuant to that certain Series 2026 Wastewater Revenue Purchase Agreement, dated as of June 1, 2026 (the "*Purchase Agreement*"), by and between ....., a national banking association authorized to exercise trust powers in the State of Arizona, in its separate capacity as seller (the "*Seller*"), and the City of Avondale, Arizona, a municipal corporation of the State of Arizona, as purchaser (the "*City*"), which installments and certain other rights and interests under the Purchase Agreement have been assigned to ....., in its separate capacity as trustee (together with any successor thereto, the "*Trustee*"), pursuant to that certain Series 2026 Wastewater Revenue Obligation Indenture, dated as of June 1, 2026 (the "*Indenture*"), by and between the City and the Trustee.

The registered owner of this obligation is entitled to receive, subject to the terms of the Purchase Agreement, on the maturity date set forth above, the principal amount set forth above,

representing a portion of the installments of the Purchase Price denominated as principal coming due on the Maturity Date set forth above, and to receive on _____ 1, 20__, and semiannually on _____ 1 and _____ 1 of each year thereafter until payment in full of said portion of principal, the registered owner's proportionate share of the installments of the Purchase Price denominated as interest coming due during the six month period (or portion thereof) immediately preceding each of such dates; provided that the first installment shall be for interest from the date of initial execution and delivery to _____ 1, 20__. Said proportionate share of the portion of such installments designated as interest is the result of the multiplication of the aforesaid portion of such installments designated as principal by the rate per annum set forth above.

The proportionate share of the portion of the installments of the Purchase Price denominated as interest is payable when due to the person in whose name this obligation is registered at the close of business on the 15th day of the calendar month next preceding each interest payment date, except that interest not duly paid or provided for when due shall be payable to the person in whose name this obligation is registered at the close of business on a special record date to be fixed for the payment of defaulted interest. Such defaulted interest shall be payable to the person in whose name such obligation is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed to the holders of the obligations not less than 15 days preceding such special record date. Such notice shall be mailed to the holder in whose name this obligation is registered at the close of business on the fifth day preceding the date of mailing. If the Trustee registers the transfer on any obligation subsequent to the mailing of such notice and on or before the special record date, any such notice of payment of defaulted interest shall be binding upon the transferee and a copy of the notice of payment of defaulted interest shall be delivered by the Trustee to the transferee along with the obligation or obligations. (Any payment due hereon that shall not be paid when due shall bear interest at the rate of interest, compounded semiannually, set forth above from the date such payment is due until the payment is made.)

Principal of and interest on this obligation are payable in lawful money of the United States of America that on the date of payment thereof is legal tender for the payment of public and private debts. Payments of interest will be made by check mailed by the Trustee as paying agent to the registered address of the person entitled thereto; *provided*, *however*, that the Indenture provides that upon certain circumstances the payments of interest on this obligation may, at the direction of the person in whose name this obligation is registered, be made by wire transfer of immediately available funds. The proportionate share of the portion of the installments of the Purchase Price denominated as principal, when due, shall be paid upon surrender of this obligation at the designated corporate trust office of the Trustee.

This obligation is one of a series, limited in aggregate original principal amount of $____,000 (collectively with the Wastewater System Revenue Refunding Obligations, Series 2026B, executed and delivered on the date hereof pursuant to the Indenture, the "*Obligations*"), which have been executed and delivered under the Indenture and are limited, special revenue obligations, payable solely from the sources (particularly the Purchase Agreement) and in the manner described in the Indenture, in order to finance the costs of certain improvements to the complete works of the sewer collection and treatment system of the City. The payments to be made by the City pursuant to the Purchase Agreement are to be in an amount sufficient to make the payments due on the Obligations, and payments by the City under the Purchase Agreement are

to be made from, and secured by a pledge of, certain revenues, proceeds and receipts to be derived by the City from such system. Under the restrictions set out in the Purchase Agreement, additional parity obligations may be incurred by the City payable from such revenues. (No senior obligations may be incurred by the City payable from such revenues.) For a more complete statement of the provisions made to secure payment of the Obligations, the revenues from and conditions under which this obligation is payable, statements of the terms under which the Purchase Agreement may be modified and the general covenants and provisions pursuant to which this obligation is issued, reference is made to the Indenture.

This obligation shall not constitute a debt of the City, the State of Arizona or any political subdivision thereof within the meaning of any provision of the Constitution or laws of the State of Arizona and shall not constitute or give rise to a pecuniary liability of the City, the State of Arizona or any other political subdivision thereof or a charge against the general credit or taxing powers of any of them. This obligation and the interest hereon are enforceable exclusively from the revenues pledged thereto in the Purchase Agreement, and no holder hereof shall have the right to compel any exercise of the taxing power of the City to pay this obligation or the interest hereon.

Counterparts or copies of the Indenture and the other documents referred to herein are on file at the designated office of the Trustee, and reference is hereby made thereto and to the documents referred to therein for the provisions thereof, including the provisions with respect to the rights, obligations, duties and immunities of the Trustee, the City, and the registered owners of the Obligations under such documents, to all of which the registered owner hereof, by acceptance of this obligation, assents.

The Obligations maturing prior to or on July 1, 20__, are not subject to optional redemption prior to maturity. The Obligations maturing on and after July 1, 20__, are subject to redemption, in whole or in part on any date on or after July 1, 20__, in increments of $5,000 of principal amount due on a specific maturity date, in any order of maturity, all as directed by the City, and by lot within a maturity (as provided in the Indenture) by payment of the principal amount of each Obligation to be redeemed plus interest accrued to the date fixed for redemption, without premium.

Notice of redemption shall be mailed not less than 30 days nor more than 60 days prior to the date set for redemption to each registered owner of an Obligation to be so redeemed at the address shown on the books of the Trustee, but failure so to mail any such notice or any defect in such notice as to any Obligation shall not affect the validity of the proceedings for the redemption of any other Obligation. On the specified redemption date all Obligations called for redemption shall cease to bear interest and shall no longer be secured by the Indenture provided funds for redemption are on deposit at the place of payment at that time.

The registered owner of this obligation shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants thereof, or to take any action with respect to a default hereof, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

The Indenture and other documents referred to therein may be modified or amended to the extent permitted by and as provided therein. Certain amendments, modifications or changes

that would affect the rights of registered owners of Obligations may be made only with the consent of a majority of the registered owners of the Obligations then outstanding under the Indenture, as provided in the Indenture. Any such consent by the registered owner of this obligation shall be conclusive and binding upon such registered owner and all subsequent registered owners. However, as to certain other amendments that will not materially adversely affect the interests of the registered owners, no consent of any owner shall be required.

The Obligations are and shall be executed and delivered only in fully registered form. Subject to the limitations provided for in the Indenture, this obligation may be exchanged for a like aggregate principal amount payable at maturity of Obligations of the same maturity in authorized denominations.

The Obligations are transferable by the registered owner thereof in person or by his attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner and subject to the limitations provided for in the Indenture and upon surrender and cancellation of this obligation. Upon such transfer a new Obligation or Obligations of the same maturity and in authorized denominations for the same aggregate principal amount payable at maturity will be executed and delivered to the transferee in exchange.

The Trustee may require a registered owner, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture in connection with any exchange or transfer.

The Trustee and any paying agent may treat the registered owner of this obligation as the absolute owner for the purpose of receiving payment as herein provided and for all other purposes and none of them shall be affected by any notice to the contrary.

As used herein, the term "owner" means the person who at the time of nonpayment of an Obligation is entitled under the terms of such Obligation to payment thereof.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the execution and delivery of this obligation have existed, have happened and have been performed in due form, time and manner as required by law.

IN TESTIMONY WHEREOF, this obligation has been executed and delivered by the Trustee, acting pursuant to the Indenture.

Date:.....

....., as Trustee

By.....
Authorized Representative

ASSIGNMENT

The following abbreviations, when used in the inscription on the face of the within obligation, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common	UNIF GIFT/TRANS MIN ACT -- ..... (Cust.)
TEN ENT -- as tenants by the entireties	Custodian for ..... (Minor) Under Uniform
JT TEN -- as joint tenants with right of survivorship and not as tenants in common	Gifts/Transfers to Minors Act of ..... (State)

Additional abbreviations may also be used, though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto .....
(Please Print or Typewrite Name, Address and Social Security Number or other Federal Tax Identification Number of Transferee) the within obligation and all rights thereunder, and irrevocably constitutes and appoints ..... attorney to transfer the within obligation on the books kept for registration thereof, with full power of substitution in the premises.

Dated: .....

Signature Guaranteed:

.....	.....
(Signature guarantee should be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee).	Notice: The signature(s) on this assignment must correspond with the name(s) as written on the face of the within obligation in every particular without alteration or enlargement or any change whatsoever.

(END OF FORM OF 2026A OBLIGATION)

EXHIBIT B

FORM OF 2026B OBLIGATION

UNLESS THIS OBLIGATION IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE CITY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY OBLIGATION ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

WASTEWATER SYSTEM REVENUE REFUNDING OBLIGATION, SERIES 2026B
Evidencing Proportionate Interests of the Holder Hereof in
Installment Payments of the Purchase Price to be Paid by the
CITY OF AVONDALE, ARIZONA,
Pursuant to a Series 2026 Wastewater Revenue Purchase Agreement,
Dated as of June 1, 2026

No: R-..... Denomination: .....

Interest Rate:	Maturity Date:	Dated:	CUSIP:
.....%	July 1, ...	June __, 2026	_____ .....

REGISTERED OWNER: .....

PRINCIPAL AMOUNT: ..... DOLLARS

The registered owner identified above, or registered assigns, as the registered owner of this Wastewater System Revenue Refunding Obligation, Series 2026B (this "*obligation*"), is the owner of an undivided proportionate interest in the right to receive certain installments of the "Purchase Price" pursuant to that certain Series 2026 Wastewater Revenue Purchase Agreement, dated as of June 1, 2026 (the "*Purchase Agreement*"), by and between ....., a national banking association authorized to exercise trust powers in the State of Arizona, in its separate capacity as seller (the "*Seller*"), and the City of Avondale, Arizona, a municipal corporation of the State of Arizona, as purchaser (the "*City*"), which installments and certain other rights and interests under the Purchase Agreement have been assigned to ....., in its separate capacity as trustee (together with any successor thereto, the "*Trustee*"), pursuant to that certain Series 2026 Wastewater Revenue Obligation Indenture, dated as of June 1, 2026 (the "*Indenture*"), by and between the City and the Trustee.

The registered owner of this obligation is entitled to receive, subject to the terms of the Purchase Agreement, on the maturity date set forth above, the principal amount set forth above,

representing a portion of the installments of the Purchase Price denominated as principal coming due on the Maturity Date set forth above, and to receive on _____ 1, 20__, and semiannually on _____ 1 and _____ 1 of each year thereafter until payment in full of said portion of principal, the registered owner's proportionate share of the installments of the Purchase Price denominated as interest coming due during the six month period (or portion thereof) immediately preceding each of such dates; provided that the first installment shall be for interest from the date of initial execution and delivery to _____ 1, 20__. Said proportionate share of the portion of such installments designated as interest is the result of the multiplication of the aforesaid portion of such installments designated as principal by the rate per annum set forth above.

The proportionate share of the portion of the installments of the Purchase Price denominated as interest is payable when due to the person in whose name this obligation is registered at the close of business on the 15th day of the calendar month next preceding each interest payment date, except that interest not duly paid or provided for when due shall be payable to the person in whose name this obligation is registered at the close of business on a special record date to be fixed for the payment of defaulted interest. Such defaulted interest shall be payable to the person in whose name such obligation is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed to the holders of the obligations not less than 15 days preceding such special record date. Such notice shall be mailed to the holder in whose name this obligation is registered at the close of business on the fifth day preceding the date of mailing. If the Trustee registers the transfer on any obligation subsequent to the mailing of such notice and on or before the special record date, any such notice of payment of defaulted interest shall be binding upon the transferee and a copy of the notice of payment of defaulted interest shall be delivered by the Trustee to the transferee along with the obligation or obligations. (Any payment due hereon that shall not be paid when due shall bear interest at the rate of interest, compounded semiannually, set forth above from the date such payment is due until the payment is made.)

Principal of and interest on this obligation are payable in lawful money of the United States of America that on the date of payment thereof is legal tender for the payment of public and private debts. Payments of interest will be made by check mailed by the Trustee as paying agent to the registered address of the person entitled thereto; *provided*, *however*, that the Indenture provides that upon certain circumstances the payments of interest on this obligation may, at the direction of the person in whose name this obligation is registered, be made by wire transfer of immediately available funds. The proportionate share of the portion of the installments of the Purchase Price denominated as principal, when due, shall be paid upon surrender of this obligation at the designated corporate trust office of the Trustee.

This obligation is one of a series, limited in aggregate original principal amount of $____,000 (collectively with the Wastewater System Revenue Obligations, Series 2026A, executed and delivered on the date hereof pursuant to the Indenture, the "*Obligations*"), which have been executed and delivered under the Indenture and are limited, special revenue obligations, payable solely from the sources (particularly the Purchase Agreement) and in the manner described in the Indenture, in order to refinance the costs of certain improvements to the complete works of the sewer collection and treatment system of the City. The payments to be made by the City pursuant to the Purchase Agreement are to be in an amount sufficient to make the payments due on the Obligations, and payments by the City under the Purchase Agreement are to be made from,

and secured by a pledge of, certain revenues, proceeds and receipts to be derived by the City from such system. Under the restrictions set out in the Purchase Agreement, additional parity obligations may be incurred by the City payable from such revenues. (No senior obligations may be incurred by the City payable from such revenues.) For a more complete statement of the provisions made to secure payment of the Obligations, the revenues from and conditions under which this obligation is payable, statements of the terms under which the Purchase Agreement may be modified and the general covenants and provisions pursuant to which this obligation is issued, reference is made to the Indenture.

This obligation shall not constitute a debt of the City, the State of Arizona or any political subdivision thereof within the meaning of any provision of the Constitution or laws of the State of Arizona and shall not constitute or give rise to a pecuniary liability of the City, the State of Arizona or any other political subdivision thereof or a charge against the general credit or taxing powers of any of them. This obligation and the interest hereon are enforceable exclusively from the revenues pledged thereto in the Purchase Agreement, and no holder hereof shall have the right to compel any exercise of the taxing power of the City to pay this obligation or the interest hereon.

Counterparts or copies of the Indenture and the other documents referred to herein are on file at the designated office of the Trustee, and reference is hereby made thereto and to the documents referred to therein for the provisions thereof, including the provisions with respect to the rights, obligations, duties and immunities of the Trustee, the City, and the registered owners of the Obligations under such documents, to all of which the registered owner hereof, by acceptance of this obligation, assents.

The Obligations are not subject to redemption prior to maturity.

The registered owner of this obligation shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants thereof, or to take any action with respect to a default hereof, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

The Indenture and other documents referred to therein may be modified or amended to the extent permitted by and as provided therein. Certain amendments, modifications or changes that would affect the rights of registered owners of Obligations may be made only with the consent of a majority of the registered owners of the Obligations then outstanding under the Indenture, as provided in the Indenture. Any such consent by the registered owner of this obligation shall be conclusive and binding upon such registered owner and all subsequent registered owners. However, as to certain other amendments that will not materially adversely affect the interests of the registered owners, no consent of any owner shall be required.

The Obligations are and shall be executed and delivered only in fully registered form. Subject to the limitations provided for in the Indenture, this obligation may be exchanged for a like aggregate principal amount payable at maturity of Obligations of the same maturity in authorized denominations.

The Obligations are transferable by the registered owner thereof in person or by his attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only

in the manner and subject to the limitations provided for in the Indenture and upon surrender and cancellation of this obligation. Upon such transfer a new Obligation or Obligations of the same maturity and in authorized denominations for the same aggregate principal amount payable at maturity will be executed and delivered to the transferee in exchange.

The Trustee may require a registered owner, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture in connection with any exchange or transfer.

The Trustee and any paying agent may treat the registered owner of this obligation as the absolute owner for the purpose of receiving payment as herein provided and for all other purposes and none of them shall be affected by any notice to the contrary.

As used herein, the term "owner" means the person who at the time of nonpayment of an Obligation is entitled under the terms of such Obligation to payment thereof.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the execution and delivery of this obligation have existed, have happened and have been performed in due form, time and manner as required by law.

IN TESTIMONY WHEREOF, this obligation has been executed and delivered by the Trustee, acting pursuant to the Indenture.

Date:.....

....., as Trustee

By.....
Authorized Representative

ASSIGNMENT

The following abbreviations, when used in the inscription on the face of the within obligation, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common	UNIF GIFT/TRANS MIN ACT -- ..... (Cust.)
TEN ENT -- as tenants by the entireties	Custodian for ..... Under Uniform (Minor)
JT TEN -- as joint tenants with right of survivorship and not as tenants in common	Gifts/Transfers to Minors Act of ..... (State)

Additional abbreviations may also be used, though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto .....
(Please Print or Typewrite Name, Address and Social Security Number or other Federal Tax Identification Number of Transferee) the within obligation and all rights thereunder, and irrevocably constitutes and appoints ..... attorney to transfer the within obligation on the books kept for registration thereof, with full power of substitution in the premises.

Dated: .....

Signature Guaranteed:

.....	.....
(Signature guarantee should be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee).	Notice: The signature(s) on this assignment must correspond with the name(s) as written on the face of the within obligation in every particular without alteration or enlargement or any change whatsoever.

(END OF FORM OF 2026B OBLIGATION)

DRAFT
03/23/26
04/22/26

SERIES 2026 WASTEWATER REVENUE PURCHASE AGREEMENT

by and between

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Seller

and

CITY OF AVONDALE, ARIZONA,
as Purchaser

Dated as of June 1, 2026

The rights of U.S. Bank Trust Company, National Association, in its separate capacity as seller hereunder, have been assigned to U.S. Bank Trust Company, National Association, in its separate capacity as trustee under a Series 2026 Wastewater Revenue Obligation Indenture, dated as of June 1, 2026.

(This Table of Contents is for informational purposes only and is not to be considered a part of this Series 2026 Wastewater Revenue Purchase Agreement)

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SERIES 2026 WASTEWATER REVENUE PURCHASE AGREEMENT

This SERIES 2026 WASTEWATER REVENUE PURCHASE AGREEMENT, dated as of June 1, 2026 (this "*Purchase Agreement*"), by and between U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association authorized to exercise trust powers in the State of Arizona, as trustee but in its separate capacity as seller (the "*Seller*"), and the CITY OF AVONDALE, ARIZONA, a municipal corporation of the State of Arizona, as purchaser (the "*City*"),

WITNESSETH:

WHEREAS, pursuant to Ordinance No. ____-__ adopted by the Mayor and Council of the City on May 4, 2026, it was found and determined to be advantageous and in the public interest that the Obligations (as defined herein) be sold and executed and delivered; and

WHEREAS, pursuant to this Purchase Agreement, the City has agreed to purchase the Projects (as defined herein) from the Seller;

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS AND INTERPRETATION

The words and terms used herein shall have the respective meanings assigned to them in the hereinafter defined Indenture. In addition, the following words and terms as used herein shall have the meaning indicated, unless the context or use requires a different meaning or intent. All accounting terms not otherwise so defined shall have the meanings assigned to them in accordance with generally accepted accounting principles.

"*Additional Obligation Documents*" means any contract (including an ordinance of the Mayor and Council of the City) or agreement of the City constituting or authorizing Additional Obligations.

"*Additional Obligations*" means obligations (including loans and bonds) or applicable interests therein which are incurred (i) by, or the payment of which is assumed by, the City subsequent to, and are to rank on a parity with, the payments of the Purchase Price and share *pro rata* in payments to be made by the City from the Pledged Revenues, without priority one over the other or over this Purchase Agreement, and (ii) for the purpose of acquiring, constructing or improving the System or to refund the Obligations or any Additional Obligations.

"*Administrative Expenses*" means the reasonable cost or value of all services rendered by the City and its various departments with respect to the System.

"*Assumed Interest Rate*" means an interest rate for a series of Variable Rate Obligations at the computation date computed to be the lesser of (i) the maximum rate which the Variable Rate Obligations of a series may bear under the terms of their incurrence, or (ii) the rate of interest

established for long-term bonds by the 30-year revenue bond index published by The Bond Buyer of New York, New York, on the date that is nearest to 30 days prior to the computation date (or in the absence of such published index, some other index selected in good faith by the Finance and Budget Director after consultation with one or more reputable, experienced investment bankers as being equivalent thereto).

"*Bond Year*" means a 12-month period beginning July 2 of the calendar year and ending on the next succeeding July 1.

"*Consultant*" means, in the sole discretion of the City, a firm of utility consultants experienced in the financing and operation of utility systems and having a recognized reputation for such work.

"*Continuing Disclosure Undertaking*" means the Continuing Disclosure Undertaking, dated June __, 2026, from the City.

"*Credit Facility*" means a bank, financial institution, insurance company or indemnity company which is engaged by or on behalf of the City to perform one or more of the following tasks: (a) enhancing credit of the City securing the Obligations or Additional Obligations by assuring that principal of and interest on the Obligations or such Additional Obligations (or any interests therein) will be paid promptly when due (including the issuance of an insurance policy, letter of credit, surety bond or other form of security for a reserve), or (b) providing liquidity for Additional Obligations (or any interests therein) through undertaking to cause such Additional Obligations to be bought from the holders thereof when submitted pursuant to an arrangement prescribed by the Additional Obligation Documents.

"*Finance and Budget Director*" means the Finance and Budget Director of the City or other authorized representative of the City.

"*Fiscal Year*" means the 12-month period used by the City for its general accounting purposes as the same may be changed from time to time, said fiscal year currently extending from July 1 to June 30.

"*Indenture*" means the Series 2026 Wastewater Revenue Obligation Indenture, dated as of June 1, 2026, by and between the Trustee and the City, as supplemented from time to time.

"*Interest Requirement*" means (i) with respect to this Purchase Agreement, as of any date of calculation, the interest amount on this Purchase Agreement due during the then-current Bond Year, and (ii) with respect to any Additional Obligations, as of any date of calculation, the amount required to be paid by the City during the then-current Bond Year with respect to interest on such Additional Obligations. In the case of Variable Rate Obligations Outstanding or proposed to be incurred, the Interest Requirement shall be computed with the Assumed Interest Rate.

"*Obligations*" means, collectively, the City of Avondale, Arizona Wastewater System Revenue Obligations, Series 2026A and the City of Avondale, Arizona Wastewater System Revenue Refunding Obligations, Series 2026B.

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

"*Outstanding*" when used with reference to Additional Obligations, shall have the meaning assigned to such term in the corresponding, applicable Additional Obligation Documents which shall be as similar as possible to such definition in the Indenture.

"*Parity Lien Test Debt Service*" means the highest aggregate Principal Requirement and Interest Requirement of all Outstanding Obligations and Additional Obligations to fall due and payable in the current or any future Bond Year.

"*Pledged Revenues*" means Revenues (including any unrestricted fund balances of the System) remaining after deducting the Operating Expenses. For the purposes of the computation required by Sections 4.4, 5.3(b) and 5.3(c), additional amounts may be added to, or are to be subtracted from, the Pledged Revenues of the preceding Fiscal Year, as follows: (i) if all or part of the proceeds of the Additional Obligations described in Section 4.4 are to be expended for the acquisition of utility properties, the revenues which would have been derived from the operation of such acquired utility properties during the entire immediately preceding Fiscal Year, as estimated by a Consultant, then added; (ii) if during such preceding Fiscal Year the City has acquired or sold existing utility properties, the revenues which would have been derived from the operation of such properties during such Fiscal Year had such properties been acquired and operating or sold and not operating throughout such Fiscal Year, as estimated by a Consultant, then added or subtracted, respectively; and (iii) if during such preceding Fiscal Year the City shall have increased rates, fees and charges with respect to the System, the increased amount which would have been received during such Fiscal Year had such increase been in effect throughout such Fiscal Year, as estimated by a Consultant, then added.

"*Principal Requirement*" means (i) with respect to this Purchase Agreement, as of any date of calculation, the principal amount of the Obligations maturing or subject to mandatory redemption pursuant to the Indenture during the then-current Bond Year, and (ii) with respect to any Additional Obligations, as of any date of calculation, the principal amount required to be paid by the City during the then-current Bond Year with respect to the Additional Obligations. In computing the Principal Requirement for such Additional Obligations, an amount of such Additional Obligations required to be redeemed pursuant to mandatory redemption in each year shall be deemed to fall due in that year and (except in case of default in observing a mandatory redemption requirement) shall be deducted from the amount of the Additional Obligations maturing on the scheduled maturity date. In the case of Additional Obligations supported by a Credit Facility, the Principal Requirement for such Additional Obligations shall be determined in accordance with the principal retirement schedule specified in the Additional Obligation Documents authorizing the incurrence of such Additional Obligations, rather than any amortization schedule set forth in such Credit Facility unless payments under such Additional Obligations shall be in default at the time of the determination, in which case the Principal

Requirements for such Additional Obligations shall be determined in accordance with the amortization schedule set forth in such Credit Facility.

"*Projects*" means, collectively, the 2026 Projects and the Refinanced Projects.

"*Purchase Event of Default*" means one of the events defined as such in Section 7.1.

"*Purchase Price*" means the sum of the payments paid pursuant to Section 5.4(i) and (ii) of the Indenture from amounts to be paid by or on behalf of the City as the purchase price for the Projects.

"*Refinanced Projects*" means, collectively, identified process improvements required to ensure the System continues to operate reliably, specifically a second primary clarifier, aeration basins improvements, return activate sludge pump upgrades, electrical upgrades, including automated sensors and controls to improve treatment of efficiency and operations building improvements.

"*Regulations*" means sections 1.148-1 through 1.148-11 and section 1.150-1 of the regulations of the United States Department of the Treasury promulgated under the Code, including and any amendments thereto or successor regulations.

"*Revenues*" means and includes all income, moneys and receipts derived by the City from the ownership, use and operation of the System including, without limitation, interest received on, and profits realized from the sale of, investments made with moneys of the System, but excluding (i) any amounts received which the City is contractually required to pay out as reimbursement for acquisition, construction or installation of the System, (ii) the proceeds of the Obligations or any Additional Obligations or the interest received on any proceeds of Additional Obligations placed irrevocably in trust to pay, or provide for the payment of, any Obligations or Additional Obligations, or (iii) any non-cash capital contributions received by the City for the use and operation of the System.

"*State*" means the State of Arizona.

"*System*" means the complete works of the sewer collection and treatment system of the City including all such properties of every nature hereafter owned by the City and all acquisitions, improvements and extensions added thereto by the City, including all real and personal property of every nature comprising part of, or used or useful in connection with, such system, and including all appurtenances, contracts, leases, franchises, and other intangibles.

"*Tax Certificate*" means the Certificate Relating To Federal Tax Matters, dated June __, 2026, delivered by the City with respect to the Obligations.

"*2026 Projects*" means improvements to the System, particularly _____.

"*Variable Rate Obligations*" means any Additional Obligations which may, in the future, bear interest at rates which cannot be determined with specificity on their original incurrence.

Unless the context indicates otherwise, words importing the singular number include the plural number, and vice versa; references to an "Article" or a "Section" are to those of this Purchase Agreement; the terms "hereof," "hereby," "herein," "hereto," "hereunder" and similar terms refer to this Purchase Agreement; and the term "hereafter" means after, and the term "heretofore" means before, the date of this Purchase Agreement. Words of any gender include the correlative words of the other genders, unless the sense indicates otherwise. The captions and headings in this Purchase Agreement are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Articles, Sections, subsections, paragraphs, subparagraphs or clauses hereof.

ARTICLE II
EXECUTION AND DELIVERY OF OBLIGATIONS; IMPROVEMENTS FUND; FEDERAL LAW COVENANTS

Section 2.1 Agreement to Cause Execution and Delivery of Obligations; Application of Proceeds. In order to provide funds to finance the costs of the acquisition, construction and improvement of the 2026 Projects and the acquisition of the Refinanced Projects, the Obligations shall be executed and delivered pursuant to the Indenture. Amounts transferred by the Trustee pursuant to Section 5.2(ii) of the Indenture were applied to pay and discharge the Obligations Being Refunded which financed the Refinanced Projects.

Section 2.2 Improvements Fund.

(a) The City shall establish and maintain a separate fund known as the "*Improvements Fund*," which shall be funded from amounts transferred to the City by the Trustee pursuant to Section 5.2(i) of the Indenture. Moneys in the Improvements Fund shall be disbursed by the City for the following purposes and for no other purposes:

(i) to the extent not paid by the Trustee from the Costs of Issuance Fund established under the Indenture, the costs described in Section 5.5 of the Indenture;

(ii) payment for labor, services, materials and other necessities used or furnished in the acquisition, improvement and construction of the 2026 Projects, and all real and personal property deemed necessary in connection with the 2026 Projects and for the miscellaneous expenses incidental to any of the foregoing including the premium on each performance and payment bond;

(iii) reimbursement of capital expenditures relating to the 2026 Projects advanced prior to the execution and delivery of the Obligations; and

(iv) payment of the portion of the Purchase Price representing interest on the 2026A Obligations during the acquisition, construction and improvement of the 2026 Projects.

(b) Before any of the foregoing payments may be made, the City shall maintain a record with respect to each such payment to the effect that: (i) none of the items for which the payment is proposed to be made has formed the basis for any payment previously made from the

Improvements Fund; (ii) each item for which payment is proposed to be made is or was necessary in connection with the 2026 Projects; and (iii) each item for which payment is proposed to be made is for a purpose permitted by this Section.

(c) In the case of any contract providing for the retention of a portion of the contract price, subject to Sections 2.3 and 2.4, the City may pay from the Improvements Fund only the net amount remaining after deduction of any such portion.

(d) The City shall notify the Trustee of the completion date of the 2026 Projects by delivery of a certificate signed by the City Representative stating that: (i) acquisition, construction and improvement of the 2026 Projects has been completed; and (ii) all obligations and costs in connection with the 2026 Projects and payable out of the Improvements Fund have been paid and discharged, except for amounts retained by the City for payment of costs of the 2026 Projects not yet due and payable. Any moneys held in the Improvements Fund upon delivery of such certificate that are not needed to pay costs of the 2026 Projects shall be transferred by the City to the Trustee for deposit to the Interest Account or the Principal Account as indicated in such certificate.

Section 2.3 General Federal Tax Covenants.

(a) As provided in further detail in the Tax Certificate, the City shall not make or direct the making of any investment or other use of the proceeds of any of the Obligations or the Projects which would cause such Obligations to be "arbitrage bonds" as that term is defined in Section 148 of the Code or "private activity bonds" as that term is defined in Section 141 of the Code and shall comply with the requirements of such sections of the Code and the related Regulations throughout the term of the Obligations. Particularly, the City shall be the owner of the Projects for federal income tax purposes. The City shall not enter into (i) any management or service contract with any entity other than a governmental entity for the operation of any portion of the Projects unless the management or service contract complies with the requirements of such authority as may control at the time, or (ii) any lease or other arrangement with any entity other than a governmental entity that gives such entity special legal entitlements with respect to any portion of the Projects. Also, the payment of principal and interest with respect to the Obligations shall not be guaranteed (in whole or in part) by the United States or any agency or instrumentality of the United States. The proceeds of the Obligations, or amounts treated as proceeds of the Obligations, shall not be invested (directly or indirectly) in federally insured deposits or accounts, except to the extent such proceeds (i) may be so invested for an initial temporary period until needed for the purpose for which the Obligations are being executed and delivered, (ii) may be so used in making investments of a *bona fide* debt service fund, or (iii) may be invested in obligations issued by the United States Treasury. In consideration of the purchase and acceptance of the Obligations by the Holders thereof from time to time and of retaining such exclusion and as authorized by Title 35, Chapter 3, Article 7, Arizona Revised Statutes, as amended, the City covenants, and the appropriate officials of the City are hereby directed, to take all action required by the Code to preserve such exclusion or to refrain from taking any action prohibited by the Code which would adversely affect in any respect such exclusion.

(b) The City shall comply with the procedures and covenants contained in any arbitrage rebate provision (initially, Section 2.4) or separate agreement executed in connection

with the issuance of the Obligations for so long as compliance is necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Obligations.

(c) (i) The City shall take all necessary and desirable steps to comply with the requirements hereunder in order to ensure that interest on the Obligations is excluded from gross income for federal income tax purposes under the Code; provided, however, compliance with any such requirement shall not be required in the event the City receives a Special Counsel's Opinion that either (A) compliance with such requirement is not required to maintain the exclusion from gross income of interest on the Obligations, or (B) compliance with some other requirement will meet the requirements of the Code. In the event the City receives such a Special Counsel's Opinion, this Purchase Agreement shall be amended to conform to the requirements set forth in such opinion.

(ii) If for any reason any requirement hereunder is not complied with, the City shall take all necessary and desirable steps to correct such noncompliance within a reasonable period of time after such noncompliance is discovered or should have been discovered with the exercise of reasonable diligence and the City shall pay any required interest or penalty under Regulations Section 1.148-3(h).

(d) Written procedures have been established for the City to ensure that all nonqualified obligations are remediated according to the requirements under the Code and related Regulations and to monitor the requirements of Section 148 of the Code relating to arbitrage, with which the City will comply.

Section 2.4 Arbitrage Rebate Covenants.

(a) Terms used in subsection (b) and not otherwise defined in Article I or in subsection (b) shall have the meanings given to them in the Code and the Regulations.

(b) For purposes of this Section, the following terms shall have the following meanings:

"*Bond Year*" shall have the meaning provided above, except that for purposes of this Section the first Bond Year shall begin on the date of issue of the Obligations and shall end on July 1, 2026, and the last Bond Year shall end on the date of retirement of the last Obligations.

"*Bond Yield*" is as indicated in the Tax Certificate and means the discount rate that produces a present value equal to the Issue Price of all unconditionally payable payments of principal, interest and fees for qualified guarantees within the meaning of Regulations Section 1.148-4(f) and amounts reasonably expected to be paid as fees for qualified guarantees in connection with the Obligations as determined under Regulations Section 1.148-4(b). The present value of all such payments shall be computed as of the date of issue of the Obligations and using semiannual compounding on the basis of a 360-day year. Bond Yield shall be recomputed if required by Regulations Section 1.148-4(b)(4) or 4(h)(3).

"*Gross Proceeds*" means:

(i) any amounts actually or constructively received by the City from the sale of the Obligations;

(ii) transferred proceeds of the Obligations under Regulations Section 1.148-9;

(iii) any amounts actually or constructively received from investing amounts described in (i), (ii) or this (iii); and

(iv) replacement proceeds of the Obligations within the meaning of Regulations Section 1.148-1(c). Replacement proceeds include amounts reasonably expected to be used directly or indirectly to pay debt service on the Obligations, pledged amounts where there is reasonable assurance that such amounts will be available to pay principal or interest on the Obligations in the event the City encounters financial difficulties and other replacement proceeds within the meaning of Regulations Section 1.148-1(c)(4). Whether an amount is Gross Proceeds is determined without regard to whether the amount is held in any fund or account established under the Indenture.

"*Investment Property*" means any security, obligation (other than a tax-exempt bond within the meaning of Code Section 148(b)(3)(A)), annuity contract or investment-type property within the meaning of Regulations Section 1.148-1(b).

"*Issue Price*" is as indicated in the Tax Certificate and shall be determined as provided in Regulations Section 1.148-1(b).

"*Nonpurpose Investment*" means any Investment Property acquired with Gross Proceeds, and that is not acquired to carry out the governmental purposes of the Obligations.

"*Payment*" means any payment within the meaning of Regulations Section 1.148-3(d)(1) with respect to a Nonpurpose Investment.

"*Rebate Requirement*" means at any time the excess of the future value of all Receipts over the future value of all Payments. For purposes of calculating the Rebate Requirement the Bond Yield shall be used to determine the future value of Receipts and Payments in accordance with Regulations Section 1.148-3(c). The Rebate Requirement is zero for any Nonpurpose Investment meeting the requirements of a rebate exception under Section 148(f)(4) of the Code or Regulations Section 1.148-7.

"*Receipt*" means any receipt within the meaning of Regulations Section 1.148-3(d)(2) with respect to a Nonpurpose Investment.

(c) Within 60 days after the end of each Bond Year, unless an exemption from the requirement to do so is provided by the Code and the Regulations, the City shall cause the Rebate Requirement to be calculated and shall pay to the United States of America:

(i) not later than 60 days after the end of the fifth Bond Year and every fifth Bond Year thereafter, an amount that, when added to the future value of all previous rebate payments with respect to the Obligations (determined as of such Computation Date), is equal to at least 90 percent of the sum of the Rebate Requirement (determined as of the last day of such Bond Year) plus the future value of all previous rebate payments with respect to the Obligations (determined as of the last day of such Bond Year) and

(ii) not later than 60 days after the retirement of the last Obligation, an amount equal to 100 percent of the Rebate Requirement (determined as of the date of retirement of the last Obligation).

Each payment required to be made under this Section shall be filed with the Internal Revenue Service Center, Ogden, Utah 84201 (or at such other address then specified by the Internal Revenue Service), on or before the date such payment is due, and shall be accompanied by IRS Form 8038-T.

(d) No Nonpurpose Investment shall be acquired for an amount in excess of its fair market value. No Nonpurpose Investment shall be sold or otherwise disposed of for an amount less than its fair market value.

(e) For purposes of subsection (d), whether a Nonpurpose Investment has been purchased or sold or disposed of for its fair market value shall be determined as follows:

(i) The fair market value of a Nonpurpose Investment generally shall be the price at which a willing buyer would purchase the Nonpurpose Investment from a willing seller in a bona fide arm's length transaction. Fair market value shall be determined on the date on which a contract to purchase or sell the Nonpurpose Investment becomes binding.

(ii) Except as provided in subsection (f) or (g), a Nonpurpose Investment that is not of a type traded on an established securities market, within the meaning of Code Section 1273, is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

(iii) If a United States Treasury obligation is acquired directly from or sold or disposed of directly to the United States Treasury, such acquisition or sale or disposition shall be treated as establishing the fair market value of the obligation.

(f) The purchase price of a certificate of deposit that has a fixed interest rate, a fixed payment schedule and a substantial penalty for early withdrawal is considered to be its fair market value if the yield on the certificate of deposit is not less than:

(i) the yield on reasonably comparable direct obligations of the United States; and

(ii) the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(g) A guaranteed investment contract shall be considered acquired and disposed of for an amount equal to its fair market value if:

(i) A bona fide solicitation in writing for a specified guaranteed investment contract, including all material terms, is timely forwarded to all potential providers. The solicitation must include a statement that the submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the City or any other person (whether or not in connection with the Obligations), and that the bid is not being submitted solely as a courtesy to the City or any other person for purposes of satisfying the requirements in the Regulations that the City receive bids from at least one reasonably competitive provider and at least three providers that do not have a material financial interest in the Obligations.

(ii) All potential providers have an equal opportunity to bid, with no potential provider having the opportunity to review other bids before providing a bid.

(iii) At least three reasonably competitive providers (i.e. having an established industry reputation as a competitive provider of the type of investments being purchased) are solicited for bids. At least three bids must be received from providers that have no material financial interest in the Obligations (e.g., a lead underwriter within 15 days of the issue date of the Obligations or a financial advisor with respect to the investment) and at least one of such three bids must be from a reasonably competitive provider. If the City uses an agent to conduct the bidding, the agent may not bid.

(iv) The highest-yielding guaranteed investment contract for which a qualifying bid is made (determined net of broker's fees) is purchased.

(v) The determination of the terms of the guaranteed investment contract takes into account as a significant factor the reasonably expected deposit and drawdown schedule for the amounts to be invested.

(vi) The terms for the guaranteed investment contract are commercially reasonable (i.e. have a legitimate business purpose other than to increase the purchase price or reduce the yield of the guaranteed investment contract).

(vii) The provider of the investment contract certifies the administrative costs (as defined in Regulations Section 1.148-5(e)) that it pays (or expects to pay) to third parties in connection with the guaranteed investment contract.

(viii) The City retains until three years after the last Outstanding Obligation is retired, (A) a copy of the guaranteed investment contract, (B) a receipt or other record of the amount actually paid for the guaranteed investment contract, including any administrative costs paid by the City and a copy of the provider's certification described in (vii) above, (C) the name of the person and entity submitting each bid, the time and date of the bid, and the bid results and (D) the bid solicitation form and, if the terms of the guaranteed investment contract deviates from the bid solicitation form or a

submitted bid is modified, a brief statement explaining the deviation and stating the purpose of the deviation.

(h) Such experts and consultants shall be employed to make, as necessary, any calculations in respect of rebates to be made to the United States of America in accordance with Section 148(f) of the Code with respect to the Obligations.

Section 2.5 Continuing Disclosure Undertaking. The City shall comply with and carry out all of the provisions of the Continuing Disclosure Undertaking. Notwithstanding any other provision of this Purchase Agreement, failure of the City to comply with the Continuing Disclosure Undertaking shall not be considered a Purchase Event of Default, an Indenture Event of Default or other event of default; however, the Trustee (at the request of the registered Holders of at least 25 percent aggregate principal amount in Outstanding Obligations and receipt of indemnity to its satisfaction) shall take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under this Section.

ARTICLE III
AGREEMENT OF SALE; PURCHASE PRICE

Section 3.1 Agreement of Sale. In order to finance the costs of the 2026 Projects, the City hereby sells and conveys any interests it has in the 2026 Projects to the Seller, without warranty, for the sum of $10.00 and other valuable consideration had and received. In order to refinance the costs of the Refinanced Projects which have not been paid to date, the City hereby sells and conveys any interests it has in the Refinanced Projects to the Seller, without warranty, for the sum of $10.00 and other valuable consideration had and received. For the amounts payable pursuant hereto (including the Purchase Price), the Seller in turn hereby sells and conveys back to the City, without warranty, and the City hereby purchases from the Seller, the Projects. In order to evidence such sale and conveyance, the Seller has executed and delivered to the City a bill of sale in substantially the form the of the Exhibit attached hereto and incorporated herein by reference.

Section 3.2 Possession of and Title to Projects; Authority of Seller to Pledge Its Interests.

(a) The City shall be entitled to possession of, and full and unencumbered title to, the Projects, without suit, trouble or hindrance from the Seller. The Projects shall be made a part of the System and shall be used in accordance with all applicable laws.

(b) The Seller may mortgage, hypothecate or pledge all or any part of the interest of the Seller in this Purchase Agreement as security for the Obligations.

Section 3.3 Amounts Payable After Execution and Delivery of Obligations. After providing for any amounts due pursuant to Section 2.4(c), the Pledged Revenues received pursuant to Section 4.1 shall be paid for the following purposes and in the following order of priority, after decreasing any such payment for any interest income or gain received, or increasing such payment for any loss realized, in the account to which such payment is to be deposited:

(i) Fees and expenses of the Trustee in accordance with the provisions of Section 8.8 of the Indenture to the Trustee.

(ii) The payments on the dates and in the amounts set forth in Schedule A and Schedule B attached hereto and incorporated herein by reference for deposit to the Interest Account and/or the Principal Account, as applicable.

In the event the City should fail to make when due any of the payments required by this Section, the installment so in default shall continue as an obligation of the City, payable solely from the Pledged Revenues, until the amount in default shall have been fully paid, and the City shall pay the same with interest thereon at the rate applicable to the corresponding maturities of Obligations, from the date said payment was to be made to the date of payment by the City until paid. This Purchase Agreement shall be deemed and construed to be a *"net purchase agreement,"* and the payments provided for in this Section shall be an absolute net return to the Seller, free and clear of any expenses or charges whatsoever, except as otherwise specifically provided herein. The City shall cause an amount of Revenues to be included in the annual budget for every Fiscal Year sufficient to meet all requirements of this Purchase Agreement.

Section 3.4 Obligations of City Hereunder Unconditional. The obligations of the City to make the payments required in Section 3.3 and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, regardless of the continued existence of the Projects or their physical condition. The City: (a) shall not diminish, suspend or discontinue any payments provided for in Section 3.3; (b) shall perform and observe all of its other agreements contained in this Purchase Agreement; and (c) shall not terminate this Purchase Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, loss, theft or destruction of or damage to the Projects, or any part thereof, frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof, or any failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Purchase Agreement. Nothing contained in this Section shall be construed to release the Seller from the performance of any of the agreements on its part herein contained, and in the event the Seller shall fail to perform any such agreement on its part, the City may institute such action against the Seller as the City may deem necessary to compel performance or recover its damages for non-performance so long as such action shall not violate or impair the effectiveness of the agreements on the part of the City contained in the next two preceding sentences. The City may, however, at its own cost and expense and in its own name or in the name of the Seller, prosecute or defend any action or proceeding or take any other action involving third persons which the City deems reasonably necessary in order to secure or protect its rights of ownership, possession and use hereunder, and in such event the Seller shall cooperate fully with the City and take all action necessary to effect the substitution of the City for the Seller in any such action or proceeding if the City shall so request.

Section 3.5 Termination of Payment of Purchase Price; Excess Payments.

(a) Subject to Article VI, upon full payment or provision for payment of the Purchase Price and provided that the City has performed all the covenants and agreements required by the City to be performed hereunder, this Purchase Agreement shall cease and expire. Upon the

expiration of this Purchase Agreement, the Seller shall cause the Trustee under the Indenture to release any interest that the Trustee may have in the Projects or the Pledged Revenues from the lien of the Indenture.

(b) In the event of prepayment of the Purchase Price in full or provision for the payment of the Purchase Price in full such that the Indenture shall be discharged by its terms as a result of such prepayment and payment of any fees and charges due and owing to the Trustee, all amounts then on deposit in the Improvements Fund (except for amounts retained by the City for payment of costs of the 2026 Projects not yet due and payable in accordance with Section 2.2(c)) and the Obligation Fund shall be credited toward the amounts then required to be so prepaid at the direction of the City Representative. Upon the payment thereof in accordance with the Indenture such that the Indenture shall be discharged by its terms, any money remaining which is not otherwise required to be applied to the payment of debt service on the Obligations or to the payment of any other amounts due under the Indenture shall be paid over to the City.

Section 3.6 Prepayment of Purchase Price Generally. The City shall be permitted to prepay all or a part of the Purchase Price composed of the principal and interest components thereof to the extent and in the manner permitted by the Indenture for the redemption of the Obligations. If such prepayment is made in compliance with the terms of the Indenture, the Seller shall cause the Trustee under the Indenture to accept such prepayment to the extent required to provide for a permitted redemption or provision for payment of such Obligations as shall be directed by the City. No other prepayment of the Purchase Price shall be permitted.

Section 3.7 Effect of Partial Payment or Prepayment. Upon any partial payment or prepayment of the Purchase Price resulting in a redemption of Obligations, each installment of interest which shall thereafter be payable as a part of the Purchase Price shall be reduced, taking into account the interest rate or rates on the Obligations remaining Outstanding after the redemption of Obligations from the proceeds of such partial payment or prepayment so that the interest remaining payable as a part of the Purchase Price shall be sufficient to pay the interest on such Outstanding Obligations when due.

ARTICLE IV
SOURCE OF PURCHASE PRICE; RATE COVENANT; ADDITIONAL OBLIGATIONS

Section 4.1 Limitation of Source of City Payments.

(a) This Purchase Agreement is a limited, special obligation of the City, payable solely and secured as to the payment in accordance with the terms and the provisions hereof.

(b) All amounts to be paid by the City pursuant to Section 3.3 (or under any other section of this Purchase Agreement) shall be payable solely from the Pledged Revenues. Nothing, however, shall preclude the City, in the sole and absolute discretion of the Mayor and Council of the City, from paying such amounts from other moneys of the City. Under no circumstances shall amounts paid under this Purchase Agreement from such moneys constitute a pledge thereof, and amounts payable by the City hereunder (except the Pledged Revenues) shall

never constitute a general obligation of the City or a pledge of *ad valorem* property taxes by the City.

(c) The City hereby pledges and shall raise and apply the Pledged Revenues in such amounts and in such manner as required herein to make the payments required to be made by the City under this Purchase Agreement and covenants to make said payments from the Pledged Revenues. This pledge shall be a first lien and on a parity to the pledge thereof and lien thereon for the Obligations. All of the Pledged Revenues shall be immediately subject to such pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all persons having claims of any kind in tort, contract or otherwise against the City, irrespective of whether such persons have notice thereof. Nothing contained in this Section shall be construed as limiting any authority granted elsewhere herein to incur this Purchase Agreement or Additional Obligations nor be deemed a limitation upon the issuance of bonds, notes or other obligations under any law pertaining to the City secured by moneys, income and funds other than the Pledged Revenues and other moneys and investments pledged hereunder or under the Indenture. After the application of the Pledged Revenues for the purposes herein, they may be used for any lawful purpose.

Section 4.2 Rate Covenant. The City shall continuously control, operate and maintain the System and shall establish and maintain rates, fees and other charges for all services supplied by the System to provide Revenues fully sufficient, after making reasonable allowance for contingencies and errors in estimates to produce (a) Pledged Revenues in each Fiscal Year equal to at least 120 percent of the Principal Requirement and the Interest Requirement on all Outstanding Obligations and Outstanding Additional Obligations for the corresponding Bond Year (treating the Variable Interest Rate Obligations as bearing interest at the Assumed Interest Rate and Outstanding Additional Obligations subject to mandatory redemption as maturing on their respective mandatory redemption dates), and (b) an amount of Pledged Revenues for the then-current Fiscal Year which, net of the aggregate amounts required to be deposited to the Obligation Fund during such Fiscal Year, will be sufficient to provide at least 100 percent of the amounts with regard to any Credit Facility due and owing in such Fiscal Year.

Section 4.3 Prior Lien Obligations. The City shall not incur any obligations payable from the Pledged Revenues ranking prior to the obligations of the City under this Purchase Agreement.

Section 4.4 Additional Obligations. Additional Obligations may be incurred if there shall not be any Indenture Event of Default or Purchase Event of Default upon the incurrence thereof and the Pledged Revenues for the completed Fiscal Year immediately preceding the incurrence of such Additional Obligations have been (a) at least equal to 120 percent of the Parity Lien Test Debt Service including such Additional Obligations, and (b) sufficient to provide an amount of the Pledged Revenues for the then-current Fiscal Year which, net of the aggregate amounts required to be deposited to the Obligation Fund during such Fiscal Year, will be sufficient to provide at least 100 percent of the amounts with regard to any Credit Facility due and owing in such Fiscal Year.

ARTICLE V
COVENANTS REGARDING THE SYSTEM, MAINTENANCE, INVESTMENTS AND TAXES

Section 5.1 Utilities; Maintenance of the System in Good Condition. All maintenance and repair of the Projects and utilities therefor shall be the responsibility of the City. (In exchange for the payment of the amounts due hereunder, the Seller shall provide nothing more than the Projects.) The City shall (a) maintain the System in good condition, (b) operate the same in a proper and economical manner and at reasonable cost, and (c) faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State.

Section 5.2 Insurance. The City shall maintain insurance on the System (which may take the form of or include an adequately-funded program of self-insurance), for the benefit of the Holder or Holders of the Obligations payable wholly or in part from the Revenues, for the full insurable value of all buildings and machinery and equipment therein, against loss or damage by fire, lightning, tornado or winds, and all other combustible property against loss or damage by fire or lightning, and other coverages and amounts of insurance (including public liability and damage to property of others to the extent deemed prudent by the City), normally carried by others on similar operations. The cost of such insurance may be paid as an Operating Expense. All money received for losses under any such insurance policies, except public liability policies, is hereby pledged by the City as security for the payment of this Purchase Agreement until and unless such proceeds are paid out in making good the loss or damage in respect of which such proceeds are received, including repairing the System. Self-insurance may be maintained for the System either separately or in connection with any general self-insurance retention program or other insurance program maintained by the City; provided that (a) any such program has been adopted by the City, and (b) the City's risk manager or other appropriate officer of the City reviews any such program every five years to confirm that such program is adequate and actuarially sound. All proceeds of any condemnation awards with respect to the System shall be deposited with the Trustee and applied to the *pro rata* payment of the Obligations.

Section 5.3 No Sale; Lease or Encumbrance Exceptions.

(a) The City shall not sell, lease, encumber or in any manner dispose of the System as a whole until all of the Obligations and all interest thereon and related costs of administration shall have been paid in full or provision for payment has been made in accordance with the Indenture.

(b) The City may sell, lease or otherwise dispose of any of the property comprising a part of the System in the following manner, if any one of the following conditions exists: (a) such property is not necessary for the operation of the System, (b) such property is not useful in the operation of the System, (c) such property is not profitable in the operation of the System, or (d) the disposition of such property will be advantageous to the System and will not adversely affect the security for the Holders of the Obligations. In addition, the City may sell to any other municipality or political subdivision of the State or any agency of any one or more of them, any portion of the System if there is filed with the City Clerk a certificate executed by the Consultant showing that, in the opinion of the Consultant, the proposed sale will not reduce the Pledged Revenues to be received in the full Fiscal Year next succeeding such sale to an amount

less than 120% of Parity Lien Test Debt Service. In making such computation, the Consultant shall consider such matters as such Consultant deems appropriate including: (i) anticipated diminution of Revenues; (ii) anticipated increase or decrease in Operating Expenses attributable to the sale; and (iii) reduction, if any, in annual principal and interest requirements attributable to the application of the sale proceeds for payment of Obligations theretofore Outstanding.

(c) The City may sell or otherwise transfer the System as a whole to any municipality or political subdivision or agency of one or more political subdivisions of the State to which may be delegated the legal authority to own and operate the System on behalf of the public, and that undertakes in writing, filed with the City Clerk, the City's obligations hereunder; provided that there shall be first filed with the City Clerk (1) a Special Counsel's Opinion to the effect that (A) such sale will not cause interest on any of the Obligations to become subject to federal income taxation, (B) such sale will not materially diminish the security of the Holders of the Obligations (which opinion may be based on the Consultant's report described in clause (2), below), and (C) the obligations of the City hereunder have been validly assumed by such transferee and are the valid and legally binding obligations of such transferee, and (2) an opinion of a Consultant expressing the view that such transfer in and of itself will not result in any diminution of the Pledged Revenues to the extent that in the full Fiscal Year next succeeding such transfer the Pledged Revenues will be less than 120% of Parity Lien Test Debt Service. In reaching this conclusion, the Consultant shall take into consideration such factors as he may deem significant including any rate schedule to be imposed by said political subdivision or agency.

(d) Notwithstanding the above provisions, the City may sell or lease all or any part of the System in connection with the issuance of any Additional Obligations to finance additional improvements to the System or refinance the Obligations or any Additional Obligations provided that such sale or lease does not permit foreclosure, or other loss by the City, of such portion of the System.

Section 5.4 Books, Records and Accounts. The City shall cause to be kept proper books, records and accounts of the System in accordance with standard accounting practices and procedures customarily used for systems of similar nature.

Section 5.5 Satisfaction of Liens. The City shall, from time to time, duly pay and discharge or cause to be paid and discharged all taxes, assessments and other governmental charges, if any, lawfully imposed upon the System or any part thereof or upon the Pledged Revenues, as well as any lawful claims for labor, materials or supplies that if unpaid might by law become a lien or charge upon the System or the revenues or any part thereof or that might impair the security of the Obligations, except when the City in good faith contests its liability to pay the same.

Section 5.6 Disconnection of Service for Non-Payment; No Free Service.

(a) The City shall diligently enforce payment of all bills for services supplied by the System. If a bill becomes delinquent and remains so for a period to be determined in accordance with City policy from time to time, the City shall discontinue service in accordance with the laws of the State to any premises the owner or occupant of which shall be so delinquent, and will not recommence such service to such premises until all delinquent charges with penalties

shall have been paid in full or provisions for such payment satisfactory to the City shall have been made. The City shall do all things and exercise all remedies reasonably available to assure the prompt payment of charges for all services supplied by the System.

(b) No free service shall be furnished by the System to the City or any department thereof or to any person, firm or corporation, public or private, or to any public agency or instrumentality, except as provided herein. The reasonable cost and value of all service rendered to the City and its various departments by the System shall be charged against the City and will be paid for as the service occurs from the City's current funds. All payments so made shall be considered Revenues and shall be applied in the manner herein provided for the application of the Revenues of the System.

Section 5.7 No Competing System. The City shall not, to the extent permitted by law, grant a franchise or permit for the operation of any competing system within, in whole or in part, the service areas of the System.

Section 5.8 Taxes. All taxes of any type or nature charged to the Seller by reason of this Purchase Agreement or affecting the Projects or affecting the amount available to the Seller from payments received hereunder for the payment of the Obligations (including charges assessed or levied by any governmental agency, district or corporation having power to levy taxes) shall upon receipt of invoices therefor be paid by the City. Upon written request of the City, the Seller shall take whatever steps are necessary to contest the amount of tax, or to recover any tax paid if the City believes such tax or assessment to be improper or invalid. The City shall reimburse the Seller for any and all costs, including reasonable attorneys' fees, thus incurred by the Seller.

ARTICLE VI
INDEMNIFICATION

To the extent permitted by law, the City hereby indemnifies and holds the Seller, its directors, officers, agents, attorneys and employees, harmless for, from and against any and all claims, expenses, liens, judgments, liability or loss whatsoever, including reasonable legal fees and expenses, relating to or in any way arising out of (a) this Purchase Agreement, the Indenture, financing statements, supplements, amendments or additions thereto or the enforcement of any of the terms thereof; (b) the Obligations; (c) any official statement or disclosure documents, either preliminary or final, pertaining to such Obligations; (d) the sale and execution and delivery of the Obligations or the transactions contemplated in any of the aforementioned acts, agreements or documents; or (e) the acquisition, purchase, ownership, lease, possession, rental, use, operation, sale or disposition of the Projects hereunder or in connection herewith (including, without limitation, expense, liability or loss relating to or in any way arising out of injury to persons, property or the environment, patent or invention rights or strict liability in tort). The right of the Seller to indemnification from the City shall not extend to claims, suits and actions successfully brought against the Seller for, or losses, liabilities or expenses incurred as a result of, the negligence, bad faith, willful misconduct or breach of trust of the Seller. To the extent that the City makes or provides for payment to the satisfaction of the Seller under the indemnity provisions hereof, the City shall be subrogated to the rights of the Seller with respect to such event or condition and shall have the right to determine the settlement of claims thereon, it being agreed that, except to the foregoing extent, the Seller shall have the right to determine such settlement.

The City shall pay all amounts due hereunder promptly upon notice thereof from the Seller. In case any action, suit or proceeding is brought against the Seller, if any, by reason of any act or condition which requires indemnification by the City hereunder, the Seller shall notify the City promptly of such action, suit or proceeding, and the City may (and shall upon the request of the Seller), at the expense of the City, resist and defend such action, suit or proceeding, or cause the same to be resisted and defended, by counsel designated by the City and approved by the Seller. If the Seller desires to participate in the defense of such action, suit or proceeding through its own counsel, it may do so at its own expense. The Seller may, however, retain its own counsel and still be indemnified against the cost of employing counsel and all other expenses despite an assumption of the defense by the City if the Seller believes in good faith that there are defenses available to it that are not available to the City or that are adverse to or in conflict with those available to the City and that the Seller believes in good faith cannot be effectively asserted by common counsel. The Seller, its directors, officers, agents, attorneys, and employees, shall not be liable to the City or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in connection with the Projects. These indemnity provisions shall survive the satisfaction and expiration of this Purchase Agreement and the Indenture.

ARTICLE VII
DEFAULT AND REMEDIES

Section 7.1 Purchase Events of Default. Any one or more of the following events (*"Purchase Events of Default"*) shall constitute a default hereunder:

(a) The City shall fail to make any payment when due under Section 3.3(ii); or

(b) The City shall fail to make any payment under Section 3.3(i) for a period of 30 days after notice of such failure shall have been given in writing to the City by the Seller or by the Trustee; or

(c) The City shall fail to perform any other covenant herein for a period of 30 days after written notice specifying such default shall have been given to the City by the Seller or the Trustee, provided that if such failure is a type that cannot be remedied within such 30 day period, it shall not be deemed a Purchase Event of Default so long as the City diligently tries to remedy the same, which it shall certify in writing to the Trustee; or

(d) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of the federal bankruptcy statutes, as amended, or under any similar acts which may hereafter be enacted.

Section 7.2 Remedies on Default by City. Upon the occurrence of a Purchase Event of Default, the Seller shall, but only if requested to do so by the Trustee, without further demand or notice, exercise any of the available remedies at law or in equity, including, but not limited to, specific performance, however, under no circumstances may amounts due hereunder be

accelerated. Upon the filing of suit by the Trustee, any court having jurisdiction of the action may appoint a receiver to administer the System for the City with power to charge and collect fees sufficient to pay all of the Operating Expenses and to make all required payments hereunder. The Seller may assign any or all of its rights and privileges under this Section to the Trustee, and upon furnishing evidence of such assignment to the City, the Trustee may exercise any or all of such rights or privileges as it may deem advisable.

Section 7.3 Default by Seller. The Seller shall in no event be in default in the performance of any of its obligations hereunder unless and until the Seller shall have failed to perform such obligation within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by the City to the Seller properly specifying how the Seller has failed to perform any such obligation. No default by the Seller shall relieve the City of its obligations to make the various payments herein required, so long as any of the Obligations remain Outstanding; however, the City may exercise any other remedy available at law or in equity to require the Seller to remedy such default so long as such remedy does not interfere with or endanger the payments required to be made to the Trustee under the Indenture.

ARTICLE VIII
MISCELLANEOUS

Section 8.1 Arizona Law to Govern; Entire Agreement.

(a) This Purchase Agreement shall be governed exclusively by the provisions hereof and by the laws of the State as the same from time to time exist.

(b) This Purchase Agreement expresses the entire understanding and all agreements of the parties hereto with each other and neither party hereto has made or shall be bound by any agreement or by representation to the other party with respect to the matters covered hereby which is not expressly set forth in this Purchase Agreement.

Section 8.2 Amendments for Securities and Exchange Commission, Blue Sky and Other Limited Purposes. If it shall ever become necessary to make any amendment to this Purchase Agreement or to the Indenture in order to permit the qualification of the Indenture under the Trust Indenture Act of 1939 or the registration of the Obligations with the Securities and Exchange Commission or the sale of the Obligations in accordance with the "blue sky" laws of any state, the City and the Seller shall agree to such amendments to both this Purchase Agreement and the Indenture as may be necessary or advisable, based on an Opinion of Counsel, to permit such qualification, registration or sale.

Section 8.3 Assignment and Pledge of Seller's Interest in Purchase Agreement. The Seller assigns, mortgages, hypothecates and pledges to the Trustee all and every part of the right, privilege and interest of the Seller in this Purchase Agreement. The City consents to such assignment, mortgage, hypothecation and pledge.

Section 8.4 Recordation and Filing of Instruments. The City shall prepare all documents of every kind and description, make all filings and recordings and shall deliver all Opinions of Counsel to the Seller and to the Trustee required under any provision of the Indenture.

Section 8.5 Right of Seller and Trustee to Perform City's Obligations Hereunder. In the event that the City should fail for any reason to make any payment or perform any obligation hereunder, and such failure shall continue for a period of 30 days after written notice has been given to the City by the Seller or the Trustee specifying such failure and requesting that it be remedied, the Seller, or the Trustee on its behalf, may but shall not be required to make any such payment or to perform any such duty. The amount of such payment and all expenses reasonably incurred by the Seller, or the Trustee on its behalf, in making such payment and performing such duty shall be additional items payable hereunder and shall be paid by the City immediately upon invoices by the Seller or the Trustee with interest at the average rate of interest applicable to the Obligations from the date said payment was due or expenses incurred to the date of payment by the City. Except as to defaults described in Section 7.1(a) and 7.1(b) of which the Seller is deemed to have notice, the Seller shall have no duty of inquiry with respect to any default or Purchase Event of Default described herein without receipt by the Seller of written notice of a default from the City or any Holder.

Section 8.6 Notices; Mailing Addresses. All notices, consents or other communications required or permitted hereunder shall be deemed sufficient if given in writing addressed and mailed by registered or certified mail, delivered, or transmitted by telecopy, telex or other electronic transmission that produces written evidence of its delivery, to the party for which the same is intended, as follows:

To the Seller or the Trustee:	U.S. Bank Trust Company, National Association 1101 West Washington Street, 2nd Floor Tempe, Arizona 85288 Attention: Global Corporate Trust
To the City:	City of Avondale, Arizona 11465 West Civic Center Drive Avondale, Arizona 85323 Attention: Finance and Budget Director

or to such other address as such party may hereafter designate by notice in writing addressed and mailed or delivered to the other party hereto. Unless otherwise provided herein, all notices, approvals, consents, requests and any communications to the Seller or the Trustee hereunder must be in writing in English and must be in the form of a document that is signed manually or by way of an electronic signature (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other electronic signature provider acceptable to the Seller and the Trustee). Electronic signatures believed by the Seller and the Trustee to comply with the ESIGN ACT of 2000 or other applicable law shall be deemed original signatures for all purposes. If the City chooses to use electronic signatures to sign documents delivered to the Seller and the Trustee, the City agrees to assume all risks arising out of its use of electronic signatures, including without limitation the risk of the Seller and the Trustee acting on an unauthorized document and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Seller or the Trustee may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Seller or Trustee in lieu of, or in addition to, any document signed via electronic signature.

Section 8.7 Amendments Hereto. This Purchase Agreement may only be amended with the express written consent of the Trustee and in accordance with the provisions of the Indenture.

Section 8.8 Severability. If any term or provision of this Purchase Agreement or the application thereof to any person or circumstance, shall to any extent be invalid or unenforceable, the remainder of this Purchase Agreement or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Purchase Agreement shall be valid and be enforced to the fullest extent permitted by law.

Section 8.9 Counterparts. This Purchase Agreement may be simultaneously executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all together shall constitute but one Series 2026 Wastewater Revenue Purchase Agreement, and it is also understood and agreed that separate counterparts of this Purchase Agreement may separately be executed by the Seller and the City, all with the same full force and effect as though the same counterpart had been executed by both the Seller and the City.

Section 8.10 Assignment by City. Neither this Purchase Agreement nor any interest of the City herein may at any time after the date hereof, without the prior written consent of the Trustee, be mortgaged, pledged, assigned or transferred by the City by voluntary act or by operation of law or otherwise. The City shall at all times remain liable for the performance of all of the covenants and conditions on its part to be performed, notwithstanding any such action.

Section 8.11 Interested Parties Herein. Nothing in this Purchase Agreement expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the City, the Trustee, the Paying Agent, if any, and the holders of the Obligations, any right, remedy or claim under or by reason of this Purchase Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Purchase Agreement contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Trustee, the Paying Agent, if any, and the holders of the Obligations.

Section 8.12 Certain Statutory Notices.

(a) To the extent applicable by provision of law, the Seller acknowledges that this Purchase Agreement is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, as amended, the provisions of which are incorporated herein and which provides that the City may within three (3) years after its execution cancel any contract (including this Purchase Agreement) without penalty or further obligation made by the City if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract.

(b) To the extent applicable under Section 41-4401, Arizona Revised Statutes, as amended, the Seller shall comply with all federal immigration laws and regulations that relate to its employees and its compliance with the E-verify requirements under Section 23-214(A), Arizona Revised Statutes, as amended. The breach by the Seller of the foregoing shall be deemed

a material breach of this Purchase Agreement and may result in the termination of the services of the Seller by the City. The City retains the legal right to randomly inspect the documents and records of the Seller to ensure that the Seller is complying with the above-mentioned warranty. The Seller shall keep such documents and records open for random inspection during normal business hours by the Seller. The Seller shall cooperate with the random inspections by the City including granting the City entry rights onto its property to perform such random inspections and waiving its respective rights to keep such documents and records confidential. The City shall preserve the confidentiality of any information, records or documents the City views, accesses or otherwise obtains during any and every such random inspection, including, without limitation, such information.

(c) To the extent applicable under Section 35-393, et seq., Arizona Revised Statutes, the Seller hereby certifies it is not currently engaged in, and for the duration of this Purchase Agreement shall not engage in, a boycott of Israel. The term "boycott" has the meaning set forth in Section 35-393, Arizona Revised Statutes. If the City determines that the Seller's certification above is false or that it has breached such agreement, the City may impose remedies as provided by law.

(d) To the extent applicable under Section 35-394, Arizona Revised Statutes, the Seller hereby certifies it does not currently, and for the duration of this Purchase Agreement shall not use: (i) the forced labor of ethnic Uyghurs in the People's Republic of China, (ii) any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China, and (iii) any contractors, subcontractors or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China. The foregoing certification is made to the best knowledge of the Seller without any current independent investigation or without any future independent investigation for the duration of this Purchase Agreement. If the Seller becomes aware during the duration of this Purchase Agreement that it is not in compliance with such certification, the Seller shall take such actions as provided by law, including providing the required notice to the City. If the City determines that the Seller is not in compliance with the foregoing certification and has not taken remedial action, the City shall terminate the Seller's role as Seller hereunder pursuant to Article VIII of the Indenture.

Section 8.13 Holidays. When any action is provided herein to be done on a day named or within a time period named, and the day or the last day of the period falls on a day other than a Business Day, it may be performed on the next ensuing Business Day with effect as though performed on the appointed day or within the specified period.

[Signature page follows.]

IN WITNESS WHEREOF, the City and the Seller have caused their respective corporate names to be signed hereto by their respective officers thereunto duly authorized, all as of the day and year first above written.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Seller

By.....
Authorized Representative

CITY OF AVONDALE, ARIZONA, as purchaser

By.....
Mayor

ATTEST:

.....
Clerk

APPROVED AS TO FORM:

.....
City Attorney

ACKNOWLEDGEMENT AND ACCEPTANCE

U.S. Bank Trust Company, National Association, as trustee (the "*Trustee*") under the Series 2026 Wastewater Revenue Obligation Indenture, dated as of the date of this Purchase Agreement, between the City and the Trustee, has caused its corporate name to be signed to this Purchase Agreement by its duly authorized officer, all as of the day and year first above written, for purposes of acknowledging receipt of this Purchase Agreement and accepting the assignment and pledge of the Seller contained in Section 8.3.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By.....
Authorized Representative

EXHIBIT

FORM OF BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS:

That U.S. Bank Trust Company, National Association, a national banking association authorized to exercise trust powers in the State of Arizona (the "*Seller*"), for good and valuable consideration received by the Seller from the City of Avondale, Arizona (the "*City*"), receipt of which is hereby acknowledged, does by these presents grant, bargain, sell and convey to the City, its successors and assigns, the Projects (as defined in the Series 2026 Wastewater Revenue Purchase Agreement, dated as of June 1, 2026, by and between the Seller and the City), to have and to hold the property as sold to the City and its successors and assigns forever.

IN WITNESS WHEREOF, the Seller has caused this Bill of Sale to be executed this ____ day of June 2026.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION

By.....
Authorized Representative

SCHEDULE A

2026A PAYMENT SCHEDULE

Payment Date	Principal	Interest	Total Payment
06/20/20__			
12/20/20__			
Totals			

SCHEDULE B

2026B PAYMENT SCHEDULE

Payment Date	Principal	Interest	Total Payment
06/20/20__			
12/20/20__			
Totals			

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED MAY __, 2026

NEW ISSUE - BOOK-ENTRY-ONLY **RATING: See "RATING" herein**

In the opinion of Greenberg Traurig, LLP, Special Counsel, assuming the accuracy of certain representations and certifications and the continuing compliance with certain tax covenants, under existing statutes, regulations, rulings and court decisions, the portion of each installment payment made by the City pursuant to the Purchase Agreement and denominated as and comprising interest pursuant to the Purchase Agreement and received by the Holders of the Obligations (the "Interest Portion") will be excludable from gross income for federal income tax purposes. Further, the Interest Portion will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals but in the case of the alternative minimum tax imposed by Section 55(b)(2) of the Internal Revenue Code of 1986, as amended (the "Code"), on applicable corporations (as defined in Section 59(k) of the Code), the Interest Portion will not be excluded from the determination of adjusted financial statement income. See "TAX EXEMPTION" herein for a description of certain other federal tax consequences of ownership of the Obligations. Special Counsel is further of the opinion that the Interest Portion will be exempt from income taxation under the laws of the State of Arizona so long as the Interest Portion is excludable from gross income for federal income tax purposes.

$46,750,000*
WASTEWATER SYSTEM REVENUE OBLIGATIONS, SERIES 2026A

$4,920,000*
WASTEWATER SYSTEM REVENUE REFUNDING OBLIGATIONS, SERIES 2026B

Evidencing Proportionate Interests of the Holders Thereof in Installment Payments of the Purchase Price to be Paid by the CITY OF AVONDALE, ARIZONA Pursuant to a Series 2026 Wastewater Revenue Purchase Agreement, Dated as of June 1, 2026*

DRAFT II 4/22/2026

Dated: Date of Initial Delivery **Due: July 1, as shown on inside front cover pages**

The Wastewater System Revenue Obligations, Series 2026A (the "2026A Obligations") and the Wastewater System Revenue Refunding Obligations, Series 2026B (the "2026B Obligations" and, collectively with the 2026A Obligations, the "Obligations") are being executed and delivered pursuant to a Series 2026 Wastewater Revenue Obligation Indenture, to be dated as of June 1, 2026*, between the City of Avondale, Arizona (the "City"), and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). Interest with respect to the 2026A Obligations will be payable semiannually on January 1 and July 1 of each year, commencing January 1, 2027*, and interest with respect to the 2026B Obligations will be payable semiannually on July 1 and January 1 of each year, commencing July 1, 2026*. The Obligations will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), for purposes of the book-entry-only system described herein and will be available to ultimate purchasers in the amounts of $5,000 of principal represented by the Obligations of a series due on a specific maturity date, or any integral multiple thereof, pursuant to the book-entry-only system maintained by DTC. Payments of principal and interest with respect to the Obligations will be paid by the Trustee to DTC for subsequent disbursements to DTC participants who will remit such payments to the beneficial owners of the Obligations. See APPENDIX H – "BOOK-ENTRY-ONLY SYSTEM."

The Obligations are being executed and delivered for the purpose of (i) financing the costs of improvements to the City's sewer collection and treatment system (the "Wastewater System"), (ii) refunding the Obligations Being Refunded (as defined herein), and (iii) paying costs incurred in connection with the execution and delivery of the Obligations. See "SOURCES AND USES OF FUNDS" herein.

SEE MATURITY SCHEDULES ON INSIDE FRONT COVER PAGES

The 2026A Obligations will be subject to optional redemption prior to maturity. The 2026B Obligations will not be subject to optional redemption prior to maturity. See "THE OBLIGATIONS - Redemption Provisions."*

The Obligations will evidence undivided proportionate interests of the Holders (as defined herein) thereof in the right to receive certain installments of the Purchase Price (as defined herein) pursuant to a Series 2026 Wastewater Revenue Purchase Agreement, to be dated as of June 1, 2026* (the "Purchase Agreement"), between the City and the Trustee in its capacity as seller. Principal and interest with respect to the Purchase Agreement, together with principal and interest on any Additional Obligations (as defined herein), will be payable solely from the Pledged Revenues (as defined herein) derived by the City from the operation of the Wastewater System. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE OBLIGATIONS" herein. *The Obligations will not be general obligations of the City and will not constitute an indebtedness of the City when computing its bonded indebtedness for purposes of debt limitations imposed by constitutional or statutory provisions, a charge against the general credit limitations imposed by constitutional or statutory provisions or against the general credit or taxing power of the City nor a liability of the City for payment of the Obligations other than from the sources described herein.*

THE "RISK FACTORS" SECTION OF THIS OFFICIAL STATEMENT SHOULD BE REVIEWED PRIOR TO MAKING AN INVESTMENT DECISION WITH RESPECT TO THE OBLIGATIONS.

The Obligations will be offered when, as and if executed and delivered by the Trustee, subject to the approving opinion of Greenberg Traurig, LLP, Special Counsel, as to validity of the Obligations and tax exemption. Certain matters will be passed upon for the Underwriter identified below by its counsel, Squire Patton Boggs (US) LLP, Phoenix, Arizona. It is expected that the Obligations will be available for delivery through the facilities of DTC on or about June 18, 2026*.

This cover page contains only a brief description of the Obligations and the security therefor. It is not intended to be a summary of material information with respect to the Obligations. Investors should read the entire Official Statement to obtain information necessary to make an informed investment decision.

RAYMOND JAMES

* *Subject to change.*

$46,750,000*
WASTEWATER SYSTEM REVENUE OBLIGATIONS, SERIES 2026A
Evidencing Proportionate Interests of the Holders Thereof in
Installment Payments of the Purchase Price to be Paid by the
CITY OF AVONDALE, ARIZONA,
Pursuant to a Series 2026 Wastewater Revenue Purchase Agreement,
Dated as of June 1, 2026*

MATURITY SCHEDULE*

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	CUSIP®[(1)] No.
2027	$735,000	%	%	
2028	770,000			
2029	805,000			
2030	845,000			
2031	885,000			
2032	925,000			
2033	970,000			
2034	1,015,000			
2035	1,065,000			
2036	1,115,000			
2037	1,170,000			
2038	1,225,000			
2039	1,280,000			
2040	1,340,000			
2041	1,405,000			
2042	1,475,000			
2043	1,545,000			
2044	1,615,000			
2045	1,695,000			
2046	1,775,000			
2047	1,860,000			
2048	1,945,000			
2049	2,040,000			
2050	2,135,000			
2051	2,235,000			
2052	2,345,000			
2053	2,455,000			
2054	2,570,000			
2055	2,695,000			
2056	2,815,000			

* *Subject to change.*

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$4,920,000*
WASTEWATER SYSTEM REVENUE REFUNDING OBLIGATIONS, SERIES 2026B
Evidencing Proportionate Interests of the Holders Thereof in
Installment Payments of the Purchase Price to be Paid by the
CITY OF AVONDALE, ARIZONA,
Pursuant to a Series 2026 Wastewater Revenue Purchase Agreement,
Dated as of June 1, 2026*

MATURITY SCHEDULE*

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	CUSIP®[1] No.
2026	$460,000	%	%	
2027	355,000			
2028	375,000			
2029	390,000			
2030	405,000			
2031	430,000			
2032	455,000			
2033	475,000			
2034	500,000			
2035	525,000			
2036	550,000			

* *Subject to change.*

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CITY OF AVONDALE, ARIZONA

MAYOR AND CITY COUNCIL

Mike Pineda, *Mayor*

Curtis Nielson, *Vice Mayor*

Tina Conde, *Council Member*

Jeannette Garcia, *Council Member*

Gloria Solorio, *Council Member*

Shari Weise, *Council Member*

Max White, *Council Member*

CITY ADMINISTRATION

Ron Corbin, *City Manager*

Katie Gregory, *Assistant City Manager*

Jennifer Stein, *Assistant City Manager*

Dale Nannenga, *Assistant City Manager*

Renee Weatherless*, Finance and Budget Director*

MUNICIPAL ADVISOR

Stifel, Nicolaus & Company, Incorporated
Phoenix, Arizona

SPECIAL COUNSEL

Greenberg Traurig, LLP
Phoenix, Arizona

TRUSTEE

U.S. Bank Trust Company, National Association
Tempe, Arizona

REGARDING THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the City of Avondale, Arizona (the "City"), Stifel, Nicolaus & Company, Incorporated (the "Municipal Advisor"), or Raymond James & Associates, Inc. (the "Underwriter"), to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the City's Wastewater System Revenue Obligations, Series 2026A or Wastewater System Revenue Refunding Obligations, Series 2026B (collectively, the "Obligations") by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth in this Official Statement, which includes the cover page, inside front cover pages and appendices hereto, has been obtained from the City and other sources that are considered to be accurate and reliable and customarily relied upon in the preparation of similar official statements, but such information has not been independently confirmed or verified by the City, the Municipal Advisor or the Underwriter, is not guaranteed as to accuracy or completeness, and is not to be construed as the promise or guarantee of the City, the Municipal Advisor or the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement: "The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information."

None of the City, the Municipal Advisor, the Underwriter, counsel to the Underwriter or Special Counsel (as defined herein) are actuaries. None of them have performed any actuarial or other analysis of the City's share of the unfunded liabilities of the Arizona State Retirement System or the Arizona Public Safety Personnel Retirement System.

The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. All information, estimates and assumptions contained herein have been based on past experience and on the latest information available and are believed to be accurate and reliable, but no representations are made that such information, estimates and assumptions are correct, will continue, will be realized or will be repeated in the future. To the extent that any statements made in this Official Statement involve matters of forecasts, projections, opinions, assumptions, or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All forecasts, projections, assumptions, opinions or estimates are "forward looking statements" that must be read with an abundance of caution and that may not be realized or may not occur in the future. Information other than that obtained from official records of the City has been identified by source and has not been independently confirmed or verified by the City, the Municipal Advisor or the Underwriter and its accuracy cannot be guaranteed. The information and forward looking statements herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or any of the other parties or matters described herein since the date hereof.

The Obligations will not be registered under the Securities Act of 1933, as amended, or any state securities law and will not be listed on any stock or other securities exchange in reliance upon certain exemptions. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the merits of the Obligations, the accuracy or adequacy of this Official Statement, or approved the Obligations for sale.

A wide variety of information, including financial information, concerning the City is available from publications and websites of the City and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such publications and websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

The City will undertake to provide continuing disclosure as described in this Official Statement under the heading "CONTINUING DISCLOSURE" and in APPENDIX G – "FORM OF CONTINUING DISCLOSURE UNDERTAKING," all pursuant to Rule 15c2-12 of the Securities and Exchange Commission.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM THE INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS.

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OFFICIAL STATEMENT

$46,750,000*
WASTEWATER SYSTEM REVENUE OBLIGATIONS, SERIES 2026A

$4,920,000*
WASTEWATER SYSTEM REVENUE REFUNDING OBLIGATIONS, SERIES 2026B

Evidencing Proportionate Interests of the Holders Thereof in Installment Payments of the Purchase Price to be Paid by the
CITY OF AVONDALE, ARIZONA
Pursuant to a Series 2026 Wastewater Revenue Purchase Agreement, Dated as of June 1, 2026*

INTRODUCTORY STATEMENT

The purpose of this Official Statement, which includes the cover page, the inside front cover pages and the appendices hereto, is to provide information in connection with the sale and execution and delivery of the $46,750,000* principal amount of Wastewater System Revenue Obligations, Series 2026A (the "2026A Obligations") and the $4,920,000* principal amount of Wastewater System Revenue Refunding Obligations, Series 2026B (the "2026B Obligations" and, collectively with the 2026A Obligations, the "Obligations"), evidencing proportionate interests of the registered owners of each Obligation (the "Holders"), in certain installment payments (the "Purchase Payments" and collectively, the "Purchase Price") to be paid by the City of Avondale, Arizona (the "City"), pursuant to a Series 2026 Wastewater Revenue Purchase Agreement, to be dated as of June 1, 2026* (the "Purchase Agreement"), between U.S. Bank Trust Company, National Association (the "Trustee"), in its capacity as seller, and the City. The Obligations will be executed and delivered pursuant to a Series 2026 Wastewater Revenue Obligation Indenture, to be dated as of June 1, 2026* (the "Indenture"), between the City and the Trustee in its capacity as trustee thereunder.

For definitions of certain capitalized terms used in this Official Statement and not otherwise defined, as well as for certain provisions of the Purchase Agreement and the Indenture, see APPENDIX F – "OBLIGATIONS DOCUMENTS SUMMARIES."

The Purchase Payments will be payable from and secured by a first lien on and pledge of the Pledged Revenues (as defined herein) on a parity with the pledge and lien granted by the City for the payment and security of any Additional Obligations.

"Pledged Revenues" means Revenues (including any unrestricted fund balances of the hereinafter defined Wastewater System) remaining after deducting the Operating Expenses of the Wastewater System, subject to certain additions or subtractions under certain circumstances as provided in the Purchase Agreement. "Revenues" means and includes all income, moneys and receipts derived by the City from the ownership, use and operation of the Wastewater System including, without limitation, interest received on, and profits realized from the sale of, investments made with moneys of the Wastewater System, but excluding (i) any amounts received which the City is contractually required to pay out as reimbursement for acquisition, construction or installation of the Wastewater System, (ii) the proceeds of the Obligations or any Additional Obligations or the interest received on any proceeds of Additional Obligations placed irrevocably in trust to pay, or provide for the payment of, any Obligations or Additional Obligations, or (iii) any non-cash capital contributions received by the City for the use and operation of the Wastewater System. "Operating Expenses" means all costs reasonably incurred in connection with the operation, use and maintenance of the Wastewater System, including (I) repairs necessary to keep the Wastewater System in efficient and economical operating condition, (II) the payments of premiums for insurance required to be carried on the Wastewater System, (III) payments of reasonable Administrative Expenses, and (IV) generally all expenses of the Wastewater System except depreciation and interest expense on the Obligations, any Additional Obligations and any obligations subordinate to such obligations.

As described under the heading "PLAN OF REFUNDING" herein, all remaining outstanding amounts of the City of Avondale, Arizona Water and Sewer System Revenue Obligations, Series 2016 (the "2016 Obligations") will be redeemed with proceeds of the 2026B Obligations on the date of execution and delivery of the Obligations.

* *Subject to change.*

Accordingly, such obligations are not being treated as being an ongoing payment obligation of the City secured by any City revenues, including any portion of the Pledged Revenues, for purposes of this Official Statement.

Neither the Obligations nor the obligations of the City pursuant to the Purchase Agreement constitute a debt or a pledge of the full faith and credit of the City, the State or any political subdivision thereof for constitutional or statutory purposes. The Obligations do not obligate the City to levy or pledge any form of *ad valorem* or other taxes. The Obligations are a limited obligation of the City secured solely by Pledged Revenues and otherwise as provided in the Ordinance (as defined herein) and the Purchase Agreement. No security interest will be held by the Trustee for the benefit of the owners of the Obligations in any portion of Projects (as defined herein) or the Wastewater System.

The offering of the Obligations is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Obligations. Accordingly, prospective purchasers of the Obligations should read this entire Official Statement before making their investment decision.

All financial and other information presented in this Official Statement with respect to the City has been provided by representatives of the City from its records, except for information expressly attributed to other sources. The presentation of financial and other information, including tables of receipts from the revenues of the Wastewater System and other sources, is intended to show recent historical information and, except as expressly stated otherwise, is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by the financial and other information, will necessarily continue or be repeated in the future.

References to provisions of State of Arizona (the "State" or "Arizona") law, whether codified in the Arizona Revised Statutes or uncodified, or of the Arizona Constitution, are references to those current provisions. Those provisions may be amended, repealed or supplemented.

Copies of the forms of the Purchase Agreement and the Indenture may be obtained, until the delivery of the Obligations, from Raymond James & Associates, Inc. (the "Underwriter"), upon request to: _____, Attention: Municipal Finance. After delivery of the Obligations, copies of such documents may be obtained from the Trustee upon request to: _____, _____, _____, _____, Attention: Corporate Trust Services.

THE OBLIGATIONS

Authorization and Purpose

The Trustee will be authorized to execute and deliver the Obligations pursuant to the provisions of the Indenture and an ordinance adopted by the Mayor and Council of the City on May 4, 2026 (the "Ordinance").

The Obligations are being executed and delivered for the purpose of (i) financing the costs of improvements to the Wastewater System (collectively, the "2026 Projects"), (ii) refunding the Obligations Being Refunded (as defined herein), and (iii) paying costs incurred in connection with the execution and delivery of the Obligations. See "SOURCES AND USES OF FUNDS" herein. The 2026 Projects and the portion of the projects financed with proceeds of the Obligations Being Refunded (the "Refinanced Projects") are referred to collectively herein as the "Projects."

General Provisions

The Obligations will be dated the date of initial delivery thereof and will be issued in the form of fully registered obligations in amounts of $5,000 of principal of a series due on a maturity date or any integral multiple thereof. As described in APPENDIX H - "BOOK-ENTRY-ONLY SYSTEM," the Obligations will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). So long as DTC, or its nominee, is the registered owner of all of the Obligations, all payments on the Obligations will be made directly to DTC for payment to the owners as described in APPENDIX H – "BOOK-ENTRY-ONLY SYSTEM."

The 2026A Obligations will bear interest from their dated date, payable semiannually on January 1 and July 1 of each year, commencing January 1, 2027* and the 2026B Obligations will bear interest from their dated date, payable

* *Subject to change.*

semiannually on July 1 and January 1 of each year, commencing July 1, 2026*. The Obligations will bear interest at the rates and will mature on the dates and in the amounts set forth on the inside front cover pages of this Official Statement. Interest will be computed on the basis of a year comprised of three hundred sixty (360) days consisting of twelve (12) months of thirty (30) days each. Interest on the Obligations will be paid by the Trustee to the owners thereof (initially Cede & Co., as nominee of DTC) as shown on the registration books maintained by the Trustee, at the close of business on the 15th day of the month next preceding each Obligation Payment Date (the "Record Date"). So long as the Obligations are in DTC's book-entry-only system, and thereafter at the written request and expense of the owners of $1,000,000 or more in aggregate principal amount of Obligations delivered to the Trustee prior to a Record Date, interest and principal will be paid by wire transfer to a bank account in the continental United States.

Redemption Provisions*

The 2026A Obligations maturing before or on July 1, 20__, will not be subject to redemption prior to maturity. The 2026A Obligations maturing on or after July 1, 20__, will be subject to redemption, in whole or in part on any date on or after July 1, 20__, in increments of $5,000 of principal amount due on a specific maturity date, in any order of maturity, all as directed by the City, and by lot within a maturity by payment of the principal amount of each Obligation to be redeemed plus interest accrued to the date fixed for redemption, without premium.

The 2026B Obligations will not be subject to redemption prior to maturity.

Notice of and Procedure for Redemption

Notice of any redemption will be sent by first-class mail not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption to the Holder of each Obligation, initially DTC, to be redeemed, in whole or in part, at the address shown on the registration books maintained by the Trustee or at such other address as may be furnished by such Holders to the Trustee.

Any notice of redemption given as described in the preceding paragraph will also contain a statement that on the redemption date, the redemption price of such Obligations called for redemption will become due and payable and that, from and after such date, the Obligations being redeemed will cease to accrue interest; provided, that no notice of redemption shall be sent unless (i) the Trustee has on deposit funds to effect such redemption, or (ii) such redemption notice states that the call for optional redemption is conditioned upon the deposit with the Trustee of an amount sufficient to pay the principal of the Obligations being redeemed on the redemption date.

PLAN OF REFUNDING

The proceeds of the 2026B Obligations, net of amounts used to pay costs related to the execution and delivery of the 2026B Obligations, will be placed in a trust account with U.S. Bank Trust Company, National Association, as escrow trustee (the "Escrow Trustee"), under an Escrow Trust Agreement, to be dated as of June 1, 2026*, and will be used to acquire certain obligations of, or guaranteed as to principal and interest by, the United States of America (the "Government Obligations"), in amounts sufficient, without reinvestment, to be applied to payment of the principal and redemption price of and interest due pursuant to the 2016 Obligations identified below (collectively, the "Obligations Being Refunded"), which are being refunded as follows:

[Remainder of page left intentionally blank]

* *Subject to change.*

Schedule of Obligations Being Refunded*

Issue Series	Maturity Date (July 1)	Coupon	Principal Amount Outstanding	Principal Being Refunded*	Redemption Date*	CUSIP®[(1)] No. 054321
2016	2026	4.000%	$380,000	$380,000	7/18/2026	AV6
	2027	4.000	400,000	400,000	7/18/2026	AW4
	2028	4.000	415,000	415,000	7/18/2026	AX2
	2029	4.000	430,000	430,000	7/18/2026	AY0
	2030	4.000	445,000	445,000	7/18/2026	AZ7
	2031	4.000	465,000	465,000	7/18/2026	BA1
	2032	4.000	485,000	485,000	7/18/2026	BB9
	2033	4.000	505,000	505,000	7/18/2026	BC7
	2034	4.000	525,000	525,000	7/18/2026	BD5
	2035	4.000	545,000	545,000	7/18/2026	BE3
	2036	4.000	565,000	565,000	7/18/2026	BF0
			$5,160,000	$5,160,000		

[(1)] *See footnote [(1)] to the inside front cover pages.*

See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein. On delivery of the Obligations and such deposit of proceeds with the Escrow Trustee, the Obligations Being Refunded will no longer be outstanding under the indenture pursuant to which they were executed and delivered and will no longer be secured by any City revenues, including any portion of the Pledged Revenues.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

_____, a firm of independent certified public accountants (the "Verification Agent"), will deliver to the City, before or on the date of execution and delivery of the Obligations, its verification report indicating, among other things, that it has verified, in accordance with standards for attestation engagements established by the American Institute of Certified Public Accountants, the mathematical accuracy of the sufficiency of the anticipated receipts from the Government Obligations, together with the initial cash deposit, to pay, when due, the principal of, interest and applicable premiums, if any, on the Obligations Being Refunded. The verification performed by the Verification Agent will be solely based upon data, information and documents provided to the Verification Agent by Stifel, Nicolaus & Company, Incorporated (the "Municipal Advisor").

SECURITY FOR AND SOURCE OF PAYMENT OF THE OBLIGATIONS

General

For the amounts payable pursuant to the Purchase Agreement (including the Purchase Price), the Trustee, in its separate capacity as seller, will sell and convey to the City, and the City will purchase from the Trustee, in its separate capacity as seller, the Projects to be financed and refinanced with the proceeds of the Obligations.

The Obligations represent undivided proportionate interests of the Holders thereof in the right to receive the Purchase Payments to be paid by the City pursuant to the Purchase Agreement, which includes amounts sufficient to pay when due the principal of and interest on the Obligations. During the term of the Purchase Agreement, the Purchase Payments will be required to be made regardless of damage to the Projects or commercial frustration of purpose, without right of set-off or counterclaim, regardless of any contingencies and whether or not the City possesses or uses the sewer collection and treatment system of the City (the "Wastewater System"). The obligation of the City to make

the Purchase Payments will continue until all of the Purchase Payments and all other amounts due under the Purchase Agreement have been paid. No security interest will be held by the Trustee for the benefit of the Holders of the Obligations in any portion of the Projects or the Wastewater System. Remedies available upon a failure of the City to make the Purchase Payments when due will be limited and will not include acceleration of the Purchase Payments or recourse to the Projects or any portion of the Wastewater System. For a description of events of default and remedies under the Purchase Agreement, see APPENDIX F – "OBLIGATIONS DOCUMENTS SUMMARIES – The Purchase Agreement – Purchase Events of Default" and "– Remedies on Default by City." For information concerning the Wastewater System, see APPENDIX A – "CITY OF AVONDALE, ARIZONA – THE WASTEWATER SYSTEM."

Source of Purchase Payments

The obligation of the City to make the Purchase Payments under the Purchase Agreement will be payable from and secured by a first lien on, pledge of, and security interest in, the Pledged Revenues.

Such lien on, pledge of and security interest in the Pledged Revenues will be on parity with any Additional Obligations subsequently issued or incurred under separate documentation in accordance with the Purchase Agreement.

The pledge of, lien on and security interest in the Pledged Revenues will be irrevocably made in the Purchase Agreement and created for the prompt and punctual payment of the principal of and interest on the Obligations and to make other payments specified. None of the Obligations or any of the Additional Obligations will be entitled to priority or distinction over any of the others in the application of the Pledged Revenues, regardless of the issuance or incurrence of the Obligations or any of the Additional Obligations in series or the delivery of the Obligations or any of the Additional Obligations prior to the delivery of the Obligations or any other of the Additional Obligations of that series or regardless of the time or times the Obligations or the Additional Obligations mature or are called for redemption prior to maturity or otherwise. The Obligations and the Additional Obligations will be co-equal as to the pledge of and lien on the Pledged Revenues for the payment thereof and will share ratably, without preference, priority or distinction, as to the source or method of payment or security therefor.

Neither the Obligations nor the obligations of the City pursuant to the Purchase Agreement constitute a debt or a pledge of the full faith and credit of the City, the State or any political subdivision thereof for constitutional or statutory purposes. The Obligations do not obligate the City to levy or pledge any form of ad valorem *or other taxes. The Obligations are a limited obligation of the City secured solely by Pledged Revenues and otherwise as provided in the Ordinance and the Purchase Agreement.*

Rate Covenant

The City has covenanted and agreed in the Purchase Agreement to continuously control, operate and maintain the Wastewater System and to establish and maintain rates, fees and other charges for all services supplied by the Wastewater System to provide Revenues fully sufficient, after making reasonable allowance for contingencies and errors in estimates to produce (a) Pledged Revenues in each Fiscal Year equal to at least 120 percent of the Principal Requirement and the Interest Requirement on all Outstanding Obligations and Outstanding Additional Obligations for the corresponding Bond Year (treating the Variable Interest Rate Obligations as bearing interest at the Assumed Interest Rate and Outstanding Additional Obligations subject to mandatory redemption as maturing on their respective mandatory redemption dates), and (b) an amount of Pledged Revenues for the then-current Fiscal Year which, net of the aggregate amounts required to be deposited to the Obligation Fund during such Fiscal Year, will be sufficient to provide at least 100 percent of the amounts with regard to any Credit Facility due and owing in such Fiscal Year.

Additional Obligations; No Prior Obligations

Pursuant to the provisions of the Purchase Agreement, Additional Obligations may be incurred if there will not be any Indenture Event of Default or Purchase Event of Default upon the incurrence thereof and the Pledged Revenues for the completed Fiscal Year immediately preceding the incurrence of such Additional Obligations have been (a) at least equal to 120 percent of the Parity Lien Test Debt Service including such Additional Obligations, and (b) sufficient to provide an amount of the Pledged Revenues for the then-current Fiscal Year which, net of the aggregate amounts required to be deposited to the Obligation Fund during such Fiscal Year, will be sufficient to provide at least 100 percent of the amounts with regard to any Credit Facility due and owing in such Fiscal Year.

The Purchase Agreement provides that the City may not incur any obligations payable from the Pledged Revenues ranking prior to the obligations of the City under the Purchase Agreement.

SOURCES AND USES OF FUNDS

Sources of Funds:	**2026A Obligations**	**2026B Obligations**	**Total**
Principal Amount of Obligations	$46,750,000.00*	$4,920,000.00*	$51,290,000.00*
[Net] Original Issue Premium			
Total Sources			
Uses of Funds:			
Payment of Costs of the 2026 Projects			
Deposit with Escrow Trustee			
Payment of Costs of Issuance *(a)*			
Total Uses			

(a) Costs related to the execution and delivery of the Obligations, including Underwriter's compensation.

***** *Subject to change.*

[Remainder of page left intentionally blank.]

The following table illustrates certain information relating to the operation of the Wastewater System and estimated debt service coverage ratio for total annual debt service requirements provided by Pledged Revenues. For information regarding the Wastewater System, see APPENDIX A – "CITY OF AVONDALE, ARIZONA – THE WASTEWATER SYSTEM."

HISTORICAL AND BUDGETED PLEDGED REVENUES AND DEBT SERVICE COVERAGE

	Audited					Projected *(a)*
	2020/21	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Revenues						
Charges for services	$ 15,123,431	$ 11,035,424	$ 10,447,957	$ 11,909,858	$ 13,567,111	$ 14,954,600
Miscellaneous	4,036	-	65,705	-	4,401	-
Total Revenues	$ 15,127,467	$ 11,035,424	$ 10,513,662	$ 11,909,858	$ 13,571,512	$ 14,954,600
Operation and Maintenance Expenses						
Salaries, wages, and benefits	$ 2,209,001	$ 2,099,935	$ 2,102,925	$ 2,353,088	$ 2,864,820	$ 3,202,500
Contractual services, materials, and supplies	3,934,596	4,659,431	6,082,696	5,685,551	7,072,350	6,066,000
Total Operation and Maintenance Expenses	$ 6,143,597	$ 6,759,366	$ 8,185,621	$ 8,038,639	$ 9,937,170	$ 9,268,500
Nonoperating Revenues (Expenses)						
Investment income	$ 3,671	$ (1,752,275)	$ 757,765	$ 2,334,409	$ 2,766,034	$ 677,525
Development impact fees	-	7,832,899	4,371,896	2,980,320	2,688,746	3,056,000
Total Nonoperating Revenues (Expenses)	$ 3,671	$ 6,080,624	$ 5,129,661	$ 5,314,729	$ 5,454,780	$ 3,733,525
Pledged Revenues *(b)*	$ 8,987,541	$ 10,356,682	$ 7,457,702	$ 9,185,948	$ 9,089,122	$ 9,419,625
Debt Service						
Outstanding Debt Service for Existing Obligations	$ 589,600	$ 587,000	$ 589,000	$ 590,400	$ 591,200	$ 586,400
Pledged Revenue Debt Service Coverage *(c)*	15.24x	17.64x	12.66x	15.56x	15.37x	16.06x

(a) Amounts are budgeted and are subject to change until audit. These amounts are "forward-looking" statements and should be considered with an abundance of caution.

(b) Represents the Revenues available after payment of the Operating Expenses. Such amounts are the Pledged Revenues pledged to payment of the Payments.

(c) Debt service coverage is computed using Pledged Revenues available for debt service for each Fiscal Year divided by the annual debt service on the Obligations.

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DEBT SERVICE REQUIREMENTS AND PROJECTED DEBT SERVICE COVERAGE

The following table sets forth (i) the estimated annual debt service requirements of each series of the Obligations, and (ii) the projected debt service coverage based on audited Pledged Revenues for the Fiscal Year ended June 30, 2025.

SCHEDULE OF ANNUAL WASTEWATER SYSTEM REVENUE OBLIGATION DEBT SERVICE REQUIREMENTS AND PROJECTED DEBT SERVICE COVERAGE *(a)*

Fiscal	Pledged	The 2026A Obligations*			The 2026B Obligations*			Total Aggregate	Annual Debt Service
Year	Revenues *(b)*	Principal	Interest *(c)*	Total	Principal	Interest *(c)*	Total	Debt Service*	Coverage *(d)*
2024/25	$9,089,122								
2025/26					$460,000	$8,883 *(e)*	$468,883	$468,883	19.38x
2026/27		$735,000	$2,300,814 *(e)*	$3,035,814	355,000	223,000	578,000	3,613,814	2.52x
2027/28		770,000	2,185,713	2,955,713	375,000	205,250	580,250	3,535,963	2.57x
2028/29		805,000	2,149,138	2,954,138	390,000	186,500	576,500	3,530,638	2.57x
2029/30		845,000	2,110,900	2,955,900	405,000	167,000	572,000	3,527,900	2.58x
2030/31		885,000	2,070,763	2,955,763	430,000	146,750	576,750	3,532,513	2.57x
2031/32		925,000	2,028,725	2,953,725	455,000	125,250	580,250	3,533,975	2.57x
2032/33		970,000	1,984,788	2,954,788	475,000	102,500	577,500	3,532,288	2.57x
2033/34		1,015,000	1,938,713	2,953,713	500,000	78,750	578,750	3,532,463	2.57x
2034/35		1,065,000	1,890,500	2,955,500	525,000	53,750	578,750	3,534,250	2.57x
2035/36		1,115,000	1,839,913	2,954,913	550,000	27,500	577,500	3,532,413	2.57x *(f)*
2036/37		1,170,000	1,786,950	2,956,950				2,956,950	3.07x
2037/38		1,225,000	1,731,375	2,956,375				2,956,375	3.07x
2038/39		1,280,000	1,673,188	2,953,188				2,953,188	3.08x
2039/40		1,340,000	1,612,388	2,952,388				2,952,388	3.08x
2040/41		1,405,000	1,548,738	2,953,738				2,953,738	3.08x
2041/42		1,475,000	1,482,000	2,957,000				2,957,000	3.07x
2042/43		1,545,000	1,411,938	2,956,938				2,956,938	3.07x
2043/44		1,615,000	1,338,550	2,953,550				2,953,550	3.08x
2044/45		1,695,000	1,261,838	2,956,838				2,956,838	3.07x
2045/46		1,775,000	1,181,325	2,956,325				2,956,325	3.07x
2046/47		1,860,000	1,097,013	2,957,013				2,957,013	3.07x
2047/48		1,945,000	1,008,663	2,953,663				2,953,663	3.08x
2048/49		2,040,000	916,275	2,956,275				2,956,275	3.07x
2049/50		2,135,000	819,375	2,954,375				2,954,375	3.08x
2050/51		2,235,000	717,963	2,952,963				2,952,963	3.08x
2051/52		2,345,000	611,800	2,956,800				2,956,800	3.07x
2052/53		2,455,000	500,413	2,955,413				2,955,413	3.08x
2053/54		2,570,000	383,800	2,953,800				2,953,800	3.08x
2054/55		2,695,000	261,725	2,956,725				2,956,725	3.07x
2055/56		2,815,000	133,713	2,948,713				2,948,713	3.08x
		$46,750,000	$41,978,989	$88,728,989	$4,920,000	$1,325,133	$6,245,133	$94,974,123	

* *Subject to change.*

(a) Prepared by the Municipal Advisor. Amounts may not add due to rounding.

(b) Reflects audited Pledged Revenues available for debt service for the Fiscal Year ended June 30, 2025 as provided by the City. See "HISTORICAL AND BUDGETED PLEDGED REVENUES AND DEBT SERVICE COVERAGE" herein.

(c) Interest is estimated.

(d) Debt service coverage is computed using audited Pledged Revenues available for debt service for the Fiscal Year ended June 30, 2025, divided by the combined annual debt service on the Obligations.

(e) The first interest payment on the 2026A Obligations will be due January 1, 2027 and the first interest payment on the 2026B Obligations will be due July 1, 2026. Thereafter, interest payments will be made semiannually on January 1 and July 1 until the final maturity, or prior redemption, of the Obligations.*

(f) Represents the maximum annual debt service coverage on the combined annual debt service for the Obligations.

* *Subject to change.*

RISK FACTORS

Investment in the Obligations involves risks that may not be appropriate for certain investors. The following is a discussion of certain risk factors that should be considered, in addition to other matters set forth herein, in evaluating the Obligations for investment. The information set forth below does not purport to be an exhaustive listing of the risks and other considerations that may be relevant to an investment in the Obligations. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Limited Obligations

The obligation of the City under the Purchase Agreement will not constitute a debt or a pledge of the full faith and credit of the City, the State or any other political subdivision thereof. The City will not pledge any form of *ad valorem* property taxes to the payment of the Obligations. The Obligations will be special, limited obligations of the City, secured only by the Purchase Payments which are to be paid from, and secured by a pledge of, the Pledged Revenues. No security interest will be held by the Trustee for the benefit of the owners of the Obligations in any portion of Projects or the Wastewater System. Remedies available to the Trustee upon a failure of the City to make the Purchase Payments when due will be generally limited to specific performance against the City to payment from the Pledged Revenues.

No assurance can be made that the Pledged Revenues, estimated or otherwise, will be realized by the City in amounts sufficient to pay the Purchase Payments. In addition, the realization of future Pledged Revenues is subject to, among other things, the capabilities of management of the City, the ability of the City to provide sewer management services to its customers, and the ability of the City to meet its covenant to fix, prescribe, and collect rates and charges for the Wastewater System in amounts sufficient to timely pay the Purchase Payments. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE OBLIGATIONS – Rate Covenant." Additional obligations may be incurred in the future that are secured by the Pledged Revenues on a parity with the Obligations. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE OBLIGATIONS – Additional Obligations; No Prior Obligations."

Wastewater System Expenses and Future Rates

Increases in expenses could require a significant increase in rates or charges in order to pay for projects and to pay the debt service on the Obligations and any Additional Obligations. Also, any such rate increases could increase the likelihood of nonpayment by purchasers of sewer services from the City and could also decrease demand from such purchasers and may impact the City's ability to make the Purchase Payments, which could in turn adversely impact the City's ability to make payments of the principal of and interest on the Obligations.

Utility Costs

No assurance can be given that any future significant reduction or loss of power would not materially adversely affect the operations of the Wastewater System. The operations of the Wastewater System on a daily basis require a significant amount of electrical power and natural gas. Electricity is needed to run pumps, lights, computers, mechanical valves and other machinery. Prices for electricity or gas may increase, which could adversely affect the Wastewater System's financial condition.

Wastewater System Demand

There can be no assurance that the local demand for the services provided by the Wastewater System will be maintained at levels described in this Official Statement. Because of the potential for changes in demographics within the boundaries of the City, as well as unpredictable future hydrological conditions, it is possible for the demand for sewer services to decline over the term of the Obligations. In addition, major economic disruptions and recession may adversely affect the economic activity of the region in general, resulting in decreased economic activity, increased unemployment and a reduction in residential and commercial construction all of which could cause a decline in the demand for sewer services. A significant decline in demand might create a situation in which the City could not increase rates sufficiently to offset the decrease in customers or usage. This could reduce the City's ability to make the Purchase Payments, which could in turn adversely impact the City's ability to make payments of the principal of and interest on the Obligations as and when due.

Water Supply and Drought Conditions

The ability of the Wastewater System to operate effectively can be affected by the water supply available to the City, which is situated in a desert environment. If the water supply decreases significantly, whether by operation or mandatory supply restrictions, prohibitively high water costs or otherwise, Pledged Revenues available to pay the Purchase Payments may be adversely affected.

Water for the City is provided from three general sources: the Salt and Verde River system, the Colorado River via the Central Arizona Project ("CAP") canal, and groundwater wells. In addition, the City holds long-term stored groundwater credits and related groundwater rights in an amount equal to approximately nine times its current annual demand, intended to provide drought mitigation and long-term supply reliability. The City is currently designated with a 100-Year Assured Water Supply by the Arizona Department of Water Resources. It is the opinion of City management that the City has adequate water supplies for growth. The City has engaged in planning and resource management to provide for current and future availability of water supplies during normal and drought conditions. However, the ability of the City's Wastewater System to operate effectively may still be affected, and potentially may be significantly affected, by the water supply available to the City, which is situated in a desert environment. In particular, recent conditions on the Colorado River system may be indicative of future challenges, although most of the City's CAP water supplies have a relatively high priority in right as compared to other recipients of CAP water. The City is evaluating and implementing response options based on evolving conditions on the Colorado River, including actions authorized under its Drought Preparedness Plan as set forth in the City Code. The initial step, declaring a "Stage One Shortage," consists of voluntary conservation measures, public outreach, and increased water reduction efforts at City facilities, and was recently implemented by the City. If the water supply decreases significantly however, whether by physical limitation, regulatory restrictions, increased water costs or otherwise, System water sales may be diminished and Pledged Revenues available to pay the debt service may be adversely affected.

Notwithstanding the foregoing, while the multiple sources of supply available to the City along with the various plants, wells, reservoirs and other facilities may help to mitigate risk, future water availability, drought, flooding, environmental conditions and other climate related conditions in Arizona and the other Colorado River Basin states are unpredictable and subject to change. For example, since January 2022, Arizona has operated under a drought contingency plan and has received a reduction to its deliveries of Colorado River water as described above. Additional reductions may result from the federal Colorado River Post 2026 Operations process, including the development of new operational guidelines for Lake Powell and Lake Mead by the United States Bureau of Reclamation in coordination with the other Colorado River Basin states and/or from litigation over new operational guidelines. The impacts associated with climate variability, natural disasters, and other "force majeure" events on the City cannot be predicted but could be significant.

[PFAS]

Security of the Wastewater System

To ensure water quality and delivery service are maintained, the City continually plans and prepares for emergency situations such as fire, power failure, or possible terrorist activities. There can be no assurance that any existing or additional safety and security measures will prove adequate in the event of an emergency situation affecting the Wastewater System, or that costs of security measures will not be greater than presently anticipated. Further, damage to certain components of the Wastewater System could require the City to increase expenditures for repairs to the Wastewater System significantly enough to adversely impact the City's ability to make the Purchase Payments, which could in turn adversely impact the City's ability to make payments of the principal of and interest on the Obligations.

Factors Adversely Affecting Development

The allocable portion of any development, impact, connection or related fee or charge available as a result of the existence of the Wastewater System are paid to the City as building permits are pulled for the construction of new homes and other structures. The pace at which building permits are pulled will be affected by changes in general economic conditions, fluctuations in land prices both locally and nationally, availability of water, water treatment, wastewater treatment and power necessary for development, changes in the income tax treatment of land and ownership, changes in the availability and cost of borrowed funds and numerous other factors. In addition, land development operations are subject to comprehensive federal, State and local regulation. Approval is required from various agencies in connection with the layout and design of developments, the nature and extent of improvements, the availability of an assured water supply, construction activity, land use, zoning, school and health requirements and many other matters.

Public and or political attitudes toward growth are subject to shifts from support for growth to opposition to growth. Although growth cannot be prevented, no assurance can be given that the City Council as now constituted or a future City Council will not delay or defer action required for continued growth. Such action by the City Council as now constituted or a future City Council could have a material adverse effect on future collections of any development, impact, connection or related fee or charge available as a result of the existence of the Wastewater System.

Limitations on Remedies

Any remedies available to the owners of the Obligations upon the occurrence of an Indenture Event of Default or a Purchase Event of Default will be in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

Further, enforceability of the rights and remedies of the owners of the Obligations, and the obligations incurred by the City, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, receivership, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles that may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, and the limitations on remedies against political subdivisions in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Obligations to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights. The opinion to be delivered by Special Counsel concurrently with the execution and delivery of the Obligations that the Obligations constitute valid and binding limited obligations of the City and the Indenture constitutes a valid and binding obligation of the City will be subject to such limitations and the various other legal opinions to be delivered concurrently with the execution and delivery of the Obligations will be similarly qualified. See APPENDIX D – "FORM OF OPINION OF SPECIAL COUNSEL."

If the City fails to comply with its covenants under the Purchase Agreement to pay the Purchase Payments, there can be no assurance of the availability, or timeliness, of remedies adequate to protect the interests of the Holders of the Obligations.

Statutory and Regulatory Compliance; Future Legislation

The Wastewater System is subject to a variety of federal and State statutory and regulatory requirements. Laws and regulations governing water and wastewater treatment and the delivery of water are enacted and promulgated by federal, State and local government agencies. Compliance with these laws and regulations is and will continue to be costly and, as more stringent standards are developed to ensure safe drinking water standards and the provision of water for other purposes, such costs will likely increase.

The City's failure to comply with applicable laws and regulations could result in significant fines and penalties. Such claims are payable from assets of the Wastewater System or from other legally available sources. In addition to claims by private parties, changes in the scope and standards for public agency sewer systems such as that operated by the City may also lead to administrative orders issued by federal or State regulators. The City is unable to predict the adoption or amendment of any such laws, rules or regulations, or their effect on the operations of the Wastewater System or financial condition of the City. Future compliance with such orders can also impose substantial additional costs on the Wastewater System.

No assurance can be given that the cost of compliance with such laws, regulations, and orders would not adversely affect the ability of the Wastewater System to generate Pledged Revenues sufficient to pay the debt service on any Obligations or Additional Obligations, including, without limitation, the Purchase Payments, which could in turn adversely impact the City's ability to make payments of the principal of and interest on the Obligations.

Limited Secondary Market for the Obligations

There can be no guarantee that there will ever be a secondary market for purchase or sale of the Obligations or, if a secondary market exists, that the Obligations can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Loss of Tax Exemption on the Obligations

As discussed under heading "TAX EXEMPTION," the Interest Portion (as defined herein) received by Holders of the Obligations could become included in gross income for purposes of federal income taxation, retroactive to the date the Obligations were executed and delivered, as a result of future acts or omissions of the City in violation of its covenants in the Indenture and the Purchase Agreement.

Economic, Political, Social, and Environmental Conditions

Prospective investors are encouraged to evaluate current and prospective economic, political, social, and environmental conditions as part of an informed investment decision. Changes in economic, political, social, or environmental conditions on a local, state, federal, and/or international level may adversely affect investment risk generally. Such conditional changes may include (but are not limited to) fluctuations in business production, consumer prices, or financial markets, unemployment rates, technological advancements, shortages or surpluses in natural resources or energy supplies, imposition of tariffs or other trade restrictions, changes in law, social unrest, fluctuations in the crime rate, political conflict, acts of war or terrorism, environmental damage, and natural disasters. The City cannot guarantee that prices for electricity will not increase, which could adversely affect the Wastewater System's financial condition.

Cybersecurity; Other Safety and Security Risks

Cybersecurity breaches could damage the City's information and security systems and cause material disruption to its operations. The occurrence of military conflicts and terrorist activities, including cyber terrorism, could also adversely impact the operations of the Wastewater System or the finances of the City. The City maintains active security (including information security) and emergency preparedness programs and has a number of security measures and safeguards in place. However, there can be no assurance that any existing or additional safety and security measures

will prove adequate in the event that military conflicts or terrorist activities, including cyber terrorism, or acts of malfeasance are directed against the assets of the Wastewater System or the information technology systems of the City. The costs of security measures or of remedying damage from security breaches could be greater than presently anticipated.

LITIGATION

To the knowledge of appropriate representatives of the City, no litigation or administrative action or proceeding is pending or threatened to restrain or enjoin, or seeking to restrain or enjoin: the execution or delivery of the Purchase Agreement, the Indenture or the Obligations, the application of the proceeds of the Obligations or the pledge and/or collection of Pledged Revenues to pay the principal of, and interest on, the Obligations; contesting or questioning the proceedings and authority under which the Purchase Agreement, the Indenture or the Obligations have been authorized and are to be sold, executed or delivered, or the validity of the Obligations.

The City is party to various lawsuits and other claims incidental to the ordinary course of its operations. The City's management believes, based on the advice of the City Attorney, that the resolution of such matters will not have a materially adverse effect on the City's financial position. Certificates of appropriate representatives of the City to that effect will be delivered at the time of the original delivery of the Obligations.

TAX EXEMPTION

General

The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the City must continue to meet after the execution and delivery of the Obligations in order that the portion of each of the Purchase Payments made by the City pursuant to the Purchase Agreement and denominated as and comprising interest pursuant to the Purchase Agreement and received by the Holders of the Obligations (the "Interest Portion") be and remain excludable from gross income for federal income tax purposes. The City's failure to meet these requirements may cause the Interest Portion to be included in gross income for federal income tax purposes retroactively to the date of execution and delivery of the Obligations. The City has covenanted in the Purchase Agreement to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of the Interest Portion.

In the opinion of Special Counsel, assuming the accuracy of certain representations and certifications of the City and continuing compliance by the City with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, the Interest Portion will be excludable from gross income of the owners thereof for federal income tax purposes and will be exempt from Arizona income taxation so long as the Interest Portion is excludable from gross income for federal income tax purposes. The Interest Portion will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, but in the case of the alternative minimum tax imposed by Section 55(b)(2) of the Code on applicable corporations (as defined in Section 59(k) of the Code), the Interest Portion will not be excluded from the determination of adjusted financial statement income. Special Counsel will express no opinion as to any other tax consequences regarding the Interest Portion or the Obligations. Prospective purchasers of the Obligations should consult with their own tax advisors as to the status of the Interest Portion under the tax laws of any state other than the State.

The above opinion on federal tax matters with respect to the Obligations will be based on and will assume the accuracy of certain representations and certifications of the City, and compliance with certain covenants of the City to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Obligations will be and will remain obligations the interest on which is excludable from gross income for federal income tax purposes. Special Counsel will not independently verify the accuracy of those certifications and representations. Special Counsel will express no opinion as to any other consequences regarding the Obligations.

Except as described above, Special Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of the Interest Portion, or the ownership or disposition of the Obligations.

Prospective purchasers of the Obligations should be aware that the ownership of the Obligations may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the Obligations, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by the applicable statutory percentage of certain items, including the Interest Portion, (iii) the inclusion of the Interest Portion in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (iv) the inclusion of the Interest Portion in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year, (v) the inclusion of the Interest Portion in the determination of the taxability of certain Social Security and Railroad Retirement benefits to certain recipients of such benefits, (vi) net gain realized upon the sale or other disposition of property such as the Obligations generally must be taken into account when computing the Medicare tax with respect to net investment income or undistributed net investment income, as applicable, imposed on certain high income individuals and specified trusts and estates, and (vii) receipt of certain investment income, including the Interest Portion, is considered when determining qualification limits for obtaining the earned income credit provided by Section 32(a) of the Code. The nature and extent of the other tax consequences described above will depend on the particular tax status and situation of each owner of the Obligations. Prospective purchasers of the Obligations should consult their own tax advisors as to the impact of these and any other tax consequences.

Special Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Special Counsel as of the date thereof. Special Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Special Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Special Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Special Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

Original Issue Discount and Original Issue Premium

Certain of the Obligations ("Discount Obligations") may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Obligation determined under Code Section 1273 or 1274 (i.e., for obligations issued for money in a public offering, the initial offering price to the public (other than to bond houses and brokers) at which a substantial amount of the obligation of the same maturity is sold pursuant to that offering). For federal income tax purposes, OID accrues to the owner of a Discount Obligation over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Obligation (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Obligations, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Obligation.

Certain of the Obligations ("Premium Obligations") may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity (or earlier for certain Premium Obligations callable prior to maturity). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Obligation, based on the yield to maturity of that Premium Obligation (or, in the case of a Premium Obligation callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Obligation), compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Obligation. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Obligation, the owner's tax basis in the Premium Obligation is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Obligation for an amount equal to or less than the amount paid by the owner for that Premium Obligation.

Owners of Discount Obligations and Premium Obligations should consult their own tax advisors as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount Obligations or Premium Obligations and as to other federal tax

consequences, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals suggested, debated, introduced or pending in Congress or in the State legislature that, if enacted into law, could alter or amend one or more of the federal tax matters, or state tax matters, respectively, described above including, without limitation, the excludability from gross income of the Interest Portion, adversely affect the market price or marketability of the Obligations, or otherwise prevent the holders from realizing the full current benefit of the status of the Interest Portion. It cannot be predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would affect the Obligations. Prospective purchasers of the Obligations should consult their tax advisors as to the impact of any proposed or pending legislation.

Information Reporting and Backup Withholding

Interest paid on tax-exempt obligations such as the Obligations is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of the Interest Portion from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of the Obligations, under certain circumstances, to "backup withholding" at the rates set forth in the Code, with respect to payments on the Obligations and proceeds from the sale of the Obligations. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of the Obligations. This withholding generally applies if the owner of the Obligations (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Obligations may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

LEGAL MATTERS

Legal matters incident to the execution and delivery of the Obligations and with regard to the tax-exempt status of the Interest Portion are subject to the legal opinion of Greenberg Traurig, LLP, Special Counsel ("Special Counsel"), whose services have been retained by the City. The signed legal opinion of Special Counsel, dated and premised on the law in effect as of the date of the Obligations, will be delivered to the Underwriter at the time of original delivery of the Obligations. Certain legal matters will be passed upon for the Underwriter by Squire Patton Boggs (US) LLP, counsel to the Underwriter.

The proposed text of the legal opinion is set forth as APPENDIX D – "FORM OF OPINION OF SPECIAL COUNSEL." The legal opinion to be delivered may vary from the text of APPENDIX D - "FORM OF OPINION OF SPECIAL COUNSEL" if necessary to reflect the facts and law existing on the date of delivery. The opinion will speak only as of its date, and subsequent distribution, by recirculation of this Official Statement or otherwise, should not be construed as a representation that Special Counsel has reviewed or expressed any opinion concerning any matters relating to the Obligations subsequent to the original delivery of the Obligations.

While Special Counsel has participated in the preparation of portions of this Official Statement, it has not been engaged to confirm or verify, and expresses and will express no opinion as to, the accuracy, completeness or fairness of any statements in this Official Statement, or in any other reports, financial information, offering or disclosure documents or other information pertaining to the City or the Obligations that may be prepared or made available by the City or others to holders of the Obligations or others.

The legal opinions to be delivered concurrently with the delivery of the Obligations will express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein dated and speaking

only as of the date of delivery of the Obligations. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

RATING

Standard & Poor's Financial Services LLC ("S&P") has assigned a rating of "__" to the Obligations. Such rating reflects only the views of S&P. An explanation of the significance of a rating assigned by S&P may be obtained at One California Street, 31st Floor, San Francisco, CA 94111. Such rating may be revised or withdrawn entirely at any time by S&P if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price or marketability of the Obligations. The City will covenant in its continuing disclosure undertaking with respect to the Obligations that it will file notice of any formal change in any rating relating to the Obligations. See "CONTINUING DISCLOSURE" and APPENDIX F – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" herein.

CONTINUING DISCLOSURE

The City will covenant for the benefit of the Holders of the Obligations to provide certain financial information and operating data relating to the City by not later than February 1 in each year commencing February 1, 2027 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notices"). The Annual Reports and the Notices will be filed with the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Market Access system as described in APPENDIX G – "FORM OF CONTINUING DISCLOSURE UNDERTAKING." The specific nature of the information to be contained in the Annual Reports and the Notices is set forth in APPENDIX G – "FORM OF CONTINUING DISCLOSURE UNDERTAKING."

These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule"). A failure by the City to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Obligations in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Obligations and their market price.

On January 31, 2023 the City filed a Notice of Failure to File Audited Annual Financial Report for the fiscal year ended June 30, 2022. On April 3, 2023 the City filed the Annual Comprehensive Financial Report for the City for fiscal year ended June 30, 2022.

FINANCIAL STATEMENTS

The financial statements of the City as of June 30, 2025, and for its Fiscal Year then ended, included as APPENDIX E – "CITY OF AVONDALE, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025" to this Official Statement, have been audited by Heinfeld, Meech & Co., P.C., as stated in its opinion included therein. **The City has not requested the consent of Heinfeld, Meech & Co., P.C. to include its report and Heinfeld, Meech & Co., P.C. has performed no procedures subsequent to rendering its report on the financial statements.**

THE FINANCIAL STATEMENTS INCLUDED IN APPENDIX E OF THIS OFFICIAL STATEMENT ARE CURRENT AS OF THEIR DATE ONLY AND MAY NOT REPRESENT THE CURRENT FINANCIAL CONDITION OF THE CITY.

UNDERWRITING

The Obligations will be purchased by the Underwriter at an aggregate purchase price of $_____, pursuant to an obligation purchase agreement (the "Purchase Contract") entered into by and between the City and the Underwriter. If the Obligations are sold to produce the yields shown on the inside front cover pages hereof, the Underwriter's

compensation will be $_____. The Purchase Contract provides that the Underwriter will purchase all of the Obligations so offered if any are purchased. The Underwriter may offer and sell the Obligations to certain dealers (including dealers depositing the Obligations into unit investment trusts) and others at prices higher or yields lower than the public offering prices or yields stated on the inside front cover pages hereof. The initial offering prices or yields set forth on the inside front cover pages may be changed, from time to time, by the Underwriter without amendment of the Official Statement.

MUNICIPAL ADVISOR

The Municipal Advisor's fee for services rendered with respect to the sale of the Obligations is contingent upon the execution and delivery of the Obligations. The Municipal Advisor participated in the preparation of the Official Statement but has not verified, and does not assume any responsibility for, the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Obligations, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Municipal Advisor has provided the following sentence for inclusion in this Official Statement: "The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City, but the Municipal Advisor does not guarantee the accuracy or completeness of such information."

RELATIONSHIP AMONG PARTIES

Special Counsel has previously represented the Underwriter and the Municipal Advisor and is currently representing the Underwriter and the Municipal Advisor with respect to other financings and has acted or is acting as special counsel with respect to other obligations underwritten by the Underwriter and the Municipal Advisor and may do so in the future. Special Counsel also serves and has served as special counsel for one or more of the political subdivisions that the City territorially overlaps. Counsel to the Underwriter has previously acted as special counsel with respect to other obligations underwritten by the Underwriter and the Municipal Advisor and may continue to do so in the future if requested.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of these opinions or estimates have been or will be realized. Information in this Official Statement has been derived by the City from official and other sources and is believed by the City to be accurate and reliable. Information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed.

Neither this Official Statement nor any statement that may have been or that may be made orally or in writing is to be construed as a part of a contract with the original purchasers or subsequent owners of the Obligations.

CITY OF AVONDALE, ARIZONA

By: _____
Mayor

APPENDIX A

CITY OF AVONDALE, ARIZONA – THE WASTEWATER SYSTEM

Overview of the Wastewater System

The City has operated a sewer collection and treatment system (the "Wastewater System") for more than 50 years pursuant to authority of Title 9, Chapter 5 of the Arizona Revised Statutes, as amended (the "Municipal Utility Statute") in order to provide for the needs of the City's residents and businesses.

Administration and Management

The City operates under a Council-Manager form of government, with the Mayor and six council members elected at large and have legislative responsibilities. The budget for the Wastewater System is adopted annually by the Mayor and Council of the City and the Wastewater System is a self-supporting enterprise of the City which receives no subsidy from the general fund of the City (the "General Fund"). The Wastewater System is operated by the City's Public Works Department, and the Finance and Budget Department of the City has the responsibility for all financial administration in the City and performs general financial duties for the Wastewater System.

The City Manager is responsible for the day-to-day operations of the City. City Manager Ron Corbin's career in public service began in 2002 and spans over two decades in municipal management and human resources; he has served Avondale as City Manager for over three years. Mr. Corbin holds a Master of Administration with Distinction from Northern Arizona University, along with degrees in Biology and Education from Eastern Washington University and is a member of the International City/County Management Association.

The City's Public Works Department, encompassing the water and wastewater enterprise funds, is directed by Kirk Beaty. Mr. Beaty has served as the Public Works Director for the City for over five years. He has over 36 years of experience in public works, civil engineering, and facility construction and maintenance. He holds a Bachelor's and Master's degree in Civil Engineering from Arizona State University and is a licensed Professional Civil Engineer in Arizona. He is a member of various public works and engineering organizations and is the current Chairperson for the Management Board of the Arizona Municipal Water Users Association.

The Finance and Budget Department of the City operates under the direction of Renee Weatherless, who has been the Finance and Budget Director since April 2022. Ms. Weatherless has 30 years of experience in financial management including serving as the Executive Finance Director for the Tucson Unified School District No. 1, one of the largest school districts in Arizona. Ms. Weatherless holds a Bachelor of Science degree in Finance and Accounting from the University of Arizona and a Master of Business Administration from the Keller Graduate School of Management.

Billing and Accounting

The City's Finance and Budget Department performs all accounting services for the Public Works Department, which includes billing for wastewater services.

The City assesses late fees of 1.5% or $2.00, whichever is greater, on past due balances. If a wastewater bill is delinquent at least 60 days, the service is subject to disconnection. A $60 non-payment reconnection fee is assessed on accounts that are disconnected. After utility services have been disconnected, they are restored upon payment of all outstanding past due balances and any additional security deposit required, unless payment arrangements are made. Approximately 0.87% of the total accounts have their wastewater service interrupted at any point in time.

The City requires a security deposit up to $250 for residential accounts and $300 for commercial accounts.

Although a separate audit of the Water System's records is not conducted, they are subject to audit procedures in conjunction with the annual audit of the City's combined financial statements. Meters are read and bills are issued monthly. The Water System's accounting practices are maintained in conformance with generally accepted

accounting principles as applicable to governmental entities. The City's audited financial statements showing the results of operations for the Fiscal Year 2024/25 is shown in APPENDIX E to this Official Statement.

Wastewater System Rates and Charges

Financial planning and rates development are provided by the Finance & Budget Department in coordination with the Public Works Department. The City's rates, fees, and other charges for each system are recommended annually to the City Council. City Council has the ultimate responsibility for setting system rates, fees and charges. The principal sources of Wastewater System revenue for the City are derived from base fees and user fees charged for services provided and a one-time connection fee charged to new users for connection to the system.

The City Council has traditionally implemented incremental rate increases over two years at a time. A rate increase went into effect on January 1, 2026, and another rate increase will go into effect on January 1, 2027. Combined, both of these rate adjustments increased wastewater rates by $1.81 for the average residential customer. Additionally, the City Council adopted both a water treatment fee of 7.5% of the bill and a water resource fee of 6.2% of the bill which went into effect January 1, 2026.

The Mayor and Council of the City are authorized to set rates and charges for water and sewer service by the City pursuant to the Municipal Utility Statute, following a public hearing. As a municipal corporation of the State, the City's water and sewer rates and charges are not subject to review or approval by the Arizona Corporation Commission, as is the case with respect to privately owned Arizona public utilities.

Demand for System Service

The City experienced rapid growth in new residential and commercial construction over the last ten years. Customer growth continues at a steady rate of just under 2% year over year and is projected to maintain in the foreseeable future.

Capital Improvement Plan ("CIP")

The CIP is a balanced five-year plan that addresses projects that are needed, or will be needed, across the Wastewater System. Each year, the CIP is updated for changes in cost, scope, and timing of the capital projects. Wastewater projects, such as treatment facilities and collection infrastructure, are funded primarily through user fees, debt financing including revenue bonds/obligations, and development impact fees.

In Fiscal Year 2026, the City budgeted $20.8 million for Wastewater System CIP projects. This figure includes $4.8 million in estimated carryover funding (i.e., projects that were budgeted in Fiscal Year 2025 but not finished). Of the $20.8 million budgeted in Fiscal Year 2026, approximately $9 million is funded from user fees, $50,000 from development impact fees, and the remaining $11.8 million from future debt proceeds. Through Fiscal Year 2030, the Wastewater System CIP totals $175.9 million (including the Fiscal Year 2026 CIP previously described), of which the City currently anticipates funding approximately $143.7 million from future wastewater debt proceeds.

Overview of the Wastewater System

Wastewater Service Area

The Wastewater System currently provides services to over 27,000 customer accounts and covers a service area that includes most areas in the City. The City provides sewer service to the residents, commercial and industrial customers by operating its own wastewater collection system and water reclamation facility. The City oversees fewer wastewater accounts than water accounts because portions of the City are still 'unsewered'. This means that some neighborhoods utilize septic systems that are privately maintained. In this scenario, a resident would not receive a wastewater bill even though they receive a City water bill.

The Wastewater System consists of approximately 290 miles of sewer mains, varying in size from 6-inch to 48-inch diameter, and 12 lift stations. These sewer mains are constructed of PVC, vitrified clay, high density polyethylene and

other common sewer main materials. The sewer mains vary in age and condition but are inspected on a regular basis with the City's CCTV program. The wastewater collection system is regarded to be in generally good condition.

Charles M. Wolf Water Reclamation Facility

Wastewater is treated at the Charles M. Wolf Water Resource Center ("Wolf"), which has a permitted capacity of 9.0 million gallons per day ("MGD"). The facility utilizes a conventional activated sludge process with biological nutrient removal, including nitrification and denitrification, followed by clarification and disinfection. Solids are stabilized through anaerobic digestion and dewatered prior to disposal in compliance with regulatory standards.

The plant currently treats a maximum monthly average daily flow of approximately 7.5 MGD, indicating available capacity to accommodate near-term growth while maintaining operational flexibility. This reserve capacity supports system reliability and reduces the risk of near-term capital pressure, while still signaling the need for long-range expansion planning.

A central strength of the Wastewater System is its integration with the City's water resource strategy. The majority of treated effluent is directed to the McDowell Recharge Basins, where it percolates into the aquifer for long-term storage and future recovery. This approach transforms wastewater from a disposal obligation into a renewable water resource, enhancing overall supply sustainability and drought resilience.

The Wolf also maintains a permitted surface discharge pathway to the Agua Fria River, providing operational flexibility during maintenance events or peak flow conditions. This dual-pathway approach strengthens reliability and ensures compliance under varying operating scenarios.

Environmental Compliance

The Wastewater System meets federal, state, and county regulations which are implemented through the permit programs administered by the responsible agencies including the Maricopa County Environmental Services Department, the Arizona Department of Environmental Quality and the Environmental Protection Agency, respectively. The Public Works Department maintains the required permits and reporting and the Wastewater System currently satisfies applicable water quality parameters.

In collaboration with the Water System, the City operates an industrial pretreatment program consistent with federal and state requirements, limiting the introduction of harmful pollutants into the system and protecting treatment processes. The relatively limited number of significant industrial users reduces variability in influent quality and operational risk to the treatment plant.

[Remainder of page left intentionally blank.]

The following tables contain information regarding the Wastewater System.

Wastewater Rates

The following rates for Fiscal Year 2025/26, plus the applicable proportionate part of any taxes or any governmental impositions which are assessed on wastewater sales currently apply to all individually metered wastewater services:

TABLE A-1

Base User Rates – Wastewater System
City of Avondale, Arizona

Description of Services	2025/26 Charges	2026/27 Charges	2027/28s Charges
Meter Size-Base Fee all users *(a)*			
¾"	$ 9.16	$ 9.34	$ 9.53
1"	13.76	14.04	14.32
1 ½"	24.91	25.41	25.92
2"	39.42	40.21	41.01
3"	71.36	72.79	74.24
4"	116.92	119.26	121.64
6"	229.02	233.61	238.28
8"	341.88	348.72	355.69
10"	-	544.96	555.85
Usage Charge per 1,000 gallons			
All users	$ 4.53	$ 4.62	$ 4.71

(a) Meter charge for multi-family will be based upon a 47 percent (47%) unit equivalency factor applied to the ¾" meter charge times number of units.

TABLE A-2

Schedule of Existing Monthly Sewer Service Charges – Wastewater System
City of Avondale, Arizona

User Class	Volume Charge (per 1,000 gallon)	Return Factor *(a)*
All categories	$4.53	80%

(a) Residential return factor based on 80% of winter water usage.

[Remainder of page left intentionally blank.]

TABLE A-3

Schedule of Sewer User Fee Revenues – Wastewater System
City of Avondale, Arizona

	Audited					Budgeted
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 *(a)*
Wastewater System						
Wastewater Sales						
Residential	$ 9,461,739	$ 9,794,964	$ 8,835,732	$ 9,781,355	$ 11,345,708	$ 12,800,000
Commercial	999,338	1,240,460	1,438,375	1,881,303	2,032,278	2,400,000
Total Wastewater Sales:	$ 10,461,077	$ 11,035,424	$ 10,274,107	$ 11,662,658	$ 13,377,986	$ 15,200,000

(a) Based on budgeted projections through June 2026.

TABLE A-4

Other Fees and Charges – Wastewater System
City of Avondale, Arizona

Fiscal Year	Tap Fee Revenues	Interest Earnings	Total
2025/26 *(a)*	$ 260,000	$ 572,000	$ 832,000
2024/25	189,125	1,349,695	1,538,820
2023/24	247,200	2,428,898	2,676,098
2022/23	173,850	788,548	962,398
2021/22	372,450	278,882	651,332
2020/21	227,016	237,864	464,880

(a) Based on budgeted projections through June 2026.

TABLE A-5

Schedule of Wastewater System Customers – Wastewater System *(a)*
City of Avondale, Arizona

Fiscal Year	Residential	Commercial *(b)*	Total Accounts
2025/26	26,153	751	26,904
2024/25	25,918	738	26,656
2023/24	25,280	728	26,008
2022/23	24,330	707	25,037
2021/22	23,576	684	24,260

(a) Customer counts reflect the number of unique customer accounts billed during the year.

(b) Commercial customers include industrial and multi-unit customers. The City imposes the same user rates and fees on all commercial customers.

TABLE A-6

Schedule of Ten Largest Customers for Fiscal Year 2025/26 – Wastewater System
City of Avondale, Arizona

Customer	Revenue	% of Total
Bella Mirage	$120,052	0.88%
Shephard Investment Group LLC	94,963	0.70
KV Aventura Apartments LLC	79,184	0.58
CCW Rio Santa Fe LLC	69,710	0.51
Avalon TIC One LLC	61,937	0.46
Versante Apartment Homes	59,881	0.44
Ashton Pointe Holdings LLC	55,185	0.41
Radia Avondale Station	49,480	0.36
Avari Apartments	47,699	0.35
Bridge WF II AZ Edgewater LLC	47,656	0.35
Total:	$496,956	5.05%

Litigation and Administrative Actions in the Wastewater System

There is no litigation or administrative proceedings pending or, to the City's knowledge, threatened which would affect the City's title or the Wastewater System or the City's right to operate the Wastewater System and to collect or pledge revenues therefrom or to make Payments for the debt service on the Obligations.

APPENDIX B

CITY OF AVONDALE, ARIZONA – GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION

General

The City is located approximately 15 miles west of downtown Phoenix, Arizona ("Phoenix") in the southwestern portion of the metropolitan Phoenix area and in the central portion of Maricopa County, Arizona (the "County"), contiguous to the communities of Litchfield Park, Arizona to the north, Phoenix to the north and east, Tolleson, Arizona to the east and Goodyear, Arizona to the north and west. Unique to the City is the convergence of the Gila, Salt and Agua Fria rivers within the City. The City was incorporated in 1946.

TABLE B-1

POPULATION STATISTICS

	City of Avondale	Maricopa County	State of Arizona
2025 Estimate *(a)*	100,686	4,787,790	7,718,747
2020 Census	89,334	4,420,568	7,151,502
2010 Census	76,238	3,817,117	6,392,017
2000 Census	35,883	3,072,149	5,130,632
1990 Census	16,169	2,122,101	3,665,339
1980 Census	8,168	1,509,175	2,716,546

(a) Estimate as of July 2025 (data released December 2025).

Source: Arizona Office of Economic Opportunity and the U.S. Census Bureau.

Municipal Government and Utilities

The City operates under a Council-Manager form of government in accordance with its Charter. The Mayor is elected for a four-year term and six council members are elected at large on a non-partisan basis for four-year, staggered terms. The City Council appoints the City Manager who has full responsibility for carrying out Council policy and administering operations for the City. The City Manager in turn appoints department heads.

The City provides its residents with sanitation, water and sewer services. Electricity is provided by both Arizona Public Service Company and Salt River Project. Natural gas is supplied by Southwest Gas Corporation.

Economy

The City is developing from an agriculturally based community into a location of commerce and light industry. The City's economy is a mix of services, retail and manufacturing. The City has two employment corridors that are able to access a labor pool of more than half a million employees within a 30-minute commute. The I-10 Corridor and the Avondale Boulevard Corridor serve the 66-acre Avondale Civic Center, a 16,000 square foot Hilton Garden Inn complex, the American Sports Center of Avondale, and other lodging and retail establishments.

TABLE B-2

MAJOR EMPLOYERS
City of Avondale, Arizona

Employer	Description	Approximate Number of Employees
Amazon.com	Retail	1,030
Maricopa County Community College District	Education	830
City of Avondale	Government	750
Tolleson Union High School District No. 214	Education	550
Fry's Food Stores	Grocery	470
Avondale Elementary School District No. 44	Education	460
Akos	Healthcare	400
Costco Wholesale	Retail	390
Walmart Stores Inc.	Retail	370
Littleton Elementary School District No. 65	Education	370

Source: Maricopa Association of Governments Employer Database (retrieved January 2026).

The following table illustrates the unemployment rate averages for the City, the County, the State and the United States of America.

TABLE B-3

UNEMPLOYMENT RATE AVERAGES

Calendar Year	City of Avondale *(a)*	Maricopa County	State of Arizona	United States
2026 *(b)*	4.4%	4.3%	4.8%	4.7%
2025	4.0	3.6	4.2	4.3
2024	3.4	3.1	3.6	4.0
2023	3.4	3.4	3.9	3.6
2022	3.7	3.3	3.8	3.6
2021	5.6	4.6	5.1	5.3

(a) Each year, historical estimates from the Local Area Unemployment Statistics program are revised to reflect new population controls from the Census Bureau, updated input data, and re-estimation. The data for model-based areas also incorporate new seasonal adjustment, and the unadjusted estimates are controlled to new census division and U.S. totals. Sub-state area data subsequently are revised to incorporate updated inputs, re-estimation, and controlling to new statewide totals.

(b) Data through January 2026.

Source: Arizona Office of Economic Opportunity, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Commerce

The following table illustrates the past five years of sales tax collections.

TABLE B-4

SALES TAX COLLECTIONS
City of Avondale, Arizona

Fiscal Year	Amount
2025/26 *(a)*	$50,893
2024/25	88,055
2023/24	86,817
2022/23	86,881
2021/22	76,127
2020/21	65,979

(a) *Data through January 2026.*

Source: Arizona Department of Revenue, Municipal Privilege Tax Collection Program.

APPENDIX C

CITY OF AVONDALE, ARIZONA – FINANCIAL INFORMATION

DIRECT AND OVERLAPPING BONDED INDEBTEDNESS

TABLE C-1

Current Year Statistics (For Fiscal Year 2025/26)
City of Avondale, Arizona

Net Limited Assessed Property Value	$ 711,470,311
Net Full Cash Assessed Value	1,449,387,025
Estimated Net Full Cash Value	12,455,511,016
Total General Obligation Bonds Outstanding	$ 46,160,000
Total Water System Revenue Obligations Outstanding and to be Outstanding	19,500,000*(a)**
Total Wastewater System Revenue Obligations Outstanding and to be Outstanding	51,670,000*(b)**
Total Excise Tax Revenue Obligations Outstanding	12,495,000

* *Subject to change.*

(a) *Reflects planned execution and delivery in June 2026, of approximately $19,500,000 principal amount of the City's Water System Revenue Obligations, Series 2026 (the "2026 Water Obligations"), the proceeds of which will be applied to finance various City capital improvement projects with respect to the City's water production and distribution system. Such obligations will be secured by a first lien pledge of the net revenues of such system.*

(b) *Includes the Obligations and is net of the Obligations Being Refunded.*

Source: *State and County Abstract of the Assessment Roll,* Arizona Department of Revenue and Office of Budget and Finance of the County.

TABLE C-2

Direct General Obligation Bonded Debt Outstanding
City of Avondale, Arizona

Issue Series	Original Amount	Purpose	Final Maturity Date (July 1)	Balance Outstanding
2017A	$ 14,740,000	Advance refunding	2029	$ 6,765,000
2019	21,390,000	Construction and improvements	2039	16,265,000
2021	13,670,000	Construction and improvements	2041	12,205,000
2025	11,205,000	Water system improvements	2044	10,925,000
Total General Obligation Bonded Indebtedness Outstanding				$ 46,160,000

TABLE C-3

Water System Revenue Obligations Outstanding and to be Outstanding
City of Avondale, Arizona

	Balance Outstanding and to be Outstanding*(a)
Total Water System Revenue Indebtedness Outstanding	None
Plus: Water System Revenue Obligations, Series 2026	$ 19,500,000
Total Water System Revenue Indebtedness Outstanding and to be Outstanding	$ 19,500,000

(a) Reflects planned execution and delivery in June 2026, of the 2026 Water Obligations.

* *Subject to change.*

TABLE C-4

Wastewater System Revenue Obligations Outstanding and to be Outstanding
City of Avondale, Arizona

Issue Series	Original Amount	Purpose	Final Maturity Date (July 1)	Balance Outstanding	Obligations Being Refunded*	Balance Outstanding and to be Outstanding*
2016	$ 8,110,000	System improvements	2036	$ 5,160,000	$ 5,160,000	$ -
Total Wastewater System Revenue Indebtedness Outstanding						$ -
Plus: The 2026A Obligations						46,750,000
Plus: The 2026B Obligations						4,920,000
Total Wastewater System Revenue Indebtedness Outstanding and to be Outstanding						$ 51,670,000

* *Subject to change.*

TABLE C-5

Excise Tax Revenue Obligations Outstanding
City of Avondale, Arizona

Issue Series	Original Amount	Purpose	Final Maturity Date	Balance Outstanding
2021	$ 11,770,000	Aquatic center	2031	$ 7,555,000
2021 REF	7,765,000	Current refunding	2031	4,940,000
Total Excise Tax Revenue Indebtedness Outstanding				$ 12,495,000

CITY EMPLOYEE RETIREMENT SYSTEM

Retirement Benefits

The City contributes to the retirement plans described below and as referenced in Note 10 in APPENDIX E – "CITY OF AVONDALE, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025." Benefits are established by State statute and, depending on the plan, provide retirement, death, long-term disability, survivor and health insurance premium benefits. Both the City and each covered employee contribute to the plans. The City also participates in the Corrections Officers Retirement Plan ("CORP") and the Elected Officials Retirement Plan ("EORP"). The City's CORP and EORP plans are considered to be immaterial to the financial operations of the City and as such are not included in the audited financial statements of the City included as APPENDIX E or in this section of the Official Statement.

Each of the plans has reported increases in its unfunded liabilities The increases in unfunded liabilities is expected to result in increased future annual contributions by the City and its employees; however, the specific impact on the City's and its employees' future contributions cannot be determined at this time.

The Governmental Accounting Standards Board ("GASB") adopted Statement No. 68, Accounting and Financial Reporting for Pensions, which requires that cost-sharing employers report their "proportionate share" of a plan's net pension liability in their government-wide financial statements and that the cost-sharing employer's pension expense component include its proportionate share of the system's pension expense, the net effect of annual changes in the employer's proportionate share and the annual differences between the employer's actual contributions and its proportionate share. GASB's Statement No. 67, Financial Reporting for Pensions, is designed to improve financial reporting by state and local governmental pension plans.

Starting on page 98 in APPENDIX E – "CITY OF AVONDALE, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025" is information about the plans based on GASB's Statements Nos. 67 and 68. Please refer to APPENDIX E for more specific information about the plans. In the case of any difference between what is here versus what is in APPENDIX E, the latter supersedes the former.

The Arizona State Retirement System ("ASRS"). ASRS is a multiple-employer defined benefit pension plan, a multiple-employer defined benefit health insurance premium benefit plan, and a multiple-employer defined benefit long-term disability plan for approximately 650,000 Arizona public employees including qualified employees of the State, municipal governments, counties and K-12 education agencies. As of June 30, 2025, the unfunded liability for ASRS was $18.294 billion with a funding ratio of 75.6% and an assumed earning rate of 7.0%. As of June 30, 2025, the City reported a liability of $45,220,254 for its proportionate share of the net pension liability under ASRS. Pursuant to State statute, the contribution rate for the employer (the City) and active members of ASRS are equal. For Fiscal Year 2025/26, the actuarially determined contribution rate for the City and active members of ASRS is 12.00% (11.86% for retirement and health insurance and 0.14% for long-term disability).

The table below shows recent actuarially determined contribution rates that the active ASRS members and the City are/were required to contribute, the plan's funded status and the pension contributions under ASRS for the current and past four Fiscal Years.

Fiscal year ended	Retirement and Health Insurance Premiums	Long-term Disability	Total Contribution Rate	Funded Status	Pension Contributions
June 30, 2027	11.87%	0.11%	11.98%	unavailable	unavailable
June 30, 2026	11.86	0.14	12.00	unavailable	unavailable
June 30, 2025	12.12	0.15	12.27	75.6%	$5,303,510
June 30, 2024	12.14	0.15	12.29	74.0	4,629,986
June 30, 2023	12.03	0.14	12.17	73.1	4,083,719

The Public Safety Personnel Retirement System ("PSPRS"). PSPRS is an agent multiple-employer defined benefit pension plan and an agent multiple employer defined benefit health insurance premium benefit plan that covers public safety personnel who are regularly assigned to hazardous duties for which the Arizona State Legislature establishes active plan members' contribution rates and member benefits. This is not a "pooled" system – a separate account exists for the police and fire employees of each participating political subdivision. In total, there are 258 individual plans in PSPRS. Each plan has its own financial condition, funding status, etc. which varies greatly across the system.

A 2016 amendment to the State constitution ("Prop 124") created an exception to the prohibition in the Constitution against diminishing or impairing public retirement system benefits by allowing for certain adjustments to PSPRS and preserved the State's legislative ability to modify public retirement benefits. Prop 124 allowed for, among other things, the replacement of permanent benefit increases then required by law with COLA (defined below) provisions tied to the regional consumer price indexes.

PSPRS active membership is comprised of three separate "tiers" based on date of hire which are shown in the following table.

"Tier 1" Members	"Tier 2" Members	"Tier 3" Members
Hired into PSPRS position before January 1, 2012	Hired into PSPRS position on or after January 1, 2012 and before July 1, 2017	Hired into PSPRS position on or after July 1, 2017

The different tiers have different types of plans. Tier 1 members have a defined benefit plan, Tier 2 members have a defined benefit or defined benefit hybrid plan and Tier 3 members have a defined contribution, defined benefit or defined benefit hybrid plan. (The hybrid plan is a pension with an additional defined contribution tax-deferred retirement savings account for Tier 2 and Tier 3 members who do not contribute to Social Security). For Tier 1 and Tier 2 members, the type of plan is determined automatically. For Tier 3 members the type of plan is an irrevocable career choice with a default to a defined benefit plan after 90 days. The actuarially determined employer contribution rate varies among the different tiers and the different types of plans as shown in the tables below.

As of June 30, 2025, the unfunded liability for Tiers 1 and 2 of PSPRS was $7.1 billion with a funding ratio of 70.5%. When calculating, an assumed earning rate of 7.2% was used and an assumed rate of 1.75% was used for increases in the cost of living allowance ("COLA").

The following tables show the actuarially determined annual contribution rates, funded status and total audited contribution amounts for PSPRS.

Fire

	Fiscal Year Ended				
	6/30/2027	6/30/2026	6/30/2025	6/30/2024	6/30/2023
Contribution Rates*					
Tier 1 Defined Benefit Employer	32.32%	32.94%	31.83%	31.07%	30.55%
Tier 1 Defined Benefit Employee	7.65%	7.65%	7.65%	7.65%	7.65%
Tier 2 Defined Benefit Employer (a)	32.32%	32.94%	31.83%	31.07%	30.55%
Tier 2 Defined Benefit Employee (a)(b)	7.65%	7.65%	7.65%	7.65%	7.65%
Tier 3 Defined Benefit Employer (a)(c)	24.42%	24.72%	23.65%	23.22%	25.17%
Tier 3 Defined Benefit Employee (a)	8.66%	8.69%	8.89%	9.56%	9.94%
Tier 3 Defined Contribution Employer (c)	26.54%	26.77%	25.49%	24.26%	26.08%
Tier 3 Defined Contribution Employee	10.78%	10.74%	10.73%	10.60%	10.85%
Pension Funded Status	N/A	N/A	78.7%	77.0%	77.9%
Health Funded Status	N/A	N/A	148.4%	145.4%	136.1%
Total City (Employer) Pension and Health Contribution	N/A	N/A	$2,569,402	$2,249,669	$2,262,891

Police

	Fiscal Year Ended				
	6/30/2027	6/30/2026	6/30/2025	6/30/2024	6/30/2023
Contribution Rates*					
Tier 1 Defined Benefit Employer	30.56%	31.97%	32.23%	32.02%	32.28%
Tier 1 Defined Benefit Employee	7.65%	7.65%	7.65%	7.65%	7.65%
Tier 2 Defined Benefit Employer (a)	30.56%	31.97%	32.23%	32.02%	32.28%
Tier 2 Defined Benefit Employee (a)(b)	7.65%	7.65%	7.65%	7.65%	7.65%
Tier 3 Defined Benefit Employer (a)(c)	25.06%	26.29%	26.48%	27.21%	28.40%
Tier 3 Defined Benefit Employee (a)	8.66%	8.69%	8.89%	9.56%	9.94%
Tier 3 Defined Contribution Employer (c)	27.18%	28.34%	28.32%	28.25%	29.31%
Tier 3 Defined Contribution Employee	10.78%	10.74%	10.73%	10.60%	10.85%
Pension Funded Status	N/A	N/A	74.6%	70.9%	69.0%
Health Funded Status	N/A	N/A	143.3%	129.8%	128.0%
Total City (Employer) Pension and Health Contribution	N/A	N/A	$3,033,268	$4,574,027	$4,052,949

* Sum of the Pension and Health insurance premium benefit contribution rates.

(a) Does not include additional contribution percentage of 3% associated with defined benefit members additionally participating in the defined contribution plan. Employer rate is 4% for Tier 2 members for a period of time depending on the individual's membership date.

(b) Tier 2 employees contribute a maximum of 11.65%, but statutory requirements dictate only 7.65% is applied toward employer costs.

(c) The amortization of unfunded liabilities for Tier 1 and Tier 2 is applied to the payroll for employees in all tiers, including Tier 3, on a level percent basis.

Statutory Changes and Court Decisions Regarding the PSPRS, CORP and EORP

PSPRS, CORP and EORP are all operated under the umbrella of the Public Safety Personnel Retirement System and the Public Safety Personnel Retirement System Board of Trustees. Since 2011 there have been various modifications designed to mitigate increasing unfunded liabilities in the programs. Some of these modifications were enacted by the Arizona Legislature; some changes resulted from successful court challenges to those statutory changes; and other changes were implemented by voter approved amendments to the State Constitution. Substantively, the modifications have included changes to contribution rates, retirement criteria, funding horizons, retirement benefits and post-retirement benefit increase calculations.

Potential Future State Legislation Affecting ASRS and PSPRS

Bills are frequently introduced at sessions of the State Legislature that, if enacted, could impact the administration of the ASRS and PSPRS and the eligibility, timing and payment of benefits from such plans. The City is unable to determine whether any such bills will be enacted into legislation or in what form such legislation may be enacted and what the impact of any such legislation may be.

Other Post-Employment Retirement Benefits

During the year ended June 30, 2018, the City implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). The City is required to report the actuarially accrued cost of post-employment benefits, other than pension benefits ("OPEB"), such as health and life insurance for current and future retirees. GASB 75 addresses reporting by governments that provide OPEB by measuring and recognizing net assets or liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to OPEB provided through defined benefit OPEB plan. Please refer to APPENDIX E of the Official Statement which includes the City's audited financial statements and specifically "Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES."

The City does not offer any OPEB. The City's employees, their spouses and survivors may be eligible for certain retiree health care benefits under health care programs provided by the State. Employees on long-term disability and their spouses also may qualify for retiree health care benefits through the State. Such individuals may obtain the health care benefits offered by the State by paying 100% of the applicable health care insurance premium, net of any subsidy provided by the State. The benefits are available to all retired participants in the State's health care program. The City does not make payments for OPEB costs for such retirees.

APPENDIX D

FORM OF OPINION OF SPECIAL COUNSEL

[Closing Date]

_____
_____, Arizona

Re: Wastewater System Revenue Obligations, Series 2026A and Wastewater System Revenue Refunding Obligations, Series 2026B, Evidencing Proportionate Interests of the Holders Thereof in Installment Payments of the Purchase Price To Be Paid by the City of Avondale, Arizona, Pursuant to a Series 2026 Wastewater Revenue Purchase Agreement, Dated as of June 1, 2026*

We hereby certify that we have examined a transcript of the proceedings relating to the initial execution and delivery of the Wastewater System Revenue Obligations, Series 2026A (the "*2026A Obligations*") in the aggregate principal amount of $46,750,000* and the Wastewater System Revenue Refunding Obligations, Series 2026B (collectively with the 2026A Obligations, the "*Obligations*") in the aggregate principal amount of $4,920,000* and fully registered form, dated the date of their initial execution and delivery. The Obligations are being executed and delivered to finance and refinance the costs of certain improvements to the sewer collection and treatment system (the "*Wastewater System*") serving the City of Avondale, Arizona (the "*City*").

We have examined the law and such documents and matters as we have deemed necessary to render this opinion. As to questions of fact material to the opinions expressed herein, we have relied upon, and have assumed due compliance with the provisions of, such documents and have relied upon certifications and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, the use to be made of the proceeds of the Obligations. Reference is made to certifications of, and opinions of counsel to, parties with respect to the existence and powers of such parties to enter into and perform the instruments referred to, the authorization, execution and delivery of such instruments by such parties and such instruments being binding upon and enforceable against such parties; we express no opinion as to such matters.

The Obligations are being executed and delivered pursuant to the Series 2026 Wastewater Revenue Obligation Indenture, dated as of June 1, 2026* (the "*Indenture*"), by and between the City and U.S. Bank Trust Company, National Association, in its capacity as trustee (the "*Trustee*"). Each of the Obligations represents an undivided and proportionate interest in certain obligations of the City pursuant to the Series 2026 Wastewater Revenue Purchase Agreement, dated as of June 1, 2026* (the "*Purchase Agreement*"), by and between the Trustee, in its separate capacity as seller (the "*Seller*"), and the City, as purchaser, pursuant to which the City has agreed to make certain installment purchase payments to the Seller. The Obligations are payable solely, as to both principal and interest, from such installment purchase payments made by the City pursuant to the Purchase Agreement. The City and the Seller have assigned certain of their rights in and benefits from, and of their obligations pursuant to, the Purchase Agreement to the Trustee pursuant to the Indenture.

Based upon the foregoing, we are of the opinion as of this date, which is the date of initial execution and delivery of the Obligations against payment therefor, that:

1. The Indenture, the Purchase Agreement and the Obligations are valid and binding and enforceable in accordance with their terms. The rights of the owners of the Obligations and the enforceability of those rights pursuant to the Obligations as well as the Indenture and the Purchase Agreement may, however, be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights, and the enforcement of those rights may also be subject to the exercise of judicial discretion in accordance with general principles of equity. The enforceability of the indemnification provisions in the Purchase Agreement and the Indenture may be affected by applicable securities laws.

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* *Subject to change.*

2. The obligation of the City for the payment of the installment purchase payments required to be paid by the City pursuant to the provisions of the Purchase Agreement constitute a valid and binding limited, special obligation of the City, payable together with any other obligations issued on parity therewith, solely from and secured solely by a pledge of, a lien on and a security interest in the Pledged Revenues (as defined in the Purchase Agreement), consisting generally of revenues derived by the City from the operation of the Wastewater System after sufficient funds have been provided for the operating expenses of the Wastewater System. Such payments are not secured by an obligation or pledge of any moneys raised by taxation; the Obligations do not represent or constitute a debt or pledge of the general credit of the City or the State of Arizona and the Purchase Agreement, including the obligation of the City to make the payments required thereunder, does not represent or constitute a debt or pledge of the general credit of the City.

3. (a) Based on the representations and covenants of the City and subject to the assumption stated in the last sentence of this paragraph, under existing statutes, regulations, rulings and court decisions, the portion of each payment made by the City pursuant to the Purchase Agreement, denominated and comprising interest and received by the beneficial owners of the Obligations (the "*Interest Portion*"), is excludable from the gross income of the owners thereof for federal income tax purposes and is not treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the case of the alternative minimum tax imposed by Section 55(b)(2) of the Internal Revenue Code of 1986, as amended (the "*Code*"), on applicable corporations (as defined in Section 59(k) of the Code), the Interest Portion is not excluded from the determination of adjusted financial statement income. We express no opinion regarding other federal tax consequences resulting from the receipt or accrual of the Interest Portion on, or ownership or disposition of, the Obligations. The Code includes requirements which the City must continue to meet after the execution and delivery of the Obligations in order that the Interest Portion not be included in gross income for federal income tax purposes. The failure of the City to meet these requirements may cause the Interest Portion to be included in gross income for federal income tax purposes retroactive to their date of execution and delivery. The City has covenanted in the Purchase Agreement to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of the Interest Portion. (Subject to the same limitations in the first numbered paragraph hereof as they would relate to such covenants, the City has full legal power and authority to comply with such covenants.) In rendering the opinion expressed in this paragraph, we have assumed continuing compliance with the tax covenants referred to hereinabove that must be met after the execution and delivery of the Obligations in order that the Interest Portion not be included in gross income for federal tax purposes.

(b) Assuming the Interest Portion is so excludable for federal income tax purposes, the Interest Portion is exempt from income taxation under the laws of the State of Arizona. (We express no opinion regarding other state tax consequences resulting from the receipt or accrual of the Interest Portion on, or disposition or ownership of, the Obligations.)

Our opinion represents our legal judgment based upon our review of the law and the facts we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof, and we assume no obligation to review or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX E

CITY OF AVONDALE, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

APPENDIX F

OBLIGATIONS DOCUMENTS SUMMARIES

The following summaries are supplemental to and should be read together with "SECURITY FOR AND SOURCE OF PAYMENT OF THE OBLIGATIONS" herein. These summaries are a brief description of certain provisions of the Purchase Agreement and the Indenture and certain definitions therein not defined elsewhere in this Official Statement, should not be considered a full statement thereof and are qualified in their entirety by reference to the Purchase Agreement and the Indenture, copies of which are available as set forth in this Official Statement under the heading "INTRODUCTORY STATEMENT."

Definitions

For the purposes hereof and in addition to those defined prior to the Appendices hereof, the following words and phrases will have the following meanings:

"Additional Obligation Documents" means any contract (including an ordinance of the Mayor and Council of the City) or agreement of the City constituting or authorizing Additional Obligations.

"Additional Obligations" means obligations (including loans and bonds) or applicable interests therein which are incurred (i) by, or the payment of which is assumed by, the City subsequent to, and are to rank on a parity with, the payments of the Purchase Price and share *pro rata* in payments to be made by the City from the Pledged Revenues, without priority one over the other or over the Purchase Agreement, and (ii) for the purpose of acquiring, constructing or improving the Wastewater System or to refund the Obligations or any Additional Obligations.

"Administrative Expenses" means the reasonable cost or value of all services rendered by the City and its various departments with respect to the Wastewater System.

"Assumed Interest Rate" means an interest rate for a series of Variable Rate Obligations at the computation date computed to be the lesser of (i) the maximum rate which the Variable Rate Obligations of a series may bear under the terms of their incurrence, or (ii) the rate of interest established for long-term bonds by the 30-year revenue bond index published by The Bond Buyer of New York, New York, on the date that is nearest to 30 days prior to the computation date (or in the absence of such published index, some other index selected in good faith by the Finance and Budget Director after consultation with one or more reputable, experienced investment bankers as being equivalent thereto).

"Bond Year" means a 12-month period beginning July 2 of the calendar year and ending on the next succeeding July 1.

"Business Day" means a day on which banks located in the City of Phoenix, Arizona, and in the city or cities in which the principal office of the Trustee and the Paying Agents are not required or authorized by law or executive order to remain closed.

"City Representative" means the City Manager, the Finance and Budget Director of the City or any other person at any time designated to act on behalf of the City by written certificate furnished to the Trustee containing the specimen signature of such person and signed by the City Manager or his or her designee. Such certificate may designate one or more alternates.

"Consultant" means, in the sole discretion of the City, a firm of utility consultants experienced in the financing and operation of utility systems and having a recognized reputation for such work, or City staff with similar experience.

"Credit Facility" means a bank, financial institution, insurance company or indemnity company which is engaged by or on behalf of the City to perform one or more of the following tasks: (a) enhancing credit of the City securing the Obligations or Additional Obligations by assuring that principal of and interest on the Obligations or such Additional Obligations (or any interests therein) will be paid promptly when due (including the issuance of an

insurance policy, letter of credit, surety bond or other form of security for a reserve), or (b) providing liquidity for Additional Obligations (or any interests therein) through undertaking to cause such Additional Obligations to be bought from the holders thereof when submitted pursuant to an arrangement prescribed by the Additional Obligation Documents.

"Defeasance Obligations" means, to the extent permitted by law, (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), or (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, or any combination thereof.

"Depository Trustee" means any financial institution meeting the requirements as a successor Trustee under Section 8.6 of the Indenture that may be designated by the City.

"Fiscal Year" means the 12-month period used by the City for its general accounting purposes as the same may be changed from time to time, said fiscal year currently extending from July 1 to June 30.

"Holder" means the registered owner of any Obligation.

"Interest Requirement" means (i) with respect to the Purchase Agreement, as of any date of calculation, the interest amount on the Purchase Agreement due during the then-current Bond Year, and (ii) with respect to any Additional Obligations, as of any date of calculation, the amount required to be paid by the City during the then-current Bond Year with respect to interest on such Additional Obligations. In the case of Variable Rate Obligations Outstanding or proposed to be incurred, the Interest Requirement shall be computed with the Assumed Interest Rate.

"Improvements Fund" means the fund of that name created pursuant to Section 2.2 of the Purchase Agreement.

"Indenture Event of Default" means any one of those events set forth in Section 7.1 of the Indenture.

"Interest Account" means the account of the Obligation Fund of that name created pursuant to Section 5.1 of the Indenture.

"Obligation Fund" means the fund of that name created pursuant to Section 5.1 of the Indenture.

"Obligation Payment Date" means each July 1 and January 1, commencing, July 1, 2026*, so long as any Obligations are Outstanding.

"Opinion of Counsel" means a written opinion of an attorney or firm of attorneys who or which (except as otherwise expressly provided in the Indenture or in the Purchase Agreement) may be counsel for the City or the Trustee, provided that such attorney or firm of attorneys may not be an employee of the Trustee.

"Outstanding" means when used with reference to the Obligations, as of any date of determination, all Obligations theretofore executed and delivered except:

(i) Obligations theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Obligations that are deemed paid and no longer Outstanding as provided in the Indenture, including as a result of irrevocable instructions being provided by the City for redemption thereof;

* *Subject to change.*

(iii) Obligations in lieu of which other Obligations have been executed and delivered pursuant to the provisions of the Indenture relating to Obligations destroyed, stolen or lost, unless evidence satisfactory to the Trustee has been received that any such Obligation is held by a bona fide purchaser; and

(iv) For purposes of any consent or other action to be taken under the Indenture or under the Purchase Agreement by the Holders of a specified percentage in principal amount of Obligations, Obligations held by or for the account of the City, or any Person controlling, controlled by, or under common control with any of them.

When used with reference to Additional Obligations, "Outstanding" shall have the meaning assigned to such term in the corresponding, applicable Additional Obligation Documents which shall be as similar as possible to such definition in the Indenture.

"Parity Lien Test Debt Service" means the highest aggregate Principal Requirement and Interest Requirement of all Outstanding Obligations and Additional Obligations to fall due and payable in the current or any future Bond Year.

"Principal Requirement" means (i) with respect to the Purchase Agreement, as of any date of calculation, the principal amount of the Obligations maturing or subject to mandatory redemption pursuant to the Indenture during the then-current Bond Year, and (ii) with respect to any Additional Obligations, as of any date of calculation, the principal amount required to be paid by the City during the then-current Bond Year with respect to the Additional Obligations. In computing the Principal Requirement for such Additional Obligations, an amount of such Additional Obligations required to be redeemed pursuant to mandatory redemption in each year shall be deemed to fall due in that year and (except in case of default in observing a mandatory redemption requirement) shall be deducted from the amount of the Additional Obligations maturing on the scheduled maturity date. In the case of Additional Obligations supported by a Credit Facility, the Principal Requirement for such Additional Obligations shall be determined in accordance with the principal retirement schedule specified in the Additional Obligation Documents authorizing the incurrence of such Additional Obligations, rather than any amortization schedule set forth in such Credit Facility unless payments under such Additional Obligations shall be in default at the time of the determination, in which case the Principal Requirements for such Additional Obligations shall be determined in accordance with the amortization schedule set forth in such Credit Facility.

"Paying Agent" means the banks or trust companies and their successors designated as the paying agencies or places of payment for the Obligations. The Trustee is designated as the initial Paying Agent for the Obligations.

"Permitted Investments" means any investment permitted by Section 35-323, Arizona Revised Statutes, as amended, or any successor provision thereto.

"Person" shall include an individual, an association, unincorporated organization, a corporation, partnership, joint venture, or government or agency or political subdivision thereof.

"Principal Account" means the account of the Obligation Fund of that name created pursuant to Section 5.1 of the Indenture.

"Principal Installment" means, for any particular date, the aggregate of the principal amount of Obligations that are due on such date.

"Purchase Event of Default" means one of the events defined as such in Section 7.1 of the Purchase Agreement.

"Purchase Price" means the sum of the payments paid pursuant to Sections 5.4(i) and (ii) of the Indenture from amounts to be paid by or on behalf of the City as the purchase price for the Projects.

"Special Counsel" means an attorney or a firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the City.

"Special Counsel's Opinion" means an opinion signed by Special Counsel.

"Variable Rate Obligations" means any Additional Obligations which may, in the future, bear interest at rates which cannot be determined with specificity on their original incurrence.

* * * * *

The Purchase Agreement

Section 2.1. Agreement to Cause Execution and Delivery of Obligations; Application of Obligation Proceeds. In order to provide funds to finance the costs of the acquisition, construction and improvement of the 2026 Projects and the refunding of the Obligations Being Refunded as a result of the acquisition of the Refinanced Projects, the Obligations shall be executed and delivered under the Indenture.

Section 2.2. Improvements Fund.

(a) The City shall establish and maintain a separate fund known as the *"Improvements Fund,"* which shall be funded from amounts transferred to the City by the Trustee pursuant to the Indenture. Moneys in the Improvements Fund shall be disbursed by the City for the following purposes and for no other purposes:

(i) to the extent not paid by the Trustee from the Costs of Issuance Fund established under the Indenture, the costs described in the Indenture;

(ii) payment for labor, services, materials and other necessities used or furnished in the acquisition, improvement and construction of the 2026 Projects, and all real and personal property deemed necessary in connection with the 2026 Projects and for the miscellaneous expenses incidental to any of the foregoing including the premium on each performance and payment bond;

(iii) reimbursement of capital expenditures relating to the 2026 Projects advanced prior to the execution and delivery of the Obligations; and

(iv) payment of the portion of the Purchase Price representing interest on the 2026A Obligations during the acquisition, construction and improvement of the 2026 Projects.

(b) Before any of the foregoing payments may be made, the City shall maintain a record with respect to each such payment to the effect that: (i) none of the items for which the payment is proposed to be made has formed the basis for any payment previously made from the Improvements Fund; (ii) each item for which payment is proposed to be made is or was necessary in connection with the 2026 Projects; and (iii) each item for which payment is proposed to be made is for a purpose permitted by the Purchase Agreement.

(c) In the case of any contract providing for the retention of a portion of the contract price, subject to Sections 2.3 and 2.4, the City may pay from the Improvements Fund only the net amount remaining after deduction of any such portion.

(d) The City shall notify the Trustee of the completion date of the 2026 Projects by delivery of a certificate signed by the City Representative stating that (i) acquisition, construction and improvement of the 2026 Projects has been completed, and (ii) all obligations and costs in connection with the 2026 Projects and payable out of the Improvements Fund have been paid and discharged, except for amounts retained by the City for payment of costs of the 2026 Projects not yet due and payable. Any moneys held in the Improvements Fund upon delivery of such certificate that are not needed to pay costs of the 2026 Projects shall be transferred by the City to the Trustee for deposit to the Interest Account or the Principal Account as indicated in such certificate.

* * * * *

Section 3.3. Amounts Payable After Execution and Delivery of Obligations. After providing for any amounts due pursuant to Section 2.4(c) of the Purchase Agreement, the Pledged Revenues received pursuant to Section 4.1 of the Purchase Agreement shall be paid for the following purposes and in the following order of priority, after decreasing any such payment for any interest income or gain received, or increasing such payment for any loss realized, during the preceding month in the account to which such payment is to be deposited:

(i) Fees and expenses of the Trustee in accordance with the provisions of Section 8.8 of the Indenture to the Trustee.

(ii) The payments on the dates and in the amounts set forth in the Schedules attached to the Purchase Agreement for deposit to the Interest Account and/or the Principal Account, as applicable.

In the event the City should fail to make when due any of the payments required by this Section, the installment so in default shall continue as an obligation of the City, payable solely from the Pledged Revenues, until the amount in default shall have been fully paid, and the City shall pay the same with interest thereon at the rate applicable to the corresponding maturities of Obligations, from the date said payment was to be made to the date of payment by the City until paid. The Purchase Agreement shall be deemed and construed to be a "net purchase agreement," and the payments provided for in this Section shall be an absolute net return to the Seller, free and clear of any expenses or charges whatsoever, except as otherwise specifically provided in the Purchase Agreement. The City shall cause an amount of Revenues to be included in the annual budget for every Fiscal Year sufficient to meet all requirements of the Purchase Agreement.

* * * * *

Section 4.1. Limitation of Source of City Payments.

(a) The Purchase Agreement is a limited, special obligation of the City, payable solely and secured as to the payment in accordance with the terms and the provisions of the Purchase Agreement.

(b) All amounts to be paid by the City pursuant to Section 3.3 of the Purchase Agreement (or under any other section of the Purchase Agreement) shall be payable solely from the Pledged Revenues. Nothing, however, shall preclude the City, in the sole and absolute discretion of the Mayor and Council of the City, from paying such amounts from other moneys of the City. Under no circumstances shall amounts paid under the Purchase Agreement from such moneys constitute a pledge thereof, and amounts payable by the City hereunder (except the Pledged Revenues) shall never constitute a general obligation of the City or a pledge of *ad valorem* property taxes by the City.

(c) Pursuant to the Purchase Agreement, the City pledges and shall raise and apply the Pledged Revenues in such amounts and in such manner as required in the Purchase Agreement to make the payments required to be made by the City under the Purchase Agreement and covenants to make said payments from the Pledged Revenues. This pledge shall be a first lien and on a parity to the pledge thereof and lien thereon for the Obligations. All of the Pledged Revenues shall be immediately subject to such pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all persons having claims of any kind in tort, contract or otherwise against the City, irrespective of whether such persons have notice thereof. Nothing contained in this Section shall be construed as limiting any authority granted elsewhere herein to incur the Purchase Agreement or Additional Obligations nor be deemed a limitation upon the issuance of bonds, notes or other obligations under any law pertaining to the City secured by moneys, income and funds other than the Pledged Revenues and other moneys and investments pledged under the Purchase Agreement or under the Indenture. After the application of the Pledged Revenues for the purposes in the Purchase Agreement, they may be used for any lawful purpose.

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Section 4.3. Prior Lien Obligations. The City shall not incur any obligations payable from the Pledged Revenues ranking prior to the obligations of the City under the Purchase Agreement.

* * * * *

Section 5.1. Utilities; Maintenance of the Wastewater System in Good Condition; Repair and Replacement Fund. All maintenance and repair of the Projects and utilities therefor shall be the responsibility of the City. (In exchange for the payment of the amounts due under the Purchase Agreement, the Seller shall provide nothing more than the Projects.) The City shall (a) maintain the Wastewater System in good condition, (b) operate the same in a proper and economical manner and at reasonable cost, and (c) faithfully and punctually perform all duties with reference to the Wastewater System required by the Constitution and laws of the State.

Section 5.2. Insurance. The City shall maintain insurance on the Wastewater System (which may take the form of or include an adequately-funded program of self-insurance), for the benefit of the Holder or Holders of the Obligations payable wholly or in part from the Revenues, for the full insurable value of all buildings and machinery and equipment therein, against loss or damage by fire, lightning, tornado or winds, and all other combustible property against loss or damage by fire or lightning, and other coverages and amounts of insurance (including public liability and damage to property of others to the extent deemed prudent by the City), normally carried by others on similar operations. The cost of such insurance may be paid as an Operating Expense. All money received for losses under any such insurance policies, except public liability policies, is pledged by the City as security for the payment of the Purchase Agreement until and unless such proceeds are paid out in making good the loss or damage in respect of which such proceeds are received, including repairing the Wastewater System. Self-insurance may be maintained for the Wastewater System either separately or in connection with any general self-insurance retention program or other insurance program maintained by the City; provided that (a) any such program has been adopted by the City and (b) the City's risk manager or other appropriate officer of the City reviews any such program every five years to confirm that such program is adequate and actuarially sound. All proceeds of any condemnation awards with respect to the Wastewater System shall be deposited with the Trustee and applied to the *pro rata* payment of the Obligations.

Section 5.3. No Sale; Lease or Encumbrance Exceptions.

(a) The City shall not sell, lease, encumber or in any manner dispose of the Wastewater System as a whole until all of the Obligations and all interest thereon shall have been paid in full or provision for payment has been made in accordance with the Indenture.

(b) The City may sell, lease or otherwise dispose of any of the property comprising a part of the Wastewater System in the following manner, if any one of the following conditions exists: (a) such property is not necessary for the operation of the Wastewater System, (b) such property is not useful in the operation of the Wastewater System, (c) such property is not profitable in the operation of the Wastewater System or (d) the disposition of such property will be advantageous to the Wastewater System and will not adversely affect the security for the Holders of the Obligations. In addition, the City may sell to any municipality or political subdivision of the State or any agency of any one or more of them, any portion of the Wastewater System if there is filed with the City Clerk a certificate executed by the Consultant showing that, in opinion of such Consultant, the proposed sale will not reduce the Pledged Revenues to be received in the full Fiscal Year next succeeding such sale to an amount less 120% of Parity Lien Test Debt Service. In making such computation, the Consultant shall consider such matters as such Consultant deems appropriate including: (i) anticipated diminution of Revenues; (ii) anticipated increase or decrease in Operating Expenses attributable to the sale; and (iii) reduction, if any, in annual principal and interest requirements attributable to the application of the sale proceeds for payment of Obligations then Outstanding.

(c) The City may sell or otherwise transfer the Wastewater System as a whole to any municipality or political subdivision or agency of one or more political subdivisions of the State to which may be delegated the legal authority to own and operate the Wastewater System on behalf of the public, and that undertakes in writing, filed with the City Clerk, the City's obligations under the Purchase Agreement; provided that there shall be first filed with the City Clerk (1) a Special Counsel's Opinion to the effect that (A) such sale will not cause interest on any of the Obligations to become subject to federal income taxation, (B) such sale will not materially diminish the security of the Holders of the Obligations (which opinion may be based on the Consultant's report described in clause (2), below), and (C) the obligations of the City under the Purchase Agreement have been validly assumed by such transferee and are the valid and legally binding obligations of such transferee, and (2) an opinion of a Consultant expressing the view that such transfer in and of itself will not result in any diminution of the Pledged Revenues to the extent that in the full Fiscal Year next succeeding such transfer the Pledged Revenues will be less than 120% of Parity Lien Test Debt Service. In reaching this conclusion, the Consultant shall take into consideration such factors as he may deem significant including any rate schedule to be imposed by said political subdivision or agency.

(d) Notwithstanding the above provisions, the City may sell or lease all or any part of the Wastewater System in connection with the issuance of any Additional Obligations to finance additional improvements to the Wastewater System or refinance the Obligations or any Additional Obligations provided that such sale or lease does not permit foreclosure, or other loss by the City, of such portion of the Wastewater System.

* * * * *

Section 5.6. Disconnection of Service for Non-Payment; No Free Service.

(a) The City shall diligently enforce payment of all bills for services supplied by the Wastewater System. If a bill becomes delinquent and remains so for a period to be determined in accordance with City policy from time to time, the City shall discontinue service in accordance with the laws of the State to any premises the owner or occupant of which shall be so delinquent, and will not recommence such service to such premises until all delinquent charges with penalties shall have been paid in full or provisions for payment satisfactory to the City shall have been made. The City shall do all things and exercise all remedies reasonably available to assure the prompt payment of charges for all services supplied by the Wastewater System.

(b) No free service shall be furnished by the Wastewater System to the City or any department thereof or to any person, firm or corporation, public or private, or to any public agency or instrumentality, except as provided in the Purchase Agreement. The reasonable cost and value of all service rendered to the City and its various departments by the Wastewater System shall be charged against the City and will be paid for as the service occurs from the City's current funds. All payments so made shall be considered Revenues and shall be applied in the manner provided in the Purchase Agreement for the application of the Revenues of the Wastewater System.

Section 5.7. No Competing Wastewater System. The City shall not, to the extent permitted by law, grant a franchise or permit for the operation of any competing system within, in whole or in part, the service areas of the Wastewater System.

* * * * *

Section 7.1. Purchase Events of Default. Any one or more of the following events ("Purchase Events of Default") shall constitute a default under the Purchase Agreement:

(a) The City shall fail to make any payment when due under Section 3.3(ii) of the Purchase Agreement; or

(b) The City shall fail to make any payment under Section 3.3(i) of the Purchase Agreement for a period of 30 days after notice of such failure shall have been given in writing to the City by the Seller or by the Trustee; or

(c) The City shall fail to perform any other covenant in the Purchase Agreement for a period of 30 days after written notice specifying such default shall have been given to the City by the Seller or the Trustee, provided that if such failure is a type that it cannot be remedied within such 30 day period, it shall not be deemed a Purchase Event of Default so long as the City diligently tries to remedy the same, which it shall certify in writing to the Trustee; or

(d) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of the federal bankruptcy statutes, as amended, or under any similar acts that may be enacted after execution of the Purchase Agreement.

Section 7.2. Remedies on Default by City. Upon the occurrence of a Purchase Event of Default, the Seller shall, but only if requested to do so by the Trustee, without further demand or notice, exercise any of the available remedies at law or in equity, including, but not limited to, specific performance, however under no circumstances may amounts due under the Purchase Agreement be accelerated. Upon the filing of suit by the Trustee,

any court having jurisdiction of the action may appoint a receiver to administer the Wastewater System for the City with power to charge and collect fees sufficient to pay all of the Operating Expenses and to make all required payments under the Purchase Agreement. The Seller may assign any or all of its rights and privileges under this Section to the Trustee, and upon furnishing evidence of such assignment to the City, the Trustee may exercise any or all of such rights or privileges as it may deem advisable.

* * * * *

Section 8.12. Certain Statutory Notices.

(a) To the extent applicable by provision of law, the Trustee acknowledges that the Purchase Agreement is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, the provisions of which are incorporated in the Purchase Agreement and that provides that the City may within three years after its execution cancel any contract (including the Purchase Agreement) without penalty or further obligation made by the City if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract.

* * * * *

The Indenture

Granting Clauses. Pursuant to the Indenture, the Trustee has been granted a security interest in and the following described property has been released, assigned, transferred, pledged mortgaged, granted and conveyed to the Trustee:

A. All rights and interests of the Seller in, under and pursuant to the Purchase Agreement as assigned, mortgaged, hypothecated and pledged to the Trustee pursuant to the Purchase Agreement, provided that the assignment made by this clause shall not include any right to limitation of liability, indemnification of liability, or payment or reimbursement of fees, costs or expenses,

B. Amounts on deposit from time to time in the funds and accounts created pursuant to the Indenture, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, and

C. Any and all other real or personal property of any kind from time to time after execution of the Indenture by delivery or by writing of any kind specifically conveyed, pledged, assigned or transferred, as and for additional security under the Indenture for the Obligations, by the City or by anyone on its behalf or with its written consent, in favor of the Trustee.

* * * * *

Section 1.3. All Obligations Equally and Ratably Secured; Obligations Not General Obligations of the City. All of the Obligations executed and delivered under the Indenture and at any time Outstanding shall in all respects be equally and ratably secured by the Indenture, without preference, priority, or distinction on account of the date or dates or the actual time or times of the execution and delivery or maturity of the Obligations, so that all Obligations at any time Outstanding under the Indenture shall have the same right, lien and preference under the Indenture and shall all be equally and ratably secured by the Indenture. The Obligations shall be payable solely out of the revenues and other security pledged by the Indenture and shall not constitute an indebtedness or general obligation of the City within the meaning of any State constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the City or be a charge against its general credit or a charge against the general credit or the taxing powers of the State or any political subdivision thereof.

* * * * *

Section 5.3. Flow of Funds into the Obligation Fund. The following payments to the Trustee shall be applied in the following manner:

(i) The Trustee shall deposit to the Interest Account amounts paid pursuant to Section 3.3(ii) of the Purchase Agreement. (Amounts transferred pursuant to Section 2.2(d) of the Purchase Agreement shall also be deposited in the Interest Account.)

(ii) The Trustee shall deposit to the Principal Account amounts paid pursuant to Section 3.3(ii) of the Purchase Agreement as well as the total of any amounts received for any redemption of Obligations. (Amounts transferred pursuant to Section 2.2(d) of the Purchase Agreement shall also be deposited in the Principal Account.)

Section 5.4. Flow of Funds out of the Obligation Fund. Amounts in the following accounts shall be applied in the following manner:

(i) Amounts in the Interest Account shall be used to pay interest on the Obligations as it becomes due.

(ii) Amounts in the Principal Account shall be used to retire Obligations by payment at their scheduled maturity date or redemption date.

* * * * *

Section 5.6. Investment of Moneys Held by Trustee.

(a) Moneys in all funds and accounts held by the Trustee shall be invested by the Trustee, as soon as possible upon receipt of immediately available funds at its designated corporate trust office, to the fullest amount possible, in Permitted Investments as directed, in writing, by the City Representative; provided that the maturity date or the date on which such Permitted Investments may be redeemed at the option of the holder thereof shall coincide as nearly as practicable with (but in no event shall be later than) the date or dates on which moneys in the funds or accounts for which the investments were made will be required for the purposes thereof. In the event no investment direction is given to the Trustee by the City, then the Trustee shall hold such funds uninvested in cash.

(b) Amounts credited to a fund or account may be invested, together with amounts credited to one or more other funds or accounts, in the same Permitted Investment, provided that (i) each such investment complies in all respects with the provisions of subsection (a) of this Section as they apply to each fund or account for which the joint investment is made and (ii) the Trustee maintains separate records for each fund and account and such investments are accurately reflected therein.

* * * * *

Section 7.1. Events of Default. Each of the following is declared an "Indenture Event of Default" under the Indenture:

(a) If payment of any installment of interest on any Obligation is not made in full when the same becomes due and payable;

(b) If payment of the principal of any Obligation is not made in full when the same becomes due and payable;

(c) If, under the provisions of any law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of all or any part of the interests pledged under the Indenture and such custody or control continues for more than 60 days;

(d) If the City defaults in the due and punctual performance of any other covenants, conditions, agreements or provisions on its part to be performed as provided in the Indenture or in the Obligations and such default

continues for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the City by the Trustee, unless within such 30 days the City commences and diligently pursues in good faith appropriate corrective action, and certify as such to the Trustee and such failure does not continue for a period of more than 60 days; the Trustee may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than 25 percent in principal amount of the Obligations then Outstanding; or

(e) If any event of default provided by Section 7.1 of the Purchase Agreement occurs.

Section 7.2. Remedies and Enforcement of Remedies.

(a) Upon the occurrence and continuance of any Indenture Event of Default and in accordance with the Indenture and the Purchase Agreement, the Trustee may, and upon the written request of the Holders of not less than a majority in principal amount of the Obligations Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall, protect and enforce its rights and the rights of the Holders under the Indenture and the Purchase Agreement by such suits, actions or proceedings as the Trustee, being advised by counsel, deems expedient, including but not limited to, an action for the recovery of any amounts due under the Indenture or for damages for the breach of the Indenture, and the Trustee may pursue any other remedy which the law affords, including the remedy of specific performance. The Trustee shall also have those remedies provided pursuant to the Purchase Agreement subject to any limitations on such remedies set forth therein.

(b) Regardless of the happening of an Indenture Event of Default and subject to Section 7.7 of the Indenture, the Trustee, if requested in writing by the Holders of not less than a majority in principal amount of the Obligations then outstanding shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it deems necessary or expedient (i) to prevent any impairment of the security under the Indenture by any acts that may be unlawful or in violation of the Indenture, or (ii) to preserve or protect the interests of the Holders, provided that such request is in accordance with law and the provisions of the Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interest of the Holders of Obligations not making such request.

Section 7.3. No Acceleration. In no event shall the Trustee have the right to accelerate or cause to become immediately due and payable, or payable in advance of their scheduled maturity dates, other than because of optional redemption pursuant to the Indenture and then only to the extent of the amount to be so redeemed amounts due under the Indenture.

Section 7.4. Application of Revenues and Other Moneys After Default.

(a) During the continuance of an Indenture Event of Default all moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture, shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses and advances incurred or made by the Trustee with respect thereto, be deposited in the Obligation Fund, and all amounts held by the Trustee under the Indenture shall be applied as follows provided, that if the amount available shall not be sufficient to pay in full any amount or amounts then due, then to the payment thereof ratably in a manner consistent with Section 3.3 of the Purchase Agreement, according to the amounts due to the Persons entitled thereto, without any discrimination or preference:

First: To the payment of all installments of interest then due (including interest on amounts not paid when due on the Obligations); and

Second: To the payment of the unpaid Principal Installments or redemption price that shall have become due, whether at maturity or by call for redemption, in the order of their due dates.

(b) Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal of the Obligations to be paid

on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any unpaid Obligation until such Obligation is presented to the Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

(c) Whenever all principal of and interest on the Obligations that has become due has been paid under the provisions of this Section and all expenses and charges of the Trustee have been paid and the Obligation Fund contains the amounts then required to be credited thereto, any balance remaining shall be paid to the City.

* * * * *

Section 7.7. Individual Holder Action Restricted.

(a) No Holder of any Obligation shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust or for any remedy under the Indenture except for the right to institute any suit, action or proceeding in equity or at law for the enforcement of the Trustee's duties and powers under the Indenture upon the occurrence of all of the following events:

(i) The Holders of at least a majority in principal amount of Obligations Outstanding have made written request to the Trustee to proceed to exercise the powers granted in the Indenture; and

(ii) Such Holders have offered to indemnify the Trustee as provided in Section 8.2(v) of the Indenture; and

(iii) The Trustee has failed or refused to exercise the duties or powers granted in the Indenture for a period of 60 days after receipt by it of such request and offer of indemnity; and

(iv) During such 60-day period no direction inconsistent with such written request has been delivered to the Trustee by the Holders of a greater majority in principal amount of Obligations then Outstanding.

(b) No one or more Holders of Obligations shall have any right in any manner whatsoever to affect, disturb or prejudice the security thereof or to enforce any right under the Indenture except in the manner provided in the Indenture and for the equal benefit of the Holders of all Obligations Outstanding.

(c) Nothing contained in the Indenture shall affect or impair, or be construed to affect or impair, the right of the Holder of any Obligation (i) to receive payment of the principal of or interest on such Obligation, as the case may be, on or after the due date thereof or (ii) to institute suit for the enforcement of any such payment on or after such due date; provided, however, no Holder of any Obligation may institute or prosecute any such suit if, and to the extent that, the institution or prosecution of such suit or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the lien of the Indenture on the moneys, funds and properties pledged under the Indenture for the equal and ratable benefit of all Holders of Obligations.

* * * * *

Section 7.9. Waiver of Indenture Event of Default.

(a) No delay or omission of the Trustee or of the Holder of any Obligations to exercise any right or power accruing upon any Indenture Event of Default shall impair any such fight or power or shall be construed to be a waiver of any such Indenture Event of Default or an acquiescence therein. Every power and remedy given by the Indenture may be exercised from time to time and as often as may be deemed expedient.

(b) The Trustee may waive any Indenture Event of Default that in its opinion has been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under, the provisions of the Indenture, or before the completion of the enforcement of any other remedy under the Indenture.

(c) In case of any waiver by the Trustee of an Indenture Event of Default under the Indenture, the City, the Trustee and the Holders shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver shall extend to any subsequent or other Indenture Event of Default. The Trustee shall not be responsible to anyone for waiving or refraining from waiving any Indenture Event of Default in accordance with this Section.

* * * * *

Section 8.1. Certain Duties and Responsibilities of Trustee.

(a) Except during the continuance of an Indenture Event of Default:

(i) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations shall be read into the Indenture against the Trustee; and

(ii) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture; but in the case of any such certificates or opinions which are required by any provision of the Indenture or the Purchase Agreement, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Indenture or the Purchase Agreement on their face.

(b) In case an Indenture Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances.

(c) No provision of the Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct or breach of trust, except that:

(i) this subsection (c) shall not be construed to limit the effect of subsection (a);

(ii) the Trustee shall not be liable for any error of judgment made in good faith and without negligence, willful misconduct or breach of trust by a president or vice-president of the board of directors, the president or vice-president of the executive committee of the board of directors, the president, any vice president, any assistant vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, any associate or senior associate, or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers or, with respect to a particular matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith and without negligence in accordance with the direction of the Holders of the Outstanding Obligations as provided in the Indenture relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture and

(iv) no provision of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it. The Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment properly to be done by it as the Trustee, without prior assurance of indemnity, and in such case shall be entitled to reimbursement by the City for all reasonable costs, expenses, attorneys' and other fees and expenses, and all other reasonable disbursements, including its own fees and expenses, and for all liability and damages suffered by the Trustee in connection therewith except for the Trustee's negligence, willful misconduct or breach of trust.

(d) Whether or not therein expressly so provided, every provision of the Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 8.2. Certain Rights of Trustee. Except as otherwise provided in Section 8.1 of the Indenture:

* * * * *

(v) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Holders pursuant to the Indenture unless such Holders shall have offered to the Trustee satisfactory security or indemnity against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

* * * * *

Section 8.6. Removal and Resignation of Trustee.

(a) The Trustee may resign at any time from the trusts created by the Indenture by giving written notice of the resignation to the City and any Paying Agents and by mailing written notice of the resignation to the Holders as their names and addresses appear on the register it maintains with respect to the Obligations at the close of business 15 days prior to the mailing. The resignation shall take effect upon the appointment of a successor Trustee.

(b) The Trustee may be removed at any time by an instrument or document or concurrent instruments or documents in writing delivered to the Trustee, with copies thereof mailed to the City and any Paying Agents and signed by (i) the City Representative or (ii) by or on behalf of the Holders of not less than a majority in aggregate principal amount of the Obligations then Outstanding. The Trustee also may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the Indenture with respect to the duties and obligations of the Trustee by an instrument signed by the City or by any court of competent jurisdiction upon the application of the City, or the Holders of not less a majority in aggregate principal amount of the Obligations then Outstanding under the Indenture. Any removal shall not take effect until a successor Trustee has been appointed. In the event a successor Trustee has not been appointed and qualified within 60 days of the date notice of resignation or removal is given, the Trustee may apply, at the expense of the City, to any court of competent jurisdiction for the appointment of a successor Trustee to act until such time as a successor is appointed as provided in this Section.

(c) In the event of the resignation or removal of the Trustee or in the event the Trustee is dissolved or otherwise becomes incapable to act as the Trustee, the City shall be entitled to appoint a successor Trustee acceptable to the City.

(d) If the Holders of a majority of the principal amount of Obligations then Outstanding object to the successor Trustee so appointed by the City and if such Holders designate another Person qualified to act as the Trustee, the City shall then appoint as the Trustee the Person so designated by the Holders.

* * * * *

Section 8.8. Trustee's Fees and Expenses.

(a) The Trustee shall be entitled to be paid from time to time reasonable compensation for all services rendered by it under the Indenture; to reimbursement upon request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of the Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and its agents), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith or willful misconduct or breach of trust; and, together with the Trustee's officers, directors, agents and employees, to be indemnified by the City, for, from and against any loss, liability or expense arising out of or in connection with the acceptance or administration of the trust or its duties under the Indenture.

* * * * *

Section 9.1. Supplements Not Requiring Consent of Holders. The City acting through the City Representative and the Trustee may, without the consent of or notice to any of the Holders, enter into one or more supplements to the Indenture for one or more of the following purposes:

(i) to cure any ambiguity or formal defect or omission in the Indenture or to correct or supplement any provision in the Indenture that is inconsistent with any other provision in the Indenture, or to make any other provisions with respect to matters or questions arising under the Indenture provided such action shall, in the opinion of counsel, which may be counsel to the City, delivered to the Trustee, not materially adversely affect the interests of the Holders;

(ii) to grant or confer upon the Holders any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon them;

(iii) to secure additional revenues or provide additional security or reserves for payment of the Obligations and necessary, related provisions therefor;

(iv) to comply with the requirements of any state or federal securities laws or the Trust Indenture Act of 1939, as from time to time amended, if required by law or regulation lawfully issued thereunder;

(v) to provide for the appointment of a successor trustee or co-trustee pursuant to the terms of the Indenture;

(vi) to permit Obligations in bearer form if the City and the Trustee receive a Special Counsel's Opinion that such action will not cause the interest on any Obligations to become includible in gross income for purposes of federal income taxes;

(vii) to preserve the exclusion of the interest on the Obligations from gross income for purposes of federal or State income taxes and to preserve the power of the City to continue to incur obligations (specifically not limited to the Obligations) the interest on which is likewise exempt from federal and State income taxes;

(viii) to adopt procedures for the disclosure of information to Holders and to others in accordance with any guidelines for such purpose promulgated by the American Bankers Association or some other similar national organization, as such guidelines may be made applicable to the Indenture by agreement of the Trustee and the City; and

(ix) to provide for additions or modifications to the Projects.

Section 9.2. Supplements Requiring Consent of Holders.

(a) Other than supplements to the Indenture referred to in Section 9.1 of the Indenture and subject to the terms and provisions and limitations contained in the Indenture and not otherwise, the Holders of not less than a majority in principal amount of the Obligations then Outstanding shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the City Representative and the Trustee of such supplement as shall be deemed necessary and desirable by the City and the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided, however, nothing in this Section or Section 9.1 of the Indenture shall permit or be construed as permitting a supplement to the Indenture that would:

(i) extend the stated maturity of or time for paying interest on any Obligation or reduce the principal amount of or rate of interest payable on any Obligation without the consent of the Holder of such Obligation;

(ii) prefer or give a priority to any Obligation over any other Obligation without the consent of the Holder of such Obligation;

(iii) reduce the principal amount of Obligations then outstanding the consent of the Holders of which is required to authorize such supplement without the consent of the Holders of all Obligations then Outstanding;

(iv) increase the principal amount of Obligations then Outstanding, the request of the Holders of which is required by Section 7.1(d) of the Indenture, without the consent of the Holders of all Obligations then Outstanding; or

(v) reduce the redemption price of any Obligation upon optional redemption or reduce any period of time prior to commencement of any optional redemption period set forth in Section 3.2 of the Indenture without the consent of the Holder of such Obligation.

(b) If at any time the City requests the Trustee to enter into a supplement pursuant to this Section, the Trustee shall, upon being satisfactorily and specifically indemnified by the City with respect to expenses with respect to such supplement, cause notice of the proposed execution of such supplement to be mailed by first class mail, postage pre-paid, to all registered Holders of Obligations then Outstanding at their addresses as they appear on the registration books for the Obligations. The Trustee shall not, however, be subject to any liability to any Holder by reason of its failure to mail, or the failure of such Holder to receive, the notice required by this Section, and any such failure shall not affect the validity of such supplement when consented to and approved as provided in this Section. Such notice shall be prepared by the City, briefly set forth the nature of the proposed supplement and state that copies thereof are on file at the office of the Trustee for inspection by all Holders.

* * * * *

Section 9.4. Amendments to Purchase Agreement Not Requiring Consent of Holders. The Trustee may, without the consent of or notice to any of the Holders, consent to and join with the City in the execution and delivery of any amendment, change or modification of the Purchase Agreement that is required (i) by the provisions of the Purchase Agreement; (ii) to cure any ambiguity or formal defect or omission or to correct or supplement any provision of the Purchase Agreement that is inconsistent with any other provision of the Purchase Agreement, or to make any other provisions with respect to matters or questions arising under the Purchase Agreement provided that the modification, in the opinion of counsel delivered to the Trustee under this Section, does not materially adversely affect the interests of the Holders; and (iii) to preserve the exclusion of the interest on the Obligations from gross income for purposes of federal or State income taxes and to preserve the power of the City to continue to incur bonds or other obligations (specifically not limited to the Obligations authorized by the Indenture) the interest on which is likewise exempt from federal and State income taxes; and (vi) in connection with any other change in the Purchase Agreement that, in the opinion of counsel delivered to the Trustee, will not materially adversely affect the interests of the Holders or, in the opinion of the Trustee, the Trustee. In executing any amendment to the Purchase Agreement, the Trustee shall be entitled to receive and rely on an Opinion of Counsel, which may be counsel to the City, stating that such amendment is authorized or permitted under the Indenture and under the Purchase Agreement and, if applicable, will not materially adversely affect the interests of the Holders.

Section 9.5. Amendments to Purchase Agreement Requiring Consent of Holders.

(a) Except for amendments, changes or modification to the Purchase Agreement referred to in Section 9.4 of the Indenture and subject to the terms, provisions and limitations contained in the Indenture and not otherwise, the Trustee may consent to and join with the City in the execution and delivery of any amendment, change or modification to the Purchase Agreement only with the consent of the Holders of not less than a majority in principal amount of Obligations then Outstanding, given as provided in this Section, provided, however, no such amendment, change or modification may affect the obligation of the City to make payments, under the Purchase Agreement or reduce the amount of or extend the time for making such payments without the consent of the Holders of all Obligations then Outstanding.

* * * * *

Section 10.1. Discharge of Indenture.

(a) If payment of all principal of and premium, if any, and interest on all of the Obligations in accordance with their terms and as provided in the Indenture and in the Purchase Agreement is made, or is provided for in accordance with Article 10 of the Indenture, and if all other sums, if any, payable under the Indenture shall be paid, then the liens, estates and security interests granted by the Indenture shall cease. Thereupon, upon the request of the City, and upon receipt by the Trustee of an Opinion of Counsel addressed to the City and the Trustee stating that all conditions precedent to the satisfaction and discharge of the lien of the Indenture have been satisfied, the Trustee shall execute and deliver proper instruments acknowledging such satisfaction and discharging the lien of the Indenture and the Trustee shall transfer all property held by it under the Indenture, other than moneys or obligations held by the Trustee for payment of amounts due or to become due on the Obligations, to the City or such other Person as may be entitled thereto as their respective interests may appear. Such satisfaction and discharge shall be without prejudice to the rights of the Trustee thereafter to charge and be compensated or reimbursed for services rendered and expenditures incurred in connection with the Indenture.

(b) The City may at any time surrender to the Trustee for cancellation any Obligations previously executed and delivered that the City may have acquired in any manner whatsoever and such Obligations upon such surrender and cancellation shall be deemed to be paid and retired.

Section 10.2. Providing for Payment of Obligations.

(a) Payment of all or any part of the Obligations in authorized denominations may be provided for by the deposit with the Trustee or a Depository Trustee of moneys or Defeasance Obligations that are not redeemable in advance of their maturity dates. The moneys and the maturing principal and interest income on such Defeasance Obligations, if any, shall be sufficient, as evidenced by a certificate of an independent nationally recognized certified public accountant or firm of such accountants, to pay when due the principal or redemption price of and interest on such Obligations. The moneys and Defeasance Obligations shall be held by the Trustee or such Depository Trustee irrevocably in trust for the Holders of such Obligations solely for the purpose of paying the principal or redemption price of and interest on such Obligations as the same shall mature, come due or become payable upon prior redemption, and, if applicable, upon simultaneous direction, expressed to be irrevocable, to the Trustee or such Depository Trustee as to the dates upon which any such Obligations are to be redeemed prior to their respective dates.

* * * * *

(c) If payment of Obligations is so provided for, the Trustee or the Depository Trustee shall mail a notice so stating to each Holder of an Obligation so provided for.

(d) Obligations, the payment of which has been provided for, in accordance with this Section, shall no longer be deemed outstanding under or secured by the Indenture. The obligation in respect of such Obligations shall nevertheless continue but the Holders of those Obligations will thereafter be entitled to payment only from the moneys or Defeasance Obligations deposited with the Trustee or such Depository Trustee to provide for the payment of such Obligations.

(e) No Obligation may be so provided for if, as a result thereof or of any other action in connection with which the provisions for payment of Obligation is made, the interest payable on any Obligation is made includible in gross income for purposes of federal income taxes. The Trustee and the City may rely upon a Special Counsel's Opinion to the effect that the provisions of this paragraph will not be breached by so providing for the payment of any Obligations.

* * * * *

Section 11.10 Certain Statutory Notices.

(a) To the extent applicable by provision of law, the Trustee acknowledges that the Indenture is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, the provisions of which are incorporated in the Indenture and which provides that the City may within three years after its execution cancel any contract (including the Indenture) without penalty or further obligation made by the City if any person significantly involved in initiating,

negotiating, securing, drafting or creating the contract on behalf of the City is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract.

* * * * *

APPENDIX G

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CITY OF AVONDALE, ARIZONA

$46,750,000*	$4,920,000*
WASTEWATER SYSTEM REVENUE OBLIGATIONS, SERIES 2026A	WASTEWATER SYSTEM REVENUE REFUNDING OBLIGATIONS, SERIES 2026B

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this "*Undertaking*") is executed and delivered by the City of Avondale, Arizona (the "*City*"), in connection with the execution and delivery of $46,750,000* principal amount of Wastewater System Revenue Obligations, Series 2026A (the "*2026A Obligations*") and $4,920,000* principal amount of Wastewater System Revenue Refunding Obligations, Series 2026B (the "*2026B Obligations*" and, collectively with the 2026A Obligations, the "*Obligations*"). The Obligations are being executed and delivered pursuant to the Series 2026 Wastewater Revenue Obligation Indenture, dated as of June 1, 2026* (the "*Indenture*"), by and between the City and U.S. Bank Trust Company, National Association, as trustee (the "*Trustee*"). The City covenants and agrees as follows:

1. Definitions. In addition to those defined hereinabove, the terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires:

"Annual Financial Information" means the financial information and operating data set forth in Exhibit I.

"Annual Financial Information Disclosure" means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

"Audited Financial Statements" means the audited financial statements of the City prepared pursuant to the standards and as described in Exhibit I.

"Commission" means the Securities and Exchange Commission.

"Dissemination Agent" means any agent designated as such in writing by the City and which has filed with the City a written acceptance of such designation, and such agent's successors and assigns.

"EMMA" means the Electronic Municipal Market Access system of the MSRB. Information regarding submissions to EMMA is available at http://emma.msrb.org.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Final Official Statement" means the Final Official Statement relating to the Obligations, dated _____, 2026.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

* *Subject to change.*

"GAAP" means generally accepted accounting principles, as applied to governmental units as modified by the laws of the State.

"Listed Event" means the occurrence of events set forth in *Exhibit II*.

"Listed Events Disclosure" means dissemination of disclosure concerning a Listed Event as set forth in Section 5.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Obligations.

"Purchase Agreement" means the Series 2026 Wastewater Revenue Purchase Agreement, dated as of June 1, 2026*, by and between the City and the Trustee, in its separate capacity as "Seller."

"Rule" means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Exchange Act.

"State" means the State of Arizona.

2. Purpose of this Undertaking. This Undertaking is executed and delivered by the City as of the date set forth below, for the benefit of the beneficial owners of the Obligations and in order to assist the Participating Underwriter in complying with the requirements of the Rule. The City represents that it will be the only obligated person with respect to the Obligations at the time the Obligations are delivered to the Participating Underwriter and that no other person is expected to become so committed at any time after such delivery of the Obligations.

3. CUSIP Number. The CUSIP numbers of the Obligations are as follows:

CUSIP (Base No. _____)	Maturity Date (July 1)
2026A Obligations	
2026B Obligations	

4. Annual Financial Information Disclosure. The City shall disseminate its Annual Financial Information and its Audited Financial Statements, if any (in the form and by the dates set forth in Exhibit I), through EMMA.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the City will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Undertaking, the Annual Financial Information for the year in which such amendment is made shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. Listed Events Disclosure. The City shall disseminate in a timely manner, but in not more than ten (10) business days after the occurrence of the event, its Listed Events Disclosure through EMMA. Whether events subject to the standard "material" would be material shall be determined under applicable federal securities laws.

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* *Subject to change.*

6. Consequences of Failure of the City to Provide Information. The City shall give notice in a timely manner through EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the City to comply with any provision of this Undertaking, the beneficial owner of any Obligation may seek mandamus or specific performance by court order, to cause the City to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default under the Purchase Agreement or the Indenture, and the sole remedy available to such owners of the Obligations under this Undertaking in the event of any failure of the City to comply with this Undertaking shall be an action to compel performance.

7. Amendments; Waiver. Notwithstanding any other provision of this Undertaking, the City by certified resolution or ordinance authorizing such amendment or waiver, may amend this Undertaking, and any provision of this Undertaking may be waived only if:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted;

(b) This Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Obligations, as determined by parties unaffiliated with the City (such as the Trustee) or by approving vote of the owners of the Obligations pursuant to the Indenture at the time of the amendment.

The Annual Financial Information containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying GAAP to be followed in preparing financial statements and such changes are material, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles in the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. If the accounting principles of the City change or the fiscal year of the City changes, the City shall file a notice of such change in the same manner as for a notice of Listed Event.

8. Termination of Undertaking. This Undertaking shall be terminated hereunder if the City shall no longer have liability for any obligation on or relating to repayment of the Obligations under the Indenture.

9. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

10. Additional Information. Nothing in this Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Undertaking. If the City chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Undertaking, the City shall have no obligation under this Undertaking to update such information or include it in any future Annual Financial Information Disclosure or Listed Events Disclosure.

11. Beneficiaries. This Undertaking has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Undertaking shall inure solely to the benefit of the City, the

Dissemination Agent, if any, and the beneficial owners of the Obligations, and shall create no rights in any other person or entity.

12. Recordkeeping. The City shall maintain records of all Annual Financial Information Disclosure and Listed Events Disclosure including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. Assignment. The City shall not transfer obligations under the Purchase Agreement unless the transferee agrees to assume all obligations of the City under this Undertaking or to execute an undertaking meeting the requirements of the Rule.

14. Governing Law. This Undertaking shall be governed by the laws of the State.

Dated: [Closing Date]

CITY OF AVONDALE, ARIZONA

By.....
Mayor

ATTEST:

.....
Clerk

APPROVED AS TO FORM:

.....
City Attorney

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

"Annual Financial Information" means financial information and operating data of the type contained in the Final Official Statement in TABLES _____ and "HISTORICAL AND BUDGETED PLEDGED REVENUES AND DEBT SERVICE COVERAGE" (in each case, actual results for most recently completed fiscal year only).

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted through EMMA or filed with the Commission. If the information included by reference is contained in a final official statement, the final official statement must be available from the MSRB. The City shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided through EMMA by February 1 of each year, commencing February 1, 2027. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements within 30 days after availability to the City.

Audited Financial Statements will be prepared according to GAAP.

If any change is made to the Annual Financial Information as permitted by Section 4 of this Undertaking, the City will disseminate a notice of such change as required by Section 4, including changes in fiscal year or GAAP.

EXHIBIT II

EVENTS FOR WHICH LISTED EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations, in each case, with respect to the tax status of the security, or other material events affecting the tax status of the security.
7. Modifications to the rights of security holders, if material.
8. Bond calls, if material, or tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the securities, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar events of the City, being if any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.
13. The consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

APPENDIX H

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Obligation certificate will be issued for each maturity of the Obligations, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and together with the Direct Participants, the "Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Obligation ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee

holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Obligations within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Obligations purchased or tendered, through its Participant, to a remarketing agent, and shall effect delivery of such Obligations by causing the Direct Participant to transfer the Participant's interest in the Obligations, on DTC's records, to a remarketing agent. The requirement for physical delivery of Obligations in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Obligations are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Obligations to a remarketing agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Obligations at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Obligation certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Obligation certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but none of the City, the Municipal Advisor, the Underwriter or their agents and counsel take responsibility for the accuracy thereof.

ORDINANCE NO. 2012-0526

ORDINANCE PROVIDING FOR THE SALE AND EXECUTION AND DELIVERY OF WASTEWATER SYSTEM REVENUE AND REVENUE REFUNDING OBLIGATIONS, IN ONE OR MORE SERIES, AND AUTHORIZING THE COMPLETION, EXECUTION AND DELIVERY WITH RESPECT THERETO OF AGREEMENTS NECESSARY OR APPROPRIATE AS PART OF FINANCING AND REFINANCING PART OF THE SEWER COLLECTION AND TREATMENT SYSTEM OF THE CITY; DELEGATING TO THE MANAGER AND THE FINANCE AND BUDGET DIRECTOR OF THE CITY CERTAIN AUTHORITY WITH RESPECT TO THE PURPOSES HEREOF; AND DECLARING AN EMERGENCY

WHEREAS, the City Council of the City of Avondale, Arizona (the "City"), has determined to finance the capital costs of improvements (the "2026 Projects") and to refinance the capital costs of improvements (the "Refinanced Projects" and, collectively with the 2026 Projects, the "Projects") to the sewer collection and treatment system of the City (the "Wastewater System"); and

WHEREAS, it is necessary and in the best interests of the City that the hereinafter described Obligations be incurred and sold and the proceeds thereof used to finance and refinance the costs of the Projects; and

WHEREAS, therefore, the City Council has determined to cause the execution and delivery of a Series 2026 Wastewater Revenue Purchase Agreement, to be dated as of the first day of the month of the dated date of the Obligations (the "Purchase Agreement"), in substantially the form presented at the meeting at which this Ordinance is being adopted, by which the City will agree to purchase the Projects; and

WHEREAS, the costs of the Projects will be financed and refinanced through the sale and execution and delivery of certain proportionate interests (to be executed in one or more series, referred to collectively herein as the "Obligations") in the Purchase Agreement pursuant to, and secured by, a Series 2026 Wastewater Revenue Obligation Indenture, to be dated as of the date of the Purchase Agreement (the "Indenture"), from the City to U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), in substantially the form presented at the meeting at which this Ordinance is being adopted; and

WHEREAS, refinancing the Refinanced Projects will be accomplished by refinancing all of the remaining payments due pursuant to the Series 2016 Purchase Agreement, dated as of September 1, 2016 (the "2016 Purchase Agreement"), to U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as seller; and

WHEREAS, the payments due from the City pursuant to the 2016 Purchase Agreement secure certain payments due with respect to the City's Water and Sewer System Revenue Obligations, Series 2016 (the amounts of such obligations to be refunded as provided herein are referred to herein as the "Obligations Being Refunded"); and

WHEREAS, the City Council will receive a proposal from Raymond James & Associates, Inc., serving in the capacity of and designated as the underwriter (the "Underwriter"), and has determined that the Obligations will be sold through negotiation to the Underwriter on such terms as may hereafter be approved by the hereinafter defined Authorized Representatives; and

WHEREAS, the City will execute and deliver a Continuing Disclosure Undertaking, to be dated the date of the Obligations (the "Undertaking"), with respect to the Obligations, in substantially the form included as an appendix to the hereinafter described Preliminary Official Statement; and

WHEREAS, the City has the requisite power and authority to execute and deliver the Purchase Agreement and to cause the sale and execution and delivery of the Obligations, and all acts, conditions and things required by the Constitution and laws of the State of Arizona and the requirements of the City to happen, exist and be performed precedent to and as a condition to the adoption of this Ordinance have happened, exist and have been performed in the time and manner required to make the Purchase Agreement a valid and binding limited, special obligation of the City; and

WHEREAS, there have been presented to the City Council at the meeting at which this Ordinance is being adopted, and there are on file with the City Clerk, the proposed forms of: (1) the Purchase Agreement; (2) the Indenture; (3) the Undertaking; (4) an obligation purchase agreement, to be dated the date of the sale of the Obligations (the "Purchase Contract"), by and between the City and the Underwriter; and (5) a preliminary official statement, to be dated the date of the dissemination thereof (the "Preliminary Official Statement"), relating to the Obligations, which, as to be revised after the sale of the Obligations, shall constitute the Official Statement, to be dated the date of sale of the Obligations (the "Official Statement"), relating to the Obligations;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF AVONDALE, ARIZONA as follows:

Section 1. (a) For the purpose of providing funds to finance and refinance the costs of the Projects and the related costs of the sale and execution and delivery of the Obligations, the Obligations shall be sold and executed and delivered. The Obligations shall be dated the date of their initial authentication and delivery, shall be issued in such form and denominations, shall be payable as to interest and principal on such dates, shall be executed in such manner and shall have such other provisions, including, without limitation, provisions with respect to redemption prior to maturity, as set forth in the form of the Indenture, with such additions, deletions and modifications consistent with this Ordinance as shall be approved by the Authorized Representatives executing and delivering the same on behalf of the City, the execution and delivery thereof to constitute conclusive evidence of their approval and of such additions, deletions or modifications. The series name and designation of each series of the Obligations, the aggregate principal amount of the

Obligations (which will not exceed $48,000,000 in aggregate principal amount for Obligations to be used to finance the costs of the 2026 Projects), the period over which the Obligations shall mature (but not later than a final maturity in 2056), the provisions for redemption in advance of the Obligations, the determination of whether to proceed with the refunding of the Obligations Being Refunded based on market conditions at the time of sale of the Obligations and the provisions for the redemption thereof (including the method of redemption and the amounts and dates of redemption thereof), the date the Obligations are to be sold to the Underwriter, the dates on which interest on the Obligations is to be payable and the interest rates per annum the Obligations are to bear and the terms upon which the Obligations are to be sold to the Underwriter (including determinations of price, original issue discount and premium and underwriting compensation), so long as the arbitrage yield on the Obligations to be used to finance the costs of the 2026 Projects calculated for federal income tax purposes is not more than six percent (6%), shall be determined by the Mayor, any other member of the Council, the Manager, the Finance and Budget Director of the City or the designees of any of them (collectively, the "Authorized Representatives") to which such authority is hereby delegated.

(b) The Authorized Representatives are hereby authorized to execute, and the Clerk is hereby authorized to attest (if necessary) and deliver, respectively, the Purchase Agreement, the Indenture, the Undertaking and the Purchase Contract, which are hereby approved in substantially the form presented to the City Council at the time of adoption of this Ordinance, with such additions, deletions and modifications as shall be approved by those officers executing and delivering the same on behalf of the City, the execution and delivery thereof to constitute conclusive evidence of their approval, and of such additions, deletions and modifications. The Authorized Representatives are hereby authorized to enter into, if necessary, an Escrow Trust Agreement, to be dated as of the first day of the month of the dated date of the Obligations (the "Escrow Trust Agreement"), with the Trustee or another bank authorized to exercise corporate trust powers in the State of Arizona, as escrow trustee (the "Escrow Trustee"), in standard form, for the establishment of an escrow to pay principal of and interest on the Obligations Being Refunded and to refund the Obligations Being Refunded.

(c) The Trustee (including in its capacity as Seller pursuant to the Purchase Agreement) and the Escrow Trustee are hereby requested to take any and all action necessary in connection with the execution and delivery of the Purchase Agreement, the Indenture and the Escrow Trust Agreement and the sale and execution and delivery of the Obligations and the refunding of the Obligations Being Refunded and are further authorized and directed to take such action as may be reasonable for the administration of the trusts so held by them.

(d) The Authorized Representatives are hereby authorized to cause the sale and execution and delivery of the Obligations and are hereby delegated the authority to complete any information missing in, or necessary for the consummation of the transactions contemplated by, the Purchase Agreement, the Indenture, the Escrow Trust Agreement, the Undertaking and the Purchase Contract. The Authorized Representatives are authorized to select, and execute and deliver contracts with, appropriate professionals (including the City's municipal advisor and special counsel) to provide various professional services with respect to the sale and execution and delivery of the Obligations as well as to provide for such other matters (including credit enhancement providers if deemed advantageous by them) as are necessary in order to accomplish

the purposes of this Ordinance. The Authorized Representatives are hereby further authorized to execute and deliver any instruments or documents necessary in connection with the purchase of any such credit enhancement, including those making provision for the repayment of amounts advanced for credit enhancement thereunder. The fees, costs and expenses with respect to the foregoing shall be paid from proceeds of the sale of the Obligations or any other legally available moneys. The Authorized Representatives are hereby authorized to receive and expend such funds as necessary to accomplish the purposes of this Ordinance, including payment of installment payments related to debt service on the Obligations.

(e) The City Council adopted Ordinance No. 2013-0526 (the "Water Ordinance") at the meeting at which this Ordinance was adopted, authorizing the execution and delivery of the obligations described therein (the "Water Obligations"), such obligations to be secured by the net revenues of the water production and distribution system of the City (the "Water System"). Notwithstanding anything herein or in the Water Ordinance to the contrary, the Authorized Representatives are hereby authorized to cause the sale, execution and delivery of the Obligations and the Water Obligations, in one or more series, pursuant to the same offering document, such obligations to be secured by a combined pledge of the net revenues of the Wastewater System and the Water System, so long as the aggregate principal amount of such obligations to finance the projects described in such ordinances does not exceed the combined aggregate principal amounts authorized by this Ordinance and the Water Ordinance and the parameters set forth in such ordinances are otherwise satisfied. The Authorized Representatives are hereby delegated the authority to modify the documents authorized pursuant to this Ordinance and the Water Ordinance to accomplish the foregoing.

Section 2. The Obligations are to be sold to the Underwriter pursuant to the terms of the Purchase Contract, as such terms are to be determined as provided hereinabove.

Section 3. The covenants and agreements contained in the Purchase Agreement as to the pledge of and the lien on the "Pledged Revenues" (as defined in the Purchase Agreement) and the restriction on the issuance of further parity obligations secured by the Pledged Revenues are approved and confirmed.

Section 4. The preparation, distribution and use of the Preliminary Official Statement relating to the Obligations in substantially the form presented to the City Council at the meeting at which this Ordinance was adopted, is in all respects hereby ratified, approved and confirmed, and the Authorized Representatives are hereby authorized to certify or otherwise represent that the Preliminary Official Statement, in original or revised form, is a "deemed final" official statement (except for permitted omissions) of the City as of a particular date for purposes of Rule 15c2-12 of the Securities and Exchange Commission. The Authorized Representatives are authorized and directed to approve, on behalf of the City Council, and to execute and deliver, the Official Statement in substantially the form of the Preliminary Official Statement, modified to reflect matters related to the sale of the Obligations, for distribution and use in connection with the offering and sale of the Obligations. The execution and delivery of the final Official Statement by the Authorized Representatives shall be conclusively deemed to evidence the approval of the status, form and contents thereof by the City Council.

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

Section 6. All actions of the officers, employees and agents of the City including the City Council that conform to the purposes and intent of this Ordinance and which further the actions contemplated by this Ordinance, whether taken before or after adoption of this Ordinance, are hereby ratified, confirmed and approved.

Section 7. The Authorized Representatives and other officers of the City, on behalf of the City, are authorized and directed, without further order of the Mayor and Council of the City, to do all such acts and things and to execute and deliver all such certificates, proceedings, agreements and other documents as may be necessary or convenient to be executed and delivered on behalf of the City, to evidence compliance with, or further the purposes of, all the terms and conditions of this Ordinance and the consummation of the transactions contemplated by this Ordinance.

Section 8. After any of the Obligations are delivered by the Trustee to the Underwriter and upon receipt of payment therefor, this Ordinance shall be and remain irrepealable until the Obligations and the interest and premium, if any, thereon shall have been fully paid, cancelled and discharged.

Section 9. The immediate operation of this Ordinance is necessary for the preservation of the public health and welfare, particularly to be able to finance and refinance the capital needs of the City on the most advantageous terms presently available, and an emergency is hereby declared to exist, and this Ordinance shall be in full force and effect from and after its passage and approval by the Council of the City, as required by law, and it is hereby exempt from the referendum provisions of the Charter of the City and the Constitution and laws of the State of Arizona.

[SIGNATURES ON FOLLOWING PAGE]

PASSED AND ADOPTED by the Council of the City of Avondale, Arizona, May 4, 2026.

_____
Mike Pineda, Mayor

ATTEST:

_____
Marcella Sarmiento, City Clerk

APPROVED AS TO FORM:

_____
Nicholle Harris, City Attorney

CERTIFICATION

I hereby certify that the foregoing Ordinance No. 2012-0526 was duly passed and adopted by the Mayor and Council of the City of Avondale, Arizona, at a regular meeting held the 4th day of May 2026, and the vote was ..... ayes and ..... nays and that the Mayor and ....on Councilmembers were present thereat.

_____

Marcella Sarmiento, City Clerk

CITY COUNCIL REPORT

ITEM NUMBER: 4.g.

SUBJECT: Ordinance 2013-0526 — Authorizing the sale, execution and delivery of water system revenue obligations; approving the form and authorizing the execution and delivery of necessary agreements, instruments and documents; delegating authority to determine certain matters with respect to the foregoing; and declaring an emergency

MEETING DATE: 5/4/2026

TO: Mayor and Council

FROM: Renee Weatherless, Finance and Budget Director

THROUGH: Ron Corbin, City Manager, (623) 333-1011

REVIEWED: Ron Corbin, City Manager, (623) 333-1011

STRATEGIC PLAN:

This agenda item supports the following Avondale Strategic Outcome Area: **Resilient Infrastructure & Transportation**

Avondale invests in safe and sustainable infrastructure, including water, roads, and utilities, and actively participates in regional planning and development.

PURPOSE:

City Council will consider a request to adopt Ordinance 2013-0526, approving the sale and execution and delivery of Water System Revenue Obligations; authorizing the completion, execution and delivery with respect thereto of agreements necessary or appropriate as part of financing various design and construction projects for the water system, and pay the cost of issuance; approving the form and authorizing the execution and delivery of agreements necessary for such sale; delegating to the Mayor, the City Manager, and the Finance and Budget Director authority to determine certain matters and terms with respect to the foregoing, authorizing all actions to further this ordinance; and declaring an emergency; and authorizing staff to transfer the necessary appropriation authority to the Water Enterprise Funds and modify the interfund transfer schedule as necessary; and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

BACKGROUND:

Pledged revenue obligations are obligations from a specific income or revenue source. In this case, the City will be pledging Water System Revenue up to $20.5 million. As part of the FY 2027 capital planning and budgeting process, staff and Council discussed the need to design and construct various projects for the Water System. The approved plan includes long-term bond financing to help fund these capital projects. During the March 23, 2026, City Council Regular Session, staff presented information on plans to issue $19.5 million in Water Revenue Obligation Bonds to help fund these projects and to pay the cost of bond issuance.

These projects will be funded by a combination of bond proceeds and water fund balances as follows:

- PFAS Treatment Facility — Funds will be used to pay for $13.5 million in design costs for the PFAS Treatment Facility. This project is critical to meeting federal and state compliance mandates for PFAS mitigation.
- Water Capital Projects – The remaining $6.0 million of bond proceeds will be used to finance other water capital projects including the Holly Acres Water System Improvements.

DISCUSSION:
The Ordinance authorizes the sale and issuance of City of Avondale, Arizona Water System Revenue Obligations, Series 2026, and execution of necessary agreements and documents. The Ordinance also prescribes certain terms and conditions, including the delegation to the Mayor, City Manager, Assistant City Manager, and Finance and Budget Director the authority to:

- Designate the final principal and payment amounts, maturities and payment dates, and interest rates and yields.
- Accept proposals for the purchase of the Water System Revenue Obligations, Series 2026, and approve the form of the Purchase agreement.
- Appoint a Trustee and approve the form of the Trust Agreement.
- Approve the form of the Preliminary Official Statement and Official Statement.
- Ratify all actions taken with respect to the preparation and distribution of the Preliminary Official Statement.
- Approve the continuing disclosure undertaking.
- Authorize all actions taken to further this Ordinance.
- Declare an emergency in order to have the Ordinance effective immediately.

The sale of the obligations will be as a result of a public offering. Stifel Inc. has advised staff on the bond sale. The Purchase Agreement and Trust Agreement will be executed in the attached substantially completed form.

The emergency clause is needed to provide flexibility in issuing the debt within the next 30 days to take advantage of potentially favorable market conditions if lower interest rates are available.

BUDGET IMPACT:
The principal and interest payments on these obligations will be incorporated into the FY 2027 recommended budget and appropriated in the Water Enterprise Funds if approved by City Council.

The $19.5 million water revenue bond issuance will be a 20-year financing, with an estimated interest rate of 4.75%. The cost of interest is estimated to be $11,164,000 over the 20-year term. The source of repayment for the obligations is water revenues, consisting primarily of user fees.

RECOMMENDATION:
Staff recommends that City Council adopt an Ordinance approving the sale and execution and delivery of Water System Revenue Obligations; authorizing the completion, execution and delivery with respect thereto of agreements necessary or appropriate as part of financing various design and construction projects for the water system, and pay the cost of issuance; approving the form and authorizing the execution and delivery of agreements necessary for such sale; delegating to the Mayor, the City Manager, and the Finance and Budget Director authority to determine certain matters and terms with respect to the foregoing, authorizing all actions to further this ordinance; and declaring an emergency; and authorizing staff to transfer the necessary appropriation authority to the Water Enterprise Funds and modify the interfund transfer schedule as necessary. The Council will take appropriate action.

Contact person for document distribution: *Renee Weatherless*
Kimberly Grant
Greg Luethje
Aaron White
Ron Corbin

DRAFT
03/23/26
04/22/26

SERIES 2026 WATER REVENUE OBLIGATION INDENTURE

by and between

CITY OF AVONDALE, ARIZONA

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

Dated as of June 1, 2026

relating to

$____,000
Water System Revenue Obligations, Series 2026
Evidencing Proportionate Interests of the Holders Thereof in
Installment Payments of the Purchase Price to be Paid by the
City of Avondale, Arizona,
Pursuant to a Series 2026 Water Revenue Purchase Agreement,
Dated as of June 1, 2026

(This Table of Contents is for informational purposes only and is not to be considered a part of the Series 2026 Water Revenue Obligation Indenture)

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EXHIBIT – Form of Obligation

SERIES 2026 WATER REVENUE OBLIGATION INDENTURE

This SERIES 2026 WATER REVENUE OBLIGATION INDENTURE, dated as of June 1, 2026 (this "*Indenture*"), by and between the CITY OF AVONDALE, ARIZONA, a municipal corporation of the State of Arizona (the "*City*"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association authorized to exercise trust powers in the State of Arizona, as trustee, and any successor to its duties hereunder (the "*Trustee*"),

W ITNESSETH:

WHEREAS, the Trustee, in its separate capacity as seller (the "*Seller*"), and the City, as purchaser, have entered into a Series 2026 Water Revenue Purchase Agreement, dated as of June 1, 2026 (the "*Purchase Agreement*"), pursuant to which the execution and delivery of certain Water System Revenue Obligations, Series 2026 (the "*Obligations*"), Evidencing Proportionate Interests of the Holders Thereof in Installment Payments of the Purchase Price to be Paid by the City of Avondale, Arizona, Pursuant to a Series 2026 Water Revenue Purchase Agreement, dated as of June 1, 2026, to purchase the Projects (as defined in the Purchase Agreement) has been provided; and

WHEREAS, for the purpose of obtaining the moneys to finance the costs of the Projects, rights pursuant to the Purchase Agreement have been assigned and transferred to the Trustee for purposes hereof, and in consideration of such assignment and the execution hereof, the Trustee shall execute and deliver the Obligations, each evidencing a proportionate interest in certain rights pursuant to the Purchase Agreement, including the right to receive payment of the Purchase Price (as defined in the Purchase Agreement);

GRANTING CLAUSES

NOW, THEREFORE, THIS INDENTURE FURTHER WITNESSETH: That in order to secure all of the Obligations executed and delivered pursuant hereto, the payment of principal and interest thereon, the rights of the Holders (as defined herein) of the Obligations and the performance and observance of the covenants and conditions contained herein and in the Obligations and the Purchase Agreement, the Trustee shall receive and hold as security for the Holders of the Obligations, and there shall be granted a security interest in and released, assigned, transferred, pledged, mortgaged, granted and conveyed unto the Trustee or any successor to its duties hereunder, the following described property:

A. All rights and interests of the Seller in, under and pursuant to the Purchase Agreement as assigned, mortgaged, hypothecated and pledged pursuant to the Purchase Agreement, provided that the assignment made by this clause shall not include any right to limitation of liability, indemnification of liability, or payment or reimbursement of fees, costs or expenses,

B. Amounts on deposit from time to time in the funds and accounts created pursuant hereto subject to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, and

C. Any and all other real or personal property of any kind from time to time after execution hereof by delivery or by writing of any kind specifically conveyed, pledged, assigned or transferred, as and for additional security hereunder for the Obligations, by the City or by anyone on its behalf or with its written consent, in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof,

TO HAVE AND TO HOLD all said properties assigned, mortgaged, hypothecated and pledged and conveyed by the Seller, including all additional property that by the terms hereof has or may become subject to the encumbrance hereof, unto the Trustee and its successors in trust and its assigns forever, subject, however, to the rights reserved hereunder,

IN TRUST NEVERTHELESS, for the equal and proportionate benefit and security of the Holders from time to time of the Obligations executed and delivered and Outstanding (as defined herein) hereunder, without preference, priority or distinction as to lien or otherwise of any of the Obligations over any other or others of the Obligations to the end that each Holder of the Obligations has the same rights, privileges and lien under and by virtue hereof; and conditioned, however, that if all liabilities, obligations and sums at any time secured hereby shall be well and truly paid, or caused to be paid fully and promptly when due, and all of the covenants, warranties and agreements contained herein shall promptly, faithfully and strictly be kept, performed and observed, then and in such event, this Indenture shall be and become void and of no further force and effect; otherwise, the same shall remain in full force and effect, and upon the trust and subject to the covenants and conditions hereinafter set forth.

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions. Unless the context otherwise requires, the following words and phrases shall have the following meanings:

"*Business Day*" means a day on which banks located in the City of Phoenix, Arizona, and in the city or cities in which the principal office of the Trustee and the Paying Agents are not required or authorized by law or executive order to remain closed.

"*City Representative*" means the City Manager, the Finance and Budget Director of the City or any other person at any time designated to act on behalf of the City by written certificate furnished to the Trustee containing the specimen signature of such person and signed by the City Manager or his or her designee. Such certificate may designate one or more alternates.

"*Closing Date*" means June __, 2026.

"*Code*" means the Internal Revenue Code of 1986, as amended, and any successor provisions thereto.

"*Costs of Issuance Fund*" means the fund of that name created pursuant to Section 5.1.

"*Defeasance Obligations*" means, to the extent permitted by law, (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), or (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, or any combination thereof.

"*Depository Trustee*" means any financial institution meeting the requirements as a successor Trustee under Section 8.6 that may be designated by the City.

"*DTC*" means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

"*Fitch*" shall mean Fitch Ratings, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency for the type of credit in question, "*Fitch*" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by written notice to the Trustee.

"*Holder*" means the registered owner of any Obligation.

"Improvements Fund" means the fund of that name created pursuant to Section 2.2 of the Purchase Agreement.

"*Indenture Event of Default*" means any one of those events set forth in Section 7.1.

"*Interest Account*" means the account of the Obligation Fund of that name created pursuant to Section 5.1.

"*Moody's*" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency for the type of credit in question, "*Moody's*" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by written notice to the Trustee.

"*Obligation Fund*" means the fund of that name created pursuant to Section 5.1.

"*Obligation Payment Date*" means each January 1 and July 1, commencing _____ 1, 20__, so long as any Obligations are Outstanding.

"*Opinion of Counsel*" means a written opinion of an attorney or firm of attorneys who or which (except as otherwise expressly provided herein or in the Purchase Agreement) may be counsel for the City or the Trustee, provided that such attorney or firm of attorneys may not be an employee of the Trustee.

"*Outstanding*" when used with reference to the Obligations, means, as of any date of determination, all Obligations theretofore executed and delivered except:

(i) Obligations theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Obligations that are deemed paid and no longer Outstanding as provided herein, including as a result of irrevocable instructions being provided by the City for the redemption thereof;

(iii) Obligations in lieu of which other Obligations have been executed and delivered pursuant to the provisions hereof relating to Obligations destroyed, stolen or lost, unless evidence satisfactory to the Trustee has been received that any such Obligation is held by a bona fide purchaser; and

(iv) For purposes of any consent or other action to be taken hereunder or under the Purchase Agreement by the Holders of a specified percentage in principal amount of Obligations, Obligations held by or for the account of the City, or any Person controlling, controlled by, or under common control with, any of them.

"*Paying Agent*" means the banks or trust companies and their successors designated as the paying agencies or places of payment for the Obligations. The Trustee is designated as Paying Agent for the Obligations.

"*Permitted Investments*" means any investment permitted by Section 35-323, Arizona Revised Statutes, as amended, or any successor provision thereto.

"*Person*" shall include an individual, association, unincorporated organization, corporation, partnership, joint venture, or government or agency or political subdivision thereof.

"*Principal Account*" means the account of the Obligation Fund of that name created pursuant to Section 5.1.

"*Principal Installment*" means, for any particular date, the aggregate of the principal amount of Obligations that is due on such date.

"*Record Date*" means (i) with respect to any Obligation Payment Date occurring on the first calendar day of any month, the fifteenth day of the calendar month next preceding that Obligation Payment Date (regardless of whether such fifteenth day is a Business Day) or (ii) such other date as may be designated pursuant to Section 2.2(c).

"*S&P*" means Standard & Poor's Financial Services LLC, its successors and assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency for the type of credit in question, "*S&P*" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by written notice to the Trustee.

"*Securities Depository*" has the meaning provided in Section 2.8.

"*Special Counsel*" means an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the City.

"*Special Counsel's Opinion*" means an opinion signed by Special Counsel.

"*State*" means the State of Arizona.

Section 1.2 Interpretation.

(a) Any reference herein to the City Council or any officer of the City shall include those succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

(b) Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa and the use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender.

(c) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof. References to "Articles" and "Sections" are to those in this Indenture, unless otherwise specified.

Section 1.3 All Obligations Equally and Ratably Secured; Obligations Not General Obligations of the City. All of the Obligations executed and delivered hereunder and at any time Outstanding shall in all respects be equally and ratably secured hereby, without preference, priority, or distinction on account of the date or dates or the actual time or times of the execution and delivery or maturity of the Obligations, so that all Obligations at any time Outstanding hereunder shall have the same right, lien and preference hereunder and shall all be equally and ratably secured hereby. The Obligations shall be payable solely out of the revenues and other security pledged hereby and shall not constitute an indebtedness or general obligation of the City within the meaning of any State constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the City or be a charge against its general credit or a charge against the general credit or the taxing powers of the City, the State or any political subdivision thereof.

ARTICLE II
AUTHORIZATION AND TERMS OF OBLIGATIONS

Section 2.1 Authorization of Obligations. The Trustee is hereby authorized and directed, upon receipt of a request in writing from the City Representative, to prepare, execute and deliver the Obligations to, or upon the direction of, Raymond James & Associates, Inc., as the underwriter of the Obligations, in the aggregate original principal amount of $____,000.

Section 2.2 Form, Date and Payment Terms of Obligations.

(a) The Obligations shall:

(i) Be dated the date of their initial execution and delivery, be executed and delivered in denominations of $5,000 of principal each or any integral

multiple thereof, and bear interest from the most recent Obligation Payment Date to which interest has been paid or for which due provision has been made or, if no interest has been paid, from the date of their initial execution and delivery. Said interest shall represent the portion of each installment of the Purchase Price designated as interest and coming due during the six-month period (or portion thereof) preceding each Obligation Payment Date paid pursuant to Section 5.4(i); provided that the first installment shall be for interest from the date of initial execution and delivery of the Obligations to _____ 1, 20__. The proportionate share of the portion of each installment of the Purchase Price designated as interest with respect to any Obligation shall be computed by multiplying the portion of each installment of the Purchase Price designated as principal with respect to such Obligation by the rate of interest applicable to such Obligation (on the basis of a 360-day year of twelve 30-day months).

(ii) Mature on July 1 in the years and amounts and bear interest at rates per annum (calculated on the basis of a 360-day year of twelve 30-day months) as follows:

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate

(b) The Obligations shall be executed and delivered only in fully registered form and shall be numbered or otherwise designated in a manner specified by the Trustee so as to distinguish each Obligation from every other Obligation.

(c) Interest on the Obligations shall be payable when due to the Holder in whose name such Obligation is registered at the close of business on the Record Date with respect to each Obligation Payment Date, irrespective of any transfer or exchange of such Obligation subsequent to such Record Date and prior to such Obligation Payment Date, unless there is a default in the payment of interest due on such Obligation Payment Date. In the event of any such default, such defaulted interest shall be payable to the Holder in whose name such Obligation is registered at the close of business on a special Record Date for the payment of such defaulted interest established by notice mailed by the Trustee to the Holders of the Obligations not less than 15 days preceding such special Record Date. Such notice shall be mailed to the Holders in whose name the Obligations are registered at the close of business on the fifth day preceding the date of mailing. If the Trustee registers the transfer of any Obligation subsequent to the mailing of such notice and on or before the special Record Date, any such notice of payment of defaulted interest shall be binding upon the transferee and a copy of the notice of payment of defaulted interest shall be delivered by the Trustee to the transferee(s) along with the Obligation(s).

(d) Principal of and interest on the Obligations shall be payable when due in any coin or currency of the United States of America that is legal tender for the payment of public and private debts. Principal of the Obligations shall be payable at the designated corporate trust office of the Trustee upon surrender of the Obligation on or after the maturity date. Payment of interest on the Obligations shall be made by check or draft mailed to the registered address of the Person entitled thereto; except that, upon the written direction of any Holder of not less than $1,000,000 in aggregate principal amount of Obligations (which direction shall remain effective for so long as such Holder owns not less than $1,000,000 in Obligations or until such Holder countermands such written direction in writing), the payment of interest on the Obligations owned by such Holder may be made by wire transfer of immediately available funds to an account located in a bank within the United States pursuant to wire transfer directions issued by such Holder.

(e) Any payment due on any Obligation that is not paid when due shall bear interest at a rate equal to the rate of interest borne on such Obligation, from the date such payment is due until the payment is made. Such interest shall be calculated based upon an assumption of a 360-day year of twelve 30-day months, with such interest compounded semiannually.

Section 2.3 Mutilated, Destroyed, Lost and Stolen Obligations. If (a) any mutilated Obligation is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Obligation, and (b) there is delivered to the Trustee such security or indemnity as the Trustee may require to hold the Trustee harmless, then, in the absence of notice to the Trustee that such Obligation has been acquired by a bona fide purchaser and upon the Holder paying the reasonable expenses of the Trustee and of any security or indemnity obligation required by the Trustee, the Trustee shall execute and deliver, in exchange for such mutilated Obligation or in lieu of such destroyed, lost or stolen Obligation, a new Obligation of like principal amount, date and tenor. If any such mutilated, destroyed, lost or stolen Obligation has become, or will on or before the next Obligation Payment Date become, due and payable, the Trustee may, in its discretion, pay such Obligation when due instead of delivering a new Obligation.

Section 2.4 Execution of Obligations. All Obligations shall be executed by and in the name of the Trustee by manual signature of an authorized representative of the Trustee. If any authorized representative of the Trustee whose signature appears on any Obligation ceases to be such authorized representative before the date of initial execution and delivery of the Obligations, such signature shall nevertheless be effective.

Section 2.5 Registration, Transfer and Exchange of Obligations.

(a) All Obligations executed and delivered hereunder shall be negotiable, subject to the provisions for registration and transfer thereof contained herein or in the Obligations.

(b) So long as any Obligations are Outstanding, the Trustee shall maintain at its offices books for the registration and transfer of Obligations and shall provide for the registration and transfer of any Obligation under such reasonable regulations as the Trustee

may prescribe. The Trustee shall act as registrar for purposes of exchanging and registering Obligations in accordance with the provisions hereof.

(c) Each Obligation shall be transferable only upon the registration books maintained by the Trustee, by the Holder thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered Holder or his duly authorized attorney. Upon surrender for transfer of any Obligation, the Trustee shall authenticate and deliver, in the name of the transferee, one or more new Obligations, of the same aggregate principal amount and maturity as the surrendered Obligation.

(d) Any Obligation, upon surrender thereof to the Trustee together with written instructions satisfactory to the Trustee, duly executed by the registered Holder or his attorney duly authorized in writing, may, at the option of the registered Holder thereof, be exchanged for Obligations of any other authorized denominations, with an equal aggregate principal amount and the same maturity.

(e) All Obligations surrendered in any exchange or transfer of Obligations shall forthwith be cancelled by the Trustee.

(f) In connection with any such exchange or transfer of Obligations the Holder requesting such exchange or transfer shall as a condition precedent to the exercise of the privilege of making such exchange or transfer remit to the Trustee an amount sufficient to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer.

Section 2.6 Persons Deemed Owners. The Person in whose name any Obligation shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of principal of and interest on any Obligation shall be made only to or upon the written order of the registered Holder thereof (subject to provisions in this Indenture regarding the Record Date). Such payment shall be valid and effectual to satisfy and discharge the liability upon such Obligation to the extent of the amount so paid.

Section 2.7 Non-Presentment of Obligations. In the event any Obligation shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, if moneys sufficient to pay the principal of and interest on such Obligation shall have been deposited hereunder for such payment, all liability to the Holder thereof for the payment of such Obligation shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such moneys as provided herein, without liability for interest thereon, for the benefit of the Holder of such Obligation, who shall thereafter be restricted exclusively to such moneys, for any claim of whatever nature on his part under this Indenture or on, or with respect to, said Obligation.

Section 2.8 Book-Entry. The Trustee or the City may from time to time enter into, and discontinue, an agreement with a "clearing agency" (securities depository) registered under Section 17A of the Securities Exchange Act of 1934, as amended (the "*Securities Depository*"), which is the owner of the Obligations, to establish procedures with respect to the Obligations not inconsistent with the provisions of this Indenture; provided, that, notwithstanding

any other provisions of this Indenture, any such agreement may provide that different provisions for notice to the Securities Depository may be set forth herein and that a legend shall appear on each Obligation so long as the Obligations are subject to such agreement. With respect to Obligations registered in the name of a Securities Depository (or its nominee), the Trustee shall not have any obligation to any of its members or participants or to any person on behalf of whom an interest is held in the Obligations. The City has entered into an agreement with DTC, and in and while such agreement is in effect, the procedures established therein shall apply to the Obligations notwithstanding any other provisions of this Indenture to the contrary. As long as DTC is the Securities Depository with respect to the Obligations, the Trustee shall be a "DTC Direct Participant."

ARTICLE III
REDEMPTION OF OBLIGATIONS

Section 3.1 Right to Redeem. The Obligations shall be subject to redemption prior to maturity, in any order of maturity, as directed by the City, at such times, to the extent and in the manner provided herein.

Section 3.2 Redemption of Obligations. The Obligations maturing prior to or on July 1, 20__, are not subject to optional redemption prior to maturity. The Obligations maturing on and after July 1, 20__, are subject to redemption, in whole or in part on any date on or after July 1, 20__, in increments of $5,000 of principal amount due on a specific maturity date, in any order of maturity, all as directed by the City, and by lot within a maturity (as provided in Section 3.3 below) by payment of the principal amount of each Obligation to be redeemed plus interest accrued to the date fixed for redemption, without premium.

Section 3.3 Selection of Obligations to be Redeemed. If less than all of the Obligations of the same maturity are to be redeemed upon any redemption of Obligations hereunder, the Trustee shall select the Obligations to be redeemed by lot or in such other manner as the Trustee shall deem fair. In making such selection, the Trustee shall treat each Obligation as representing that number of Obligations of the lowest authorized denomination as is obtained by dividing the original principal amount of each such Obligation by such minimum denomination.

Section 3.4 Partial Redemption of Obligations. Upon the selection and notice of redemption and the surrender of any Obligation for redemption in part only, the Trustee shall execute and deliver to or upon the written order of the Holder thereof, at the expense of the City, a new Obligation(s) of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Obligation surrendered.

Section 3.5 Effect of Call for Redemption. On the date designated for redemption by notice given as herein provided, the Obligations so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Obligations on such date. If on the date fixed for redemption moneys or Defeasance Obligations sufficient for payment of the redemption price and accrued interest on such date are held by the Trustee as provided herein, interest on the Obligations so called for redemption shall cease to accrue, such Obligations shall cease to be entitled to any benefit or security hereunder except the

right to receive payment from the moneys or Defeasance Obligations held by the Trustee and the amount of such Obligations so called for redemption shall be deemed paid and no longer Outstanding.

Section 3.6 Notice of Redemption.

(a) Whenever redemption of Obligations is to be made, the Trustee shall give notice of the redemption of such Obligations, which notice shall specify the redemption date, the redemption price and the place or places where amounts due upon such redemption will be payable and, if less than all of the Obligations are to be redeemed, the numbers or other distinguishing marks of such Obligations so to be redeemed, including CUSIP numbers, and, in the case of Obligations to be redeemed in part only, such notice shall also specify the respective portions of the principal amounts thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Obligation to be redeemed the redemption price thereof, as appropriate, of such Obligation or the specified portion thereof in the case of an Obligation to be redeemed in part only, together with interest accrued to the redemption date on such Obligations or portion thereof so to be redeemed and that, from and after such date, the Obligations being redeemed will cease to accrue interest. Notwithstanding the foregoing, no notice of redemption shall be sent unless (i) the Trustee has on deposit sufficient funds to effect such redemption, or (ii) the redemption notice states that redemption is contingent upon receipt of such funds prior to the redemption date. Such redemption notices may state that no representation is made as to the correctness or accuracy of the CUSIP numbers printed therein or on the Obligations.

(b) Such notice shall be given by mailing a copy of such notice, first class United States mail postage prepaid, not less than 30 days nor more than 60 days before the redemption date, to all Holders of any Obligations or portions of Obligations that are to be redeemed at their last addresses appearing upon the registry books. Such notice shall be mailed a second time to any Holder of Obligations that have been called for redemption if such Holder has not presented such Obligations for payment of the redemption price within 60 days after the redemption date. Failure to mail any such notice, or a defect in such notice, as to any Obligation shall not affect the validity of the proceedings for the redemption of any other Obligation, and failure to mail such second notice shall not affect the validity of the proceedings for the redemption of any Obligation.

ARTICLE IV
FORM OF OBLIGATIONS

The Obligations shall be substantially in the form set forth in the **Exhibit** hereto, with such additions, omissions, insertions and variations as are consistent with the provisions hereof.

ARTICLE V
REVENUES AND FUNDS

Section 5.1 Creation of Funds and Accounts. The Trustee shall create the Costs of Issuance Fund and the Obligation Fund. The Obligation Fund shall contain the following

accounts: (i) the Interest Account, and (ii) the Principal Account. Such funds and accounts shall be held in trust for the benefit of the Holders.

Section 5.2 Application of Obligation Proceeds. The Trustee shall receive $_____, being the proceeds of the sale of the Obligations (including original issue premium, net of underwriter's discount), (i) $_____ of which shall be transferred to the City for deposit to the Improvements Fund, and (ii) the balance of which ($_____) shall be deposited in the Costs of Issuance Fund and applied pursuant to Section 5.5.

Section 5.3 Flow of Funds Into the Obligation Fund. The following payments to the Trustee shall be applied in the following manner:

(i) The Trustee shall deposit to the Interest Account amounts paid pursuant to Section 3.3(ii) of the Purchase Agreement. (Amounts transferred pursuant to Section 2.2(d) of the Purchase Agreement shall also be deposited in the Interest Account.)

(ii) The Trustee shall deposit to the Principal Account amounts paid pursuant to Section 3.3(ii) of the Purchase Agreement as well as the total of any amounts received for any redemption of Obligations. (Amounts transferred pursuant to Section 2.2(d) of the Purchase Agreement shall also be deposited in the Principal Account.)

Section 5.4 Flow of Funds Out of the Obligation Fund. Amounts in the following accounts shall be applied in the following manner:

(i) Amounts in the Interest Account shall be used to pay interest on the Obligations as it becomes due.

(ii) Amounts in the Principal Account shall be used to retire Obligations by payment on their scheduled maturity date or redemption date.

Section 5.5 Flow of Funds Out of Costs of Issuance Fund. Moneys in the Costs of Issuance Fund shall be disbursed by the Trustee at the direction of the City for costs and expenses relating to the sale, credit enhancement and execution and delivery of the Obligations, including, but not limited to "out of pocket" expenses and charges, fees and disbursements of the municipal advisor to the City, counsel, rating agencies, printing expenses and other expenses reasonably incurred by the City or the Trustee in connection therewith. On the earlier of September 1, 2026, or when all the above-described costs have been paid, the Trustee shall transfer any amounts remaining in the Costs of Issuance Fund to the Obligation Fund, and the Costs of Issuance Fund shall be closed. The Trustee shall rely fully on any such request for disbursement by the City pursuant to this Section and shall not be required to make any investigation in connection therewith.

Section 5.6 Investment of Moneys Held by Trustee.

(a) Moneys in all funds and accounts held by the Trustee shall be invested by the Trustee, as soon as possible upon receipt of immediately available funds at its designated corporate trust office, to the fullest amount possible, in Permitted Investments as directed, in writing, by the City Representative; provided that the maturity date or the date on

which such Permitted Investments may be redeemed at the option of the holder thereof shall coincide as nearly as practicable with (but in no event shall be later than) the date or dates on which moneys in the funds or accounts for which the investments were made will be required for the purposes thereof. The Trustee may conclusively rely upon the City Representative's written investment instructions as to both the suitability and legality of the directed investments and such written direction shall be deemed to be a certification to the Trustee that such directed investments constitute Permitted Investments and comply with the requirements of this Section. In the event no investment direction is given to the Trustee by the City, then the Trustee shall hold such funds uninvested in cash.

(b) Amounts credited to a fund or account may be invested, together with amounts credited to one or more other funds or accounts, in the same Permitted Investment, provided that (i) each such investment complies in all respects with the provisions of subsection (a) of this Section as they apply to each fund or account for which the joint investment is made, and (ii) the Trustee maintains separate records for each fund and account and such investments are accurately reflected therein.

(c) The Trustee may make any investment permitted by this Section, through or with its own commercial banking or investment departments unless otherwise directed by the City Representative.

(d) In computing the amount in any fund or account, Permitted Investments purchased as an investment of moneys therein shall be valued at market. In determining market value of Permitted Investments, the Trustee may use and rely conclusively and without liability upon any generally recognized pricing information service (including brokers and dealers in securities) available to it.

(e) The Trustee shall sell at the best price obtainable, or present for redemption, any Permitted Investment purchased by it as an investment whenever it shall be necessary in order to provide moneys to make any required payment or transfer from the fund or account for which such investment was made.

(f) The City shall not knowingly use or direct or permit the use of any moneys of the City in its possession or control in any manner that would cause any Obligation to be an "arbitrage bond" within the meaning ascribed to such term in section 148 of the Code, or any successor section of the Code. The City shall comply with and take all actions required by any arbitrage or similar certificate and will continue to do so notwithstanding any satisfaction or discharge of this Indenture. The Trustee shall not be responsible for determining whether the yield on any investments made in accordance with the Indenture would cause, or whether any other facts exist which would cause, any Obligation to become an arbitrage bond under section 148 of the Code, or successor section of the Code.

(g) The City recognizes that it may obtain brokerage confirmations or written statements containing comparable information at no additional cost. The City agrees that brokerage confirmations are not required to be issued by the Trustee for each month in which a monthly statement of investments is provided by the Trustee. No statement needs to be provided,

however, for any fund or account for any month in which no investment activity occurred during such month in such fund or account.

(h) The City acknowledges that the legal obligation to pay the purchase price of directed investments arises immediately at the time of the purchase. The Trustee may elect to provisionally credit funds and accounts with moneys representing income or principal payments due on, or sales proceeds due in respect of, investments therein, or to provisionally credit funds and accounts with the investments intended to be purchased with such moneys, in each case before actually receiving the requisite moneys from the payment source. Any such crediting shall be provisional in nature, and the Trustee shall be authorized to reverse such crediting in the event that it does not receive good funds with respect thereto. Nothing in this Indenture shall constitute a waiver of any of the Trustee's rights as a securities intermediary under Uniform Commercial Code Section 9-206.

Section 5.7 Liability of Trustee for Investments. The Trustee shall not be liable for any loss resulting from the making of any investment made in accordance with the provisions hereof, except for its own negligence, willful misconduct or breach of trust.

Section 5.8 Investment Income. Except as otherwise provided herein, interest income and gain received, or loss realized, from investments or moneys in any fund or account shall be credited, or charged, as the case may be, to such respective fund or account.

ARTICLE VI
CERTAIN COVENANTS

Section 6.1 Payment of Principal and Interest. Subject to the limited liability and sources of payment specified herein, the Obligations shall be promptly paid in the amounts due at the place, on the dates and in the manner provided herein and in said Obligations according to the terms thereof. The amounts due on the Obligations are payable solely from moneys held or received by the Trustee hereunder, all of which are hereby specifically assigned and pledged to such payment in the manner and to the extent specified herein and nothing herein or in the Obligations shall be construed as assigning or pledging any other funds or assets of the City.

Section 6.2 Performance of Covenants. Subject to the limited liability and sources of payment described herein and except to the extent assigned to the Trustee hereunder, the City shall faithfully perform at all times any and all covenants, undertakings, stipulations and provisions on its part to be performed as provided herein, in each and every Obligation executed, authenticated and delivered hereunder and in all proceedings of the City pertaining thereto.

Section 6.3 Instruments of Further Assurance. The City shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such instruments supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, mortgaging, conveying, pledging, assigning and confirming unto the Trustee all interests, revenues and receipts pledged hereby to the payment of the principal of and interest on the Obligations in the manner and to the extent contemplated herein.

Section 6.4 Rights under Series 2026 Water Revenue Purchase Agreement. The Trustee may enforce all rights under the Purchase Agreement for and on behalf of the Holders, whether or not the City is then in default hereunder.

Section 6.5 Protection of Lien. The City shall not make or create or agree to permit to be made or created any assignment or lien on a parity with or having priority or preference over the assignment and lien hereof upon the interests granted hereby or any part thereof except as otherwise specifically provided in the Purchase Agreement. No obligation, the payment of which is secured by property or revenues pledged hereunder, shall be executed and delivered by the City except in lieu of, or upon transfer of registration or exchange of, any Obligation except as provided in the Purchase Agreement.

ARTICLE VII
DEFAULT AND REMEDIES

Section 7.1 Events of Default. Each of the following is an *"Indenture Event of Default"*:

(a) If payment of any installment of interest on any Obligation is not made in full when the same becomes due and payable;

(b) If payment of the principal of any Obligation is not made in full when the same becomes due and payable;

(c) If, under the provisions of any law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of all or any part of the interests pledged hereunder and such custody or control continues for more than 60 days;

(d) If the City defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions on its part to be performed as provided herein or in the Obligations and such default continues for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the City by the Trustee, unless within such 30 days the City shall commence and diligently pursue in good faith appropriate corrective action, and certify as such to the Trustee; the Trustee may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than 25 percent in principal amount of the Obligations then Outstanding; or

(e) If any event of default provided by Section 7.1 of the Purchase Agreement occurs.

Section 7.2 Remedies and Enforcement of Remedies.

(a) Upon the occurrence and continuance of any Indenture Event of Default and in accordance with Article VII hereof and Article VII of the Purchase Agreement, the Trustee may, and upon the written request of the Holders of not less than a majority in principal

amount of the Obligations Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the Holders hereunder and the Obligations by such suits, actions or proceedings as the Trustee, being advised by counsel, deems expedient, including but not limited to, an action for the recovery of any amounts due hereunder or for damages for the breach of this Indenture, and the Trustee may pursue any other remedy that the law affords, including the remedy of specific performance. The Trustee shall also have those remedies provided pursuant to Article VII of the Purchase Agreement, subject to any limitations on such remedies set forth in such Article VII.

(b) Regardless of the happening of an Indenture Event of Default and subject to Section 7.7, the Trustee, if requested in writing by the Holders of not less than a majority in principal amount of the Obligations then Outstanding shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it deems necessary or expedient (i) to prevent any impairment of the security hereunder by any acts that may be unlawful or in violation hereof, or (ii) to preserve or protect the interests of the Holders, provided that such request is in accordance with law and the provisions hereof and, in the sole judgment of the Trustee, is not unduly prejudicial to the interest of the Holders of Obligations not making such request.

Section 7.3 No Acceleration. In no event shall the Trustee have the right to accelerate or cause to become immediately due and payable, or payable in advance of their scheduled maturity dates, other than because of optional redemption pursuant thereto and then only to the extent of the amount to be so redeemed and only pursuant to Article III hereof, any amounts due hereunder.

Section 7.4 Application of Revenues and Other Moneys After Default.

(a) During the continuance of an Indenture Event of Default all moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses and advances incurred or made by the Trustee with respect thereto, be deposited in the Obligation Fund, and all amounts held by the Trustee hereunder shall be applied as follows; provided, that if the amount available shall not be sufficient to pay in full any amount or amounts then due, then to the payment thereof ratably in a manner consistent with Section 3.3 of the Purchase Agreement, according to the amounts due to the Persons entitled thereto, without any discrimination or preference:

First: To the payment of all installments of interest then due (including interest on amounts not paid when due on the Obligations); and

Second: To the payment of the unpaid Principal Installments or redemption price of any Obligations that have become due, whether at maturity or by call for redemption, in the order of their due dates.

(b) Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for

application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal of the Obligations to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any unpaid Obligation until such Obligation is presented to the Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

(c) Whenever all principal of and interest on the Obligations that has become due has been paid under the provisions of this Section and all expenses and charges of the Trustee have been paid and the Obligation Fund contains the amounts then required to be credited thereto, any balance remaining shall be paid to the City.

Section 7.5 Remedies Not Exclusive. No remedy by the terms hereof conferred upon or reserved to the Trustee or the Holders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or existing at law or in equity or by statute on or after the date hereof.

Section 7.6 Remedies Vested in Trustee. Any cause of action (including the right to file proof of claims) hereunder or under any of the Obligations may be enforced by the Trustee, without the possession of any of the Obligations or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding may be brought without the necessity of joining as plaintiffs or defendants any Holders of the Obligations. Subject to the provisions of Section 7.4, any recovery or judgment shall be for the equal benefit of the Holders of the Outstanding Obligations.

Section 7.7 Individual Holder Action Restricted.

(a) No Holder of any Obligation shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement hereof or for the execution of any trust hereunder or for any remedy hereunder except for the right to institute any suit, action or proceeding in equity or at law for the enforcement of the Trustee's duties and powers hereunder upon the occurrence of all of the following events:

(i) The Holders of at least a majority in principal amount of Obligations Outstanding have made written request to the Trustee to proceed to exercise the powers granted herein; and

(ii) Such Holders have offered the Trustee indemnity as provided in Section 8.2(v); and

(iii) The Trustee has failed or refused to exercise the duties or powers herein granted for a period of 60 days after receipt by it of such request and offer of indemnity; and

(iv) During such 60 day period no direction inconsistent with such written request has been delivered to the Trustee by the Holders of a greater majority in principal amount of Obligations then Outstanding.

(b) No one or more Holders of Obligations shall have any right in any manner whatsoever to affect, disturb or prejudice the security hereof or to enforce any right hereunder except in the manner herein provided and for the equal benefit of the Holders of all Obligations Outstanding.

(c) Nothing contained herein shall affect or impair, or be construed to affect or impair, the right of the Holder of any Obligation (i) to receive payment of the principal of or interest on such Obligation, as the case may be, on or after the due date thereof or (ii) to institute suit for the enforcement of any such payment on or after such due date; provided, however, no Holder of any Obligation may institute or prosecute any such suit or enter judgment therein if, and to the extent that, the institution or prosecution of such suit or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the lien hereof on the moneys, funds and properties pledged hereunder for the equal and ratable benefit of all Holders of Obligations.

Section 7.8 Termination of Proceedings. In case any proceeding taken on account of an Indenture Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Holders, then the City, the Trustee and the Holders shall be restored to their former positions and rights hereunder, and all rights and powers of the Trustee and the Holders shall continue as if no such proceeding had been taken.

Section 7.9 Waiver of Event of Default.

(a) No delay or omission of the Trustee or of any Holder of the Obligations to exercise any right or power accruing upon any Indenture Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Indenture Event of Default or an acquiescence therein. Every power and remedy given by this Article may be exercised from time to time and as often as may be deemed expedient.

(b) The Trustee may waive in writing any Indenture Event of Default that in its opinion has been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions hereof, or before the completion of the enforcement of any other remedy hereunder.

(c) In case of any waiver by the Trustee of an Indenture Event of Default hereunder, the City, the Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other Indenture Event of Default or impair any right consequent thereon. The Trustee shall not be responsible to anyone for waiving or refraining from waiving any Indenture Event of Default in accordance with this Section.

Section 7.10 Notice of Default.

(a) (i) Immediately after the occurrence of an Indenture Event of Default under Section 7.1(a) or (b) of which the Trustee is deemed to have notice, or (ii) within 30 days after receipt by the Trustee of written notice of an Indenture Event of Default under Section 7.1(c), (d) or (e), the Trustee shall, unless such Indenture Event of Default has been cured, give written notice thereof by first class mail to each Holder of an Obligation then Outstanding, provided that, except in the case of a default in the payment of Principal Installments or the redemption price of or interest on any of the Obligations, the Trustee may withhold such notice if, in its sole judgment, it determines that the withholding of such notice is in the best interests of the Holders.

(b) The Trustee shall immediately notify the City of (i) the occurrence of an Indenture Event of Default under Section 7.1(a) or (b), and (ii) when the Trustee has received written notice of an Indenture Event of Default under Section 7.1(c), (d) or (e).

Section 7.11 Limitation of Liability.

(a) Except for the payment of amounts pursuant to the Purchase Agreement when due and the performance of the other covenants and agreements of the City contained in the Purchase Agreement and herein, the City shall have no pecuniary obligation or liability to any of the other parties or to the Holders with respect to this Indenture or the terms, execution, delivery or transfer of the Obligations, or the distribution of applicable portions of the Purchase Price to the Holders by the Trustee.

(b) The City shall not have any obligation or liability to any of the other parties or to the Holders with respect to the performance by the Trustee of any duty imposed upon it under this Indenture; nor shall the Trustee have any obligation or liability to any of the other parties or to the Holders with respect to the performance by the City of any duty imposed upon it under this Indenture.

Section 7.12 Limitations on Remedies. It is the purpose and intention of this Article to provide rights and remedies to the Trustee and Holders that may be lawfully granted, but should any right or remedy herein granted be held to be unlawful, the Trustee and the Holders shall be entitled, as above set forth, to every other right and remedy provided in this Indenture and, to the extent consistent with the provisions of this Indenture, by law.

ARTICLE VIII
THE TRUSTEE

Section 8.1 Certain Duties and Responsibilities.

(a) Except during the continuance of an Indenture Event of Default:

(i) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions that are required by any provision hereof or of the Purchase Agreement, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture or the Purchase Agreement on their face.

(b) In case an Indenture Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct or breach of trust, except that:

(i) this subsection shall not be construed to limit the effect of subsection (a);

(ii) the Trustee shall not be liable for any error of judgment made in good faith and without negligence or willful misconduct by a president or vice-president of the board of directors, the president or vice-president of the executive committee of the board of directors, the president, any vice president, any assistant vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any trust officer or assistant trust officer, the controller and any assistant controller or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers or, with respect to a particular matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith and without negligence in accordance with the direction of the Holders of the Outstanding Obligations as provided herein relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(iv) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. The Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment properly to be done by it as the Trustee, without prior assurance of indemnity, and in such case shall be entitled to reimbursement by the City for all reasonable costs, expenses, attorneys' and other fees, and all other reasonable disbursements, including its own fees, and for all liability and damages suffered by the Trustee in connection therewith except for the Trustee's negligence, willful misconduct or breach of trust.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 8.2 Certain Rights of Trustee. Except as otherwise provided in Section 8.1:

(i) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties.

(ii) Any request or direction of the City mentioned herein shall be sufficiently evidenced by a certificate of the City Representative, and any action of the City Council of the City may be sufficiently evidenced by a copy of a resolution or ordinance certified by the Clerk or Assistant Clerk of the City to have been duly adopted by the City Council of the City and to be in full force and effect on the date of such certification and delivered to the Trustee.

(iii) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a certificate of the City Representative.

(iv) The Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(v) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

(vi) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, obligation, note or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.

(vii) The Trustee may engage agents and attorneys to assist it in executing any of the trusts or powers hereunder or performing any duties hereunder and shall not be liable for the negligence or misconduct of such agents and attorneys so long as the Trustee exercises due care in the selection thereof.

(viii) The Trustee shall not be responsible for the recording or filing of any documents relating to the Purchase Agreement or this Indenture.

(ix) The Trustee shall be under no responsibility to approve or evaluate any expert or other skilled person selected by the City for any of the purposes expressed in this Indenture or the Purchase Agreement.

Section 8.3 Employment of Experts. The Trustee is authorized to employ as its agents such attorneys at law, certified public accountants and recognized authorities in their fields (who are not employees of the Trustee), as it reasonably may deem necessary to assist it to carry out any of its obligations hereunder, and shall be reimbursed by the City for all reasonable charges and expenses in so doing.

Section 8.4 Enforcement of Performance by Others. Except as provided in Section 8.1 or otherwise specifically provided herein, it shall not be the duty of the Trustee to monitor or see that any duties and obligations imposed herein or in the Purchase Agreement upon the City are performed.

Section 8.5 Right to Deal in Obligations and Take Other Actions. The Trustee may in good faith buy, sell or hold and deal in any Obligations with like effect as if it were not such Trustee and may commence or join in any action that a Holder is entitled to take with like effect as if the Trustee were not the Trustee. It is understood and agreed that the Trustee engages in a general banking business and no provision hereof or of the Purchase Agreement is to be construed to limit or restrict the right of the Trustee to engage in such business with the City or any Holder. So engaging in such business shall not, in and of itself, and so long as the Trustee duly performs all of its duties as required hereby and by the Purchase Agreement, constitute a breach of trust on the part of the Trustee, but neither shall engaging in such business abrogate, alter or diminish any duty or obligation of the Trustee as Trustee hereunder.

Section 8.6 Removal and Resignation of Trustee.

(a) The Trustee may resign with 30 days' written notice to the City from the trusts created hereby by giving written notice of the resignation to the City and any Paying Agents and by mailing written notice of the resignation to the Holders as their names and addresses appear on the register it maintains with respect to the Obligations at the close of business fifteen days prior to the mailing. The resignation shall take effect upon the appointment of a successor Trustee.

(b) The Trustee may be removed at any time by an instrument or document or concurrent instruments or documents in writing delivered to the Trustee, with copies thereof mailed to the City and any Paying Agents and signed by (i) the City Representative or (ii) by or on behalf of the Holders of not less than a majority in aggregate principal amount of the Obligations then Outstanding. The Trustee also may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by an instrument signed by the City or by any court of competent jurisdiction upon the application of the City, or the Holders of not less than a majority in aggregate principal amount of the Obligations

then Outstanding under this Indenture. Any removal shall not take effect until a successor Trustee has been appointed. In the event a successor Trustee has not been appointed and qualified within 60 days of the date notice of resignation or removal is given, the Trustee may apply, at the expense of the City, to any court of competent jurisdiction for the appointment of a successor Trustee to act until such time as a successor is appointed as provided in this Section.

(c) In the event of the resignation or removal of the Trustee or in the event the Trustee is dissolved or otherwise becomes incapable to act as the Trustee, the City shall be entitled to appoint a successor Trustee acceptable to the City.

(d) If the Holders of a majority of the principal amount of Obligations then Outstanding object to the successor Trustee so appointed by the City and if such Holders designate another Person qualified to act as the Trustee, the City shall then appoint as the Trustee the Person so designated by the Holders.

(e) Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Trustee shall be a trust company or bank having the powers of a trust company as to trusts, qualified to do trust business in the State and having an officially reported combined capital, surplus, undivided profits and reserves aggregating at least $200,000,000, if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

(f) Every successor Trustee howsoever appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the City an instrument in writing, accepting such appointment hereunder, and thereupon such successor Trustee, without further action, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor, and such predecessor shall execute and deliver an instrument transferring to such successor Trustee all the rights, power and trusts of such predecessor. The predecessor Trustee shall execute any and all documents necessary or appropriate to convey all interest it may have to the successor Trustee. The predecessor Trustee shall promptly deliver all records relating to the trust or copies thereof and communicate all material information it may have obtained concerning the trust to the successor Trustee.

(g) Each successor Trustee, not later than ten days after its assumption of the duties hereunder, shall mail a notice of such assumption to each Holder of an Obligation.

(h) Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee without the execution or filing of any paper or any further act, provided such company shall be eligible as a successor Trustee under this Indenture.

Section 8.7 Proof of Claim. The Trustee shall have the right and power to take actions in the name and place of the City or the Holders to make proof of claim in any proceeding, bankruptcy, reorganization or otherwise where proof of claim may be required. Any amount recovered as a result of any such claim, after payment of all fees (including reasonable attorneys'

fees), costs, expenses and advances incurred by the Trustee or its agents in pursuing such claim, shall be for the equal benefit of all of the Holders.

Section 8.8 Trustee's Fees and Expenses.

(a) The Trustee shall be entitled to be paid from time to time reasonable compensation for all services rendered by it hereunder; to reimbursement upon request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and its agents), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith or willful misconduct or breach of trust; and to be indemnified by the City, for, from and against any loss, liability or expense arising out of or in connection with the acceptance or administration of this trust or its duties hereunder. The Trustee's right to indemnity shall not extend to claims, suits and actions successfully brought against the Trustee for, or losses, liabilities or expenses determined by a court of competent jurisdiction to have been incurred as a result of the Trustee's own negligence, bad faith, willful misconduct or breach of trust. In the event any action or proceeding is instituted or pending against the Trustee by reason of or in connection with the acceptance or administration of this trust or the Trustee's duties hereunder, the City may, at its election, assume the defense of any such action or proceeding with counsel satisfactory to the Trustee. If any such action or proceeding includes any claims alleging the Trustee's own negligence, bad faith, willful misconduct or breach of trust, the Trustee shall reimburse the City its expenses (including reasonable attorneys' fees), if any, of assuming the defense of such action or proceeding if it is determined by a final judgment of a court of competent jurisdiction that the Trustee is not entitled to be indemnified as authorized in this Section. The Trustee may, however, retain its own counsel and still be indemnified against the cost of employing counsel and all other expenses despite an assumption of the defense by the City if the Trustee believes in good faith that there are defenses available to it that are not available to the City or that are adverse to or in conflict with those available to the City and that the Trustee believes in good faith cannot be effectively asserted by common counsel. The Trustee always has the right to employ separate counsel but, subject to the preceding sentence, the fees and expenses of its separate counsel must be paid by the Trustee unless the City has agreed to pay the fees and expenses of the Trustee's separate counsel. Any settlement of any such action or proceeding shall not, of itself, create a presumption as to the merits of any claims alleging the Trustee's own negligence, bad faith, willful misconduct or breach of trust. The Trustee's rights to compensation, reimbursement and indemnity while serving as Trustee hereunder shall survive resignation or removal of the Trustee or discharge of this Indenture. The indemnification provided by this Section shall be in addition to and not a limitation of the indemnity provided to the Trustee, in its capacity as Seller, under the Purchase Agreement.

(b) Any provision hereof to the contrary notwithstanding, if the City fails, within 30 days of receiving an itemized invoice and back-up documentation, to make any payment properly due the Trustee for its reasonable fees, costs, expenses and fees of attorneys, certified public accountants, recognized authorities in their field and agents (not employees of the Trustee) incurred in performance of its duties, the Trustee may reimburse itself from any surplus moneys on hand in any fund or account created pursuant hereto.

Section 8.9 Destruction of Obligations. Upon payment of or surrender to the Trustee for cancellation of any Obligation, the Trustee shall destroy such Obligation.

Section 8.10 Reports. The Trustee shall quarterly, or at such other intervals as the Trustee and the City shall from time to time agree upon (but in no event more frequently than monthly), prepare and submit to the City reports covering all moneys received and all payments, expenditures and investments made as the Trustee hereunder since the last previous such report. The Trustee's records shall be kept in accordance with corporate trust industry standards and shall be available for inspection by the City, or any of its agents, at any time, upon reasonable prior notice, during regular business hours.

Section 8.11 Separate or Co-Trustee.

(a) At any time or times, solely for the purpose of meeting any legal requirements of any jurisdiction other than the State, the City and the Trustee shall have power to appoint, and, upon the request of the Trustee or of the Holders of at least a majority in principal amount of Obligations then Outstanding and the City shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more Persons, approved by the Trustee and, unless an Indenture Event of Default has occurred and is continuing, reasonably acceptable to the City, either to act as co-trustee or co-trustees, jointly with the Trustee of all or any part of the pledged property, or to act as separate trustee or separate trustees of all or any part of the pledged property, and to vest in such Person or Persons, in such capacity, such title to the pledged property or any part thereof, and such rights, powers, duties, trusts or obligations as the City and the Trustee may consider necessary or desirable, subject to the remaining provisions of this Section.

(b) If the City shall not have joined in such appointment within 30 days after the receipt by it of a request so to do, or in case an Indenture Event of Default shall have occurred and be continuing, the Trustee alone shall have power to make such appointment.

(c) The City shall execute, acknowledge and deliver all such instruments as may reasonably be required by any such co-trustee or separate trustee for more fully and certainly vesting in such co-trustee or separate trustee the property, rights, powers and duties intended to be vested in such co-trustee or separate trustee.

(d) Every co-trustee or separate trustee shall, to the extent permitted by law but to such extent only, be appointed subject to the following terms, namely:

(i) The Obligations shall be authenticated and delivered, and all rights, powers, trusts, duties and obligations hereby conferred upon the Trustee in respect to the custody, control and management of moneys, papers, securities and other personal property shall be exercised, solely by the Trustee.

(ii) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Trustee, or by the Trustee and such co-trustee or co-trustees or separate trustee or separate trustees jointly, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees, except to the extent that, under the

law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees.

(iii) Any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee and such co-trustee or separate trustee shall abide by such request.

(iv) Any co-trustee or separate trustee may, to the extent permitted by law, delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(v) The Trustee may at any time, by any instrument in writing, with the concurrence of the City, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section, and, in case an Indenture Event of Default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee. Upon the request of the Trustee, the City shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal.

(vi) No Trustee or any Paying Agent hereunder shall be personally liable by reason of any act or omission of any other trustee or paying agent hereunder, nor will the act or omission of any trustee or paying agent hereunder be imputed to any other trustee or paying agent.

(vii) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the Trustee shall be deemed to have been delivered to each such co-trustee or separate trustee.

(viii) Any moneys, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

(e) Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it or he shall be vested jointly with the Trustee (except insofar as local law makes it necessary for any such co-trustee or separate trustee to act alone) with such title to the pledged property or any part thereof, and with such rights, powers, duties or obligations, as shall be specified in the instrument of appointment subject to all the terms hereof. Every such acceptance shall be filed with the Trustee. To the extent permitted by law, any co-trustee or separate trustee may, at any time by an instrument in writing signed by the Trustee and any co-trustee or separate trustee, constitute the Trustee, its or his attorney-in-fact and agent, with full power and authority to do all acts and things and to exercise all discretion on its or his behalf and in its or his name.

(f) In case any co-trustee or separate trustee shall dissolve, cease to exist, become incapable of acting, resign or be removed, the title to the pledged property, and all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner herein provided.

Section 8.12 Recitals and Representations.

(a) The recitals, statements and representations contained herein, or in any Obligation (excluding the Trustee's authentication on the Obligations or any recitals or representations concerning the Trustee or its powers) shall not be taken or construed as made by the Trustee, and the Trustee neither assumes nor shall be under any responsibility for the correctness of the same.

(b) The Trustee makes no representation as to, and is not responsible for, the validity or sufficiency hereof, of the Obligations, or the validity or sufficiency of insurance or self-insurance program to be provided or, except as herein required, the filing or recording or registering of any document. The Trustee shall be deemed not to have made representations as to the security afforded hereby or hereunder or as to the validity or sufficiency of such document. The Trustee shall not be concerned with or accountable to anyone for the use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof. Except as to defaults described in Sections 7.1(a) and (b) of which the Trustee is deemed to have notice, the Trustee shall have no duty of inquiry with respect to any default or Events of Default described herein without receipt by the Trustee of written notice of a default or an Indenture Event of Default from any Holder.

(c) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or other disclosure or sales material prepared or distributed in connection with the execution and delivery of the Obligations.

ARTICLE IX
SUPPLEMENTS TO INDENTURE AND AMENDMENTS TO PURCHASE AGREEMENT

Section 9.1 Supplements Not Requiring Consent of Holders. The City acting through the City Representative and the Trustee may, without the consent of or notice to any of the Holders, enter into one or more supplements to this Indenture for one or more of the following purposes:

(i) to cure any ambiguity or formal defect or omission herein or to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising hereunder provided such action shall, in the opinion of counsel, which may be counsel to the City, delivered to the Trustee under Section 9.3(a), not materially adversely affect the interests of the Holders;

(ii) to grant or confer upon the Holders any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon them;

(iii) to secure additional revenues or provide additional security or reserves for payment of the Obligations and necessary, related provisions therefor;

(iv) to comply with the requirements of any state or federal securities laws or the Trust Indenture Act of 1939, as from time to time amended, if required by law or regulation lawfully issued thereunder;

(v) to provide for the appointment of a successor trustee or co-trustee pursuant to the terms of Section 8.6 and Section 8.11;

(vi) to permit Obligations in bearer form if the City and the Trustee receive a Special Counsel's Opinion that such action will not cause the interest on any Obligations to become includible in gross income for purposes of federal income taxes;

(vii) to preserve the exclusion of the interest on the Obligations from gross income for purposes of federal or State income taxes and to preserve the power of the City to continue to incur obligations (specifically not limited to the Obligations authorized hereby) the interest on which is likewise exempt from federal and State income taxes;

(viii) to adopt procedures for the disclosure of information to Holders and to others in accordance with any guidelines for such purpose promulgated by the American Bankers Association or some other similar national organization, as such guidelines may be made applicable to this Indenture by agreement of the Trustee and the City; and

(ix) to provide for additions or modifications to the Projects.

Section 9.2 Supplements Requiring Consent of Holders.

(a) Other than supplements referred to in Section 9.1 and subject to the terms and provisions and limitations contained in this Article and not otherwise, the Holders of not less than a majority in principal amount of the Obligations then Outstanding shall have the right, from time to time, anything contained herein to the contrary notwithstanding, to consent to and approve the execution by the City and the Trustee of such supplement as shall be deemed necessary and desirable by the City and the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular respect, any of the terms or provisions contained herein; provided, however, nothing in this Section or Section 9.1 shall permit or be construed as permitting a supplement that would:

(i) extend the stated maturity of or time for paying interest on any Obligation or reduce the principal amount of or rate of interest payable on any Obligation without the consent of the Holder of such Obligation;

(ii) prefer or give a priority to any Obligation over any other Obligation without the consent of the Holder of such Obligation;

(iii) reduce the principal amount of Obligations then Outstanding the consent of the Holders of which is required to authorize such Supplement without the consent of the Holders of all Obligations then Outstanding;

(iv) increase the principal amount of Obligations then Outstanding, the request of the Holders of which is required by Section 7.1(d), without the consent of the Holders of all Obligations then Outstanding; or

(v) reduce the redemption price of any Obligation upon optional redemption or reduce any period of time prior to commencement of any optional redemption period set forth in Section 3.2 without the consent of the Holders of such Obligation.

(b) If at any time the City requests the Trustee to enter into a Supplement pursuant to this Section, the Trustee shall, upon being satisfactorily and specifically indemnified by the City with respect to expenses with respect to such Supplement, cause notice of the proposed execution of such Supplement to be mailed by first class mail, postage pre-paid, to all registered Holders of Obligations then Outstanding at their addresses as they appear on the registration books herein provided for, by the means provided in Article XII. The Trustee shall not, however, be subject to any liability to any Holder by reason of its failure to mail, or the failure of such Holder to receive, the notice required by this Section, and any such failure shall not affect the validity of such Supplement when consented to and approved as provided in this Section. Such notice shall be prepared by the City, briefly set forth the nature of the proposed Supplement and state that copies thereof are on file at the office of the Trustee for inspection by all Holders.

(c) If within such period as shall be prescribed by the City, following the mailing of such notice, the Trustee shall receive an instrument or instruments purporting to be executed by the Holders of not less than the principal amount or number of Obligations specified in subsection (a) for the Supplement in question which instrument or instruments shall refer to the proposed Supplement described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice as on file with the Trustee, thereupon, but not otherwise, the Trustee and the City may execute such Supplement in substantially such form, without liability or responsibility to any Holder of any Obligation, whether or not such Holder shall have consented thereto.

(d) Any such consent shall be binding upon the Holder of the Obligation giving such consent and upon any subsequent Holder of such Obligation and of any Obligation executed and delivered in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Obligation giving such consent or by a subsequent Holder thereof by filing with the Trustee, prior to the execution by the Trustee of such Supplement, such revocation. At any time after the Holders of the required principal amount or number of Obligations shall have filed their consents to the Supplement, the Trustee shall make and file with the City a written statement to that effect. Such written statement shall be conclusive that such consents have been so filed.

(e) If the Holders of the required amount or number of the Obligations Outstanding shall have consented to and approved the execution of such Supplement as herein

provided, no Holder of any Obligation shall have any right to object to the execution thereof, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the City from executing the same or from taking any action pursuant to the provisions thereof.

(f) S&P, Fitch and Moody's, if maintaining a rating on the Obligations, shall be provided a copy of any proposed supplement or any amendment to the Purchase Agreement at least 15 days prior to the execution of such Supplement or amendment.

Section 9.3 Execution and Effect of Supplements.

(a) In executing any Supplement permitted by this Article, the Trustee and the City shall be entitled to receive and to rely upon an Opinion of Counsel stating that the execution of such Supplement is authorized or permitted hereby. The Trustee may but shall not be obligated to enter into any such Supplement that affects the Trustee's own rights, duties or immunities.

(b) Upon the execution and delivery of any Supplement in accordance with this Article, the provisions hereof shall be modified in accordance therewith and such Supplement shall form a part hereof for all purposes and every Holder of an Obligation theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

(c) Any Obligation authenticated and delivered after the execution and delivery of any Supplement in accordance with this Article may, and if required by the Trustee shall, bear a notation in a form approved by the Trustee as to any matter provided for in such Supplement. If the Trustee shall so determine, upon receipt of Special Counsel's Opinion, new Obligations so modified as to conform, in the opinion of the Trustee, to any such Supplement may be executed and delivered by the Trustee in exchange for and upon surrender of Obligations then Outstanding.

Section 9.4 Amendments to Purchase Agreement Not Requiring Consent of Holders. The Trustee may, without the consent of or notice to any of the Holders, consent to and join with the City in the execution and delivery of any amendment, change or modification of the Purchase Agreement that is required (i) by the provisions thereof; (ii) to cure any ambiguity or formal defect or omission therein or to correct or supplement any provision therein which may be inconsistent with any other provision therein, or to make any other provisions with respect to matters or questions arising thereunder provided such action shall, in the opinion of counsel delivered to the Trustee under this Section, not materially adversely affect the interests of the Holders; (iii) to preserve the exclusion of the interest on the Obligations from gross income for purposes of federal or State income taxes and to preserve the power of the City to continue to incur bonds or other obligations (specifically not limited to the Obligations authorized hereby) the interest on which is likewise exempt from federal and State income taxes; and (iv) in connection with any other change therein, which in the opinion of the Trustee will not materially adversely affect the interests of the Holders or, in the opinion of the Trustee, the Trustee. In executing any amendment to the Purchase Agreement, the Trustee shall be entitled to receive and rely on an Opinion of Counsel, which may be counsel to the City, stating that such amendment is authorized

or permitted under this Indenture and under the Purchase Agreement and, if applicable, will not materially adversely affect the interests of the Holders.

Section 9.5 Amendments to Purchase Agreement Requiring Consent of Holders.

(a) Except for amendments, changes or modification to the Purchase Agreement referred to in Section 9.4 hereof and subject to the terms, provisions and limitations contained in this Article and not otherwise, the Trustee may consent to and join with the City in the execution and delivery of any amendment, change or modification to the Purchase Agreement only upon the consent of not less than a majority in principal amount of Obligations then Outstanding, given as provided in this Section; provided, however, no such amendment, change or modification may affect the obligation of the City to make payments under the Purchase Agreement or reduce the amount of or extend the time for making such payments without the consent of the Holders of all Obligations then Outstanding.

(b) If at any time the City shall request the consent of the Trustee to any such amendment, change or modification to the Purchase Agreement, the Trustee shall, upon being satisfactorily indemnified by the City with respect to expenses, cause notice of the proposed amendment, change or modification to be given in the same manner as provided in Section 9.2 with respect to Supplements hereto. Such notice shall be prepared by the City, briefly set forth the nature of the proposed amendment, change or modification and state that copies thereof are on file at the office of the Trustee for inspection by all Holders.

(c) If the consent to and approval of the execution of such amendment, change or modification is given by the Holders of not less than the aggregate principal amount or number of Obligations specified in subsection (a) within the time and in the manner provided by Section 9.2 with respect to Supplements hereto, but not otherwise, such amendment, change or modification may be consented to, executed and delivered upon the terms and conditions and with like binding effect upon the Holders as provided in Section 9.2 and Section 9.3 with respect to Supplements hereto.

ARTICLE X
SATISFACTION AND DISCHARGE

Section 10.1 Discharge.

(a) If payment of all principal of and interest on all of the Obligations in accordance with their terms and as provided herein and in Section 3.7 of the Purchase Agreement is made, or is provided for in accordance with this Article, and if all other sums, if any, payable hereunder shall be paid, then the liens, estates and security interests granted hereby shall cease. Thereupon, upon the request of the City, and upon receipt by the Trustee of an Opinion of Counsel addressed to the City and the Trustee stating that all conditions precedent to the satisfaction and discharge of the lien hereof have been satisfied, the Trustee shall execute and deliver proper instruments acknowledging such satisfaction and discharging the lien hereof and the Trustee shall transfer all property held by it hereunder, other than moneys or obligations held by the Trustee for payment of amounts due or to become due on the Obligations and to the City or such other Person as may be entitled thereto as their respective interests may appear. Such

satisfaction and discharge shall be without prejudice to the rights of the Trustee thereafter to charge and be compensated or reimbursed for services rendered and expenditures incurred in connection herewith.

(b) The City may at any time surrender to the Trustee for cancellation any Obligations previously executed and delivered that the City may have acquired in any manner whatsoever and such Obligations upon such surrender and cancellation shall be deemed to be paid and retired.

Section 10.2 Providing for Payment of Obligations.

(a) Payment of all or any part of the Obligations in authorized denominations may be provided for by the deposit with the Trustee or a Depository Trustee of moneys or Defeasance Obligations that are not redeemable in advance of their maturity dates. The moneys and the maturing principal and interest income on such Defeasance Obligations, if any, shall be sufficient, as evidenced by a certificate or report of an independent nationally recognized certified public accountant or firm of such accountants selected by the City, to pay when due the principal or redemption price of and interest on such Obligations. The moneys and Defeasance Obligations shall be held by the Trustee or the Depository Trustee irrevocably in trust for the Holders of such Obligations solely for the purpose of paying the principal or redemption price of and interest on such Obligations as the same shall mature, come due or become payable upon redemption, and, if applicable, upon simultaneous direction, expressed to be irrevocable to the Trustee or Depository Trustee as to the dates upon which any such Obligations are to be redeemed prior to their respective dates.

(b) Notwithstanding the foregoing, no deposit under subsection (a) above shall be deemed a payment of such Obligation as aforesaid until the earlier of: (i) proper notice of redemption of such Obligation shall have been given in accordance with the provisions of Section 3.6 hereof or, in the event said Obligation is not to be redeemed within the next succeeding sixty (60) days, until the City shall have given the Trustee irrevocable instructions in form satisfactory to the Trustee, to notify, as soon as practicable, the Holder of such Obligation in accordance with Section 3.6 hereof, that the deposit required by subsection (a) above has been made with the Trustee and that said Obligation is deemed to have been paid in accordance with this Article and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the applicable redemption price, if any, on said Obligation, plus interest thereon to the due date or redemption date thereof, or (ii) the maturity of such Obligation.

(c) If payment of Obligations is so provided for, the Trustee or the Depository Trustee shall mail a notice so stating to each Holder of an Obligation so provided for.

(d) Obligations, the payment of which has been provided for in accordance with this Section, shall no longer be deemed Outstanding hereunder or secured hereby. The obligation in respect of such Obligations shall nevertheless continue but the Holders thereof shall thereafter be entitled to payment only from the moneys or Defeasance Obligations deposited with the Trustee or the Depository Trustee to provide for the payment of such Obligations.

(e) No Obligation may be so provided for if, as a result thereof or of any other action in connection with which the provisions for payment of such Obligation is made, the interest payable on any Obligation is made includible in gross income for purposes of federal income taxes. The Trustee and the City may rely upon a Special Counsel's Opinion to the effect that the provisions of this paragraph will not be breached by so providing for the payment of any Obligations.

Section 10.3 Payment of Obligations After Discharge. Notwithstanding the discharge of the lien hereof as in this Article provided, the Trustee shall nevertheless retain such rights, powers and duties hereunder as may be necessary and convenient for the payment of amounts due or to become due on the Obligations and the registration, transfer, exchange and replacement of Obligations as provided herein. Nevertheless, any moneys held by the Trustee or any Paying Agent for the payment of the principal of or interest on any Obligation remaining unclaimed for two years after the same shall become due and payable at maturity by declaration as provided herein, shall then be paid to the City and the Holders of any Obligations not theretofore presented for payment shall thereafter be entitled to look only to the City for payment thereof and all liability of the Trustee or any Paying Agent with respect to such moneys shall thereupon cease. The obligations of the Trustee under this Section shall be subject, however, to the requirements of any applicable law regarding the disposition of unclaimed property.

ARTICLE XI
MISCELLANEOUS

Section 11.1 Evidence of Acts of Holders.

(a) Any request, direction, consent or other instrument provided hereby to be signed and executed by the Holders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Holders in person or by agent appointed in writing. Proof of the execution of any such request, direction or other instrument or of the writing appointing any such agent and of the ownership of Obligations, if made in the following manner, shall be sufficient for any of the purposes hereof and shall be conclusive in favor of the Trustee and the City, with regard to any action taken by them, or either of them, under such request or other instrument, namely:

(i) The fact and date of the execution by any Person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments in such jurisdiction, that the Person signing such writing acknowledged before him the execution thereof, or by the affidavit of a witness of such execution; and

(ii) The ownership of Obligations shall be proved by the register of such Obligations.

(b) Nothing in this Section shall be construed as limiting the Trustee to the proof herein specified, it being intended that the Trustee may accept any other evidence of the matters herein stated which it may deem sufficient.

(c) Any action taken or suffered by the Trustee pursuant to any provision hereof, upon the request or with the assent of any Person who at the time is the Holder of any Obligation, shall be conclusive and binding upon all future Holders of the same Obligation.

Section 11.2 Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Obligations is intended or shall be construed to give to any Person other than the parties hereto, the City and the Holders of the Obligations any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained.

Section 11.3 Severability. If any one or more sections, clauses, sentences or parts hereof shall for any reason be questioned in any court of competent jurisdiction and shall be adjudged unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions hereof, or the Obligations executed and delivered pursuant hereto, but shall be confined to the specific sections, clauses, sentences and parts so adjudged.

Section 11.4 Holidays. When the date on which principal of or interest on any Obligation is due and payable is not a Business Day, payment may be made on Obligations presented at such place of payment on the next Business Day with effect as though payment were made on the due date, and, if such payment is made, no additional interest shall accrue from and after such due date. When any other action is provided herein to be done on a day named or within a time period named, and the day or the last day of the period falls on a day other than a Business Day, it may be performed on the next ensuing Business Day with effect as though performed on the appointed day or within the specified period.

Section 11.5 Governing Law. This Indenture and the Obligations are contracts made under the laws of the State and shall be governed and construed in accordance with such laws.

Section 11.6 Notices.

(a) Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be deemed sufficiently given or served if given in writing, mailed by first class mail, postage prepaid and addressed as follows:

(i) If to the Trustee, addressed to it at 1101 West Washington Street, 2nd Floor, Tempe, Arizona 85288, Attention: Global Corporate Trust;

(ii) If to the registered Holder of an Obligation, addressed to such Holder at the address shown on the registration books kept pursuant hereto; and

(iii) If to the City, addressed to it at 11465 West Civic Center Drive, Avondale, Arizona 85323, Attention: Finance and Budget Director.

(b) The parties listed above may from time to time by notice in writing to the others designate a different address or addresses for notices hereunder.

(c) Unless otherwise provided herein, all notices, approvals, consents, requests and any communications to the Trustee hereunder must be in writing in English and must be in the form of a document that is signed manually or by way of an electronic signature (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other electronic signature provider acceptable to the Trustee). Electronic signatures believed by the Trustee to comply with the ESIGN ACT of 2000 or other applicable law shall be deemed original signatures for all purposes. If the City chooses to use electronic signatures to sign documents delivered to the Trustee, the City agrees to assume all risks arising out of its use of electronic signatures, including without limitation the risk of the Trustee acting on an unauthorized document and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Trustee may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Trustee in lieu of, or in addition to, any document signed via electronic signature.

Section 11.7 Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which together shall constitute one instrument.

Section 11.8 Waiver of Personal Liability. No director, elected official, officer, agent, municipal advisor, counsel or employee of the City shall be individually or personally liable for the payment of the principal amount or redemption price of or interest on the Obligations; but nothing herein contained shall relieve any such director, officer, agent, muncipal advisor, counsel or employee from the performance of any official duty provided by law.

Section 11.9 Binding Effect. This instrument shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns subject to the limitations contained herein. Except as provided herein, the trust under this Indenture shall not be assigned to any other person, corporation, partnership or trustee unless the Trustee is required by law to divest, or does divest, itself of its trust department or unless the Trustee shall sell or assign substantially all of its corporate trust business in which event the trust hereunder shall be continued by the Trustee's successor in interest.

Section 11.10 Certain Statutory Notices.

(a) To the extent applicable by provision of law, the Trustee acknowledges that this Indenture is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, as amended, the provisions of which are incorporated herein and which provides that the City may within three (3) years after its execution cancel any contract (including this Indenture) without penalty or further obligation made by the City if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract. The Trustee shall take all such actions as possible to avoid violation of such statute.

(b) To the extent applicable under Section 41-4401, Arizona Revised Statutes, the Trustee shall comply with all federal immigration laws and regulations that relate to

its employees and its compliance with the E-verify requirements under Section 23-214(A), Arizona Revised Statutes. The breach by the Trustee of the foregoing shall be deemed a material breach of this Indenture and may result in the termination of the services of the Trustee by the City. The City retains the legal right to randomly inspect the documents and records of the Trustee to ensure that the Trustee is complying with the above-mentioned warranty. The Trustee shall keep such documents and records open for random inspection during normal business hours by the City. The Trustee shall cooperate with the random inspections by the City including granting the City entry rights onto its property to perform such random inspections and waiving its respective rights to keep such documents and records confidential.

(c) To the extent applicable under Section 35-393, et seq., Arizona Revised Statutes, the Trustee hereby certifies it is not currently engaged in, and for the duration of this Indenture shall not engage in, a boycott of Israel. The term "boycott" has the meaning set forth in Section 35-393, Arizona Revised Statutes. If the City determines that the Trustee's certification above is false or that it has breached such agreement, the City may impose remedies as provided by law.

(d) To the extent applicable under Section 35-394, Arizona Revised Statutes, the Trustee hereby certifies it does not currently, and for the duration of this Indenture shall not use: (i) the forced labor of ethnic Uyghurs in the People's Republic of China, (ii) any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China, and (iii) any contractors, subcontractors or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China. The foregoing certification is made to the best knowledge of the Trustee without any current independent investigation or without any future independent investigation for the duration of this Indenture. If the Trustee becomes aware during the duration of this Indenture that it is not in compliance with such certification, the Trustee shall take such actions as provided by law, including providing the required notice to the City. If the City determines that the Trustee is not in compliance with the foregoing certification and has not taken remedial action, the City shall terminate the Trustee's role as Trustee hereunder pursuant to Article VIII.

Section 11.11 Facsimile Instructions. The Trustee shall have the right to accept and act upon instructions or directions, including funds transfer instructions, pursuant to this Indenture sent by Electronic Means. As used in this Section, "Electronic Means" means unsecured e-mail as a portable document format ("pdf") or other replicating image attached to an email, facsimile transmission, secure electronic transmission (containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee), or another method or system specified by the Trustee as available for use in connection with its services hereunder. The City agrees that the Trustee cannot determine the identity of the actual sender of such electronic instructions and that the Trustee shall conclusively presume that instructions that purport to have been sent by a City Representative listed on the incumbency certificate provided to the Trustee have been sent by such City Representative. The City shall be responsible for ensuring that only City Representatives transmit such instructions to the Trustee, and the City and the City Representatives are responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and authentication keys provided by the Trustee. The Trustee shall not be liable for any losses, costs, or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or

are inconsistent with a subsequent instruction received via other means. The City agrees (i) to assume all risks arising out of the use of such Electronic Means to submit instructions and direction to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions and the risk or interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) that it will notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 11.12 Force Majeure. The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, "acts of God", terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other like occurrences beyond the control of the Trustee; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

* * *

[Signature page follows.]

IN WITNESS WHEREOF, the City has caused these presents to be signed in the name and on its behalf by its duly authorized officer and, to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and on its behalf by its duly authorized officer, all as of the day and year first above written.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By.....
Authorized Representative

CITY OF AVONDALE, ARIZONA

By.....
Mayor

ATTEST:

.....
Clerk

APPROVED AS TO FORM:

.....
City Attorney

EXHIBIT

FORM OF OBLIGATION

UNLESS THIS OBLIGATION IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE CITY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY OBLIGATION ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

WATER SYSTEM REVENUE OBLIGATION, SERIES 2026
Evidencing Proportionate Interests of the Holder Hereof in
Installment Payments of the Purchase Price to be Paid by the
CITY OF AVONDALE, ARIZONA,
Pursuant to a Series 2026 Water Revenue Purchase Agreement,
Dated as of June 1, 2026

No: R-..... Denomination: .....

Interest Rate:	Maturity Date:	Dated:	CUSIP:
.....%	July 1, ...	June __, 2026	_____ .....

REGISTERED OWNER: .....

PRINCIPAL AMOUNT: ..... DOLLARS

The registered owner identified above, or registered assigns, as the registered owner of this Water System Revenue Obligation, Series 2026 (this "*obligation*"), is the owner of an undivided proportionate interest in the right to receive certain installments of the "Purchase Price" pursuant to that certain Series 2026 Water Revenue Purchase Agreement, dated as of June 1, 2026 (the "*Purchase Agreement*"), by and between ....., a national banking association authorized to exercise trust powers in the State of Arizona, in its separate capacity as seller (the "*Seller*"), and the City of Avondale, Arizona, a municipal corporation of the State of Arizona, as purchaser (the "*City*"), which installments and certain other rights and interests under the Purchase Agreement have been assigned to ....., in its separate capacity as trustee (together with any successor thereto, the "*Trustee*"), pursuant to that certain Series 2026 Water Revenue Obligation Indenture, dated as of June 1, 2026 (the "*Indenture*"), by and between the City and the Trustee.

The registered owner of this obligation is entitled to receive, subject to the terms of the Purchase Agreement, on the maturity date set forth above, the principal amount set forth above,

representing a portion of the installments of the Purchase Price denominated as principal coming due on the Maturity Date set forth above, and to receive on _____ 1, 20__, and semiannually on _____ 1 and _____ 1 of each year thereafter until payment in full of said portion of principal, the registered owner's proportionate share of the installments of the Purchase Price denominated as interest coming due during the six month period (or portion thereof) immediately preceding each of such dates; provided that the first installment shall be for interest from the date of initial execution and delivery to _____ 1, 20__. Said proportionate share of the portion of such installments designated as interest is the result of the multiplication of the aforesaid portion of such installments designated as principal by the rate per annum set forth above.

The proportionate share of the portion of the installments of the Purchase Price denominated as interest is payable when due to the person in whose name this obligation is registered at the close of business on the 15th day of the calendar month next preceding each interest payment date, except that interest not duly paid or provided for when due shall be payable to the person in whose name this obligation is registered at the close of business on a special record date to be fixed for the payment of defaulted interest. Such defaulted interest shall be payable to the person in whose name such obligation is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed to the holders of the obligations not less than 15 days preceding such special record date. Such notice shall be mailed to the holder in whose name this obligation is registered at the close of business on the fifth day preceding the date of mailing. If the Trustee registers the transfer on any obligation subsequent to the mailing of such notice and on or before the special record date, any such notice of payment of defaulted interest shall be binding upon the transferee and a copy of the notice of payment of defaulted interest shall be delivered by the Trustee to the transferee along with the obligation or obligations. (Any payment due hereon that shall not be paid when due shall bear interest at the rate of interest, compounded semiannually, set forth above from the date such payment is due until the payment is made.)

Principal of and interest on this obligation are payable in lawful money of the United States of America that on the date of payment thereof is legal tender for the payment of public and private debts. Payments of interest will be made by check mailed by the Trustee as paying agent to the registered address of the person entitled thereto; *provided*, *however*, that the Indenture provides that upon certain circumstances the payments of interest on this obligation may, at the direction of the person in whose name this obligation is registered, be made by wire transfer of immediately available funds. The proportionate share of the portion of the installments of the Purchase Price denominated as principal, when due, shall be paid upon surrender of this obligation at the designated corporate trust office of the Trustee.

This obligation is one of a series, limited in aggregate original principal amount of $____,000 (the "*Obligations*"), which have been executed and delivered under the Indenture and are limited, special revenue obligations, payable solely from the sources (particularly the Purchase Agreement) and in the manner described in the Indenture, in order to finance the costs of certain improvements to the complete works of the water production and distribution system of the City. The payments to be made by the City pursuant to the Purchase Agreement are to be in an amount sufficient to make the payments due on the Obligations, and payments by the City under the Purchase Agreement are to be made from, and secured by a pledge of, certain revenues, proceeds and receipts to be derived by the City from such system. Under the restrictions set out in the

Purchase Agreement, additional parity obligations may be incurred by the City payable from such revenues. (No senior obligations may be incurred by the City payable from such revenues.) For a more complete statement of the provisions made to secure payment of the Obligations, the revenues from and conditions under which this obligation is payable, statements of the terms under which the Purchase Agreement may be modified and the general covenants and provisions pursuant to which this obligation is issued, reference is made to the Indenture.

This obligation shall not constitute a debt of the City, the State of Arizona or any political subdivision thereof within the meaning of any provision of the Constitution or laws of the State of Arizona and shall not constitute or give rise to a pecuniary liability of the City, the State of Arizona or any other political subdivision thereof or a charge against the general credit or taxing powers of any of them. This obligation and the interest hereon are enforceable exclusively from the revenues pledged thereto in the Purchase Agreement, and no holder hereof shall have the right to compel any exercise of the taxing power of the City to pay this obligation or the interest hereon.

Counterparts or copies of the Indenture and the other documents referred to herein are on file at the designated office of the Trustee, and reference is hereby made thereto and to the documents referred to therein for the provisions thereof, including the provisions with respect to the rights, obligations, duties and immunities of the Trustee, the City, and the registered owners of the Obligations under such documents, to all of which the registered owner hereof, by acceptance of this obligation, assents.

The Obligations maturing prior to or on July 1, 20__, are not subject to optional redemption prior to maturity. The Obligations maturing on and after July 1, 20__, are subject to redemption, in whole or in part on any date on or after July 1, 20__, in increments of $5,000 of principal amount due on a specific maturity date, in any order of maturity, all as directed by the City, and by lot within a maturity (as provided in the Indenture) by payment of the principal amount of each Obligation to be redeemed plus interest accrued to the date fixed for redemption, without premium.

Notice of redemption shall be mailed not less than 30 days nor more than 60 days prior to the date set for redemption to each registered owner of an Obligation to be so redeemed at the address shown on the books of the Trustee, but failure so to mail any such notice or any defect in such notice as to any Obligation shall not affect the validity of the proceedings for the redemption of any other Obligation. On the specified redemption date all Obligations called for redemption shall cease to bear interest and shall no longer be secured by the Indenture provided funds for redemption are on deposit at the place of payment at that time.

The registered owner of this obligation shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants thereof, or to take any action with respect to a default hereof, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

The Indenture and other documents referred to therein may be modified or amended to the extent permitted by and as provided therein. Certain amendments, modifications or changes that would affect the rights of registered owners of Obligations may be made only with the consent of a majority of the registered owners of the Obligations then outstanding under the Indenture, as

provided in the Indenture. Any such consent by the registered owner of this obligation shall be conclusive and binding upon such registered owner and all subsequent registered owners. However, as to certain other amendments that will not materially adversely affect the interests of the registered owners, no consent of any owner shall be required.

The Obligations are and shall be executed and delivered only in fully registered form. Subject to the limitations provided for in the Indenture, this obligation may be exchanged for a like aggregate principal amount payable at maturity of Obligations of the same maturity in authorized denominations.

The Obligations are transferable by the registered owner thereof in person or by his attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner and subject to the limitations provided for in the Indenture and upon surrender and cancellation of this obligation. Upon such transfer a new Obligation or Obligations of the same maturity and in authorized denominations for the same aggregate principal amount payable at maturity will be executed and delivered to the transferee in exchange.

The Trustee may require a registered owner, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture in connection with any exchange or transfer.

The Trustee and any paying agent may treat the registered owner of this obligation as the absolute owner for the purpose of receiving payment as herein provided and for all other purposes and none of them shall be affected by any notice to the contrary.

As used herein, the term "owner" means the person who at the time of nonpayment of an Obligation is entitled under the terms of such Obligation to payment thereof.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the execution and delivery of this obligation have existed, have happened and have been performed in due form, time and manner as required by law.

IN TESTIMONY WHEREOF, this obligation has been executed and delivered by the Trustee, acting pursuant to the Indenture.

Date:.....

....., as Trustee

By.....
Authorized Representative

ASSIGNMENT

The following abbreviations, when used in the inscription on the face of the within obligation, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common	UNIF GIFT/TRANS MIN ACT -- ..... (Cust.)
TEN ENT -- as tenants by the entireties	Custodian for ..... Under Uniform (Minor)
JT TEN -- as joint tenants with right of survivorship and not as tenants in common	Gifts/Transfers to Minors Act of ..... (State)

Additional abbreviations may also be used, though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto .....
(Please Print or Typewrite Name, Address and Social Security Number or other Federal Tax Identification Number of Transferee) the within obligation and all rights thereunder, and irrevocably constitutes and appoints ..... attorney to transfer the within obligation on the books kept for registration thereof, with full power of substitution in the premises.

Dated: .....

Signature Guaranteed:

.....	.....
(Signature guarantee should be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee).	Notice: The signature(s) on this assignment must correspond with the name(s) as written on the face of the within obligation in every particular without alteration or enlargement or any change whatsoever.

(END OF FORM OF OBLIGATION)

DRAFT
03/23/26
04/22/26

SERIES 2026 WATER REVENUE PURCHASE AGREEMENT

by and between

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Seller

and

CITY OF AVONDALE, ARIZONA,
as Purchaser

Dated as of June 1, 2026

The rights of U.S. Bank Trust Company, National Association, in its separate capacity as seller hereunder, have been assigned to U.S. Bank Trust Company, National Association, in its separate capacity as trustee under a Series 2026 Water Revenue Obligation Indenture, dated as of June 1, 2026.

(This Table of Contents is for informational purposes only and is not to be considered a part of this Series 2026 Water Revenue Purchase Agreement)

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SERIES 2026 WATER REVENUE PURCHASE AGREEMENT

This SERIES 2026 WATER REVENUE PURCHASE AGREEMENT, dated as of _____ 1, 2026 (this "*Purchase Agreement*"), by and between U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association authorized to exercise trust powers in the State of Arizona, as trustee but in its separate capacity as seller (the "*Seller*"), and the CITY OF AVONDALE, ARIZONA, a municipal corporation of the State of Arizona, as purchaser (the "*City*"),

WITNESSETH:

WHEREAS, pursuant to Ordinance No. ____-__ adopted by the Mayor and Council of the City on May 4, 2026, it was found and determined to be advantageous and in the public interest that the Obligations (as defined herein) be sold and executed and delivered; and

WHEREAS, pursuant to this Purchase Agreement, the City has agreed to purchase the Projects (as defined herein) from the Seller;

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS AND INTERPRETATION

The words and terms used herein shall have the respective meanings assigned to them in the hereinafter defined Indenture. In addition, the following words and terms as used herein shall have the meaning indicated, unless the context or use requires a different meaning or intent. All accounting terms not otherwise so defined shall have the meanings assigned to them in accordance with generally accepted accounting principles.

"*Additional Obligation Documents*" means any contract (including an ordinance of the Mayor and Council of the City) or agreement of the City constituting or authorizing Additional Obligations.

"*Additional Obligations*" means obligations (including loans and bonds) or applicable interests therein which are incurred (i) by, or the payment of which is assumed by, the City subsequent to, and are to rank on a parity with, the payments of the Purchase Price and share *pro rata* in payments to be made by the City from the Pledged Revenues, without priority one over the other or over this Purchase Agreement, and (ii) for the purpose of acquiring, constructing or improving the System or to refund the Obligations or any Additional Obligations.

"*Administrative Expenses*" means the reasonable cost or value of all services rendered by the City and its various departments with respect to the System.

"*Assumed Interest Rate*" means an interest rate for a series of Variable Rate Obligations at the computation date computed to be the lesser of (i) the maximum rate which the Variable Rate Obligations of a series may bear under the terms of their incurrence, or (ii) the rate of interest

established for long-term bonds by the 30-year revenue bond index published by The Bond Buyer of New York, New York, on the date that is nearest to 30 days prior to the computation date (or in the absence of such published index, some other index selected in good faith by the Finance and Budget Director after consultation with one or more reputable, experienced investment bankers as being equivalent thereto).

"*Bond Year*" means a 12-month period beginning July 2 of the calendar year and ending on the next succeeding July 1.

"*Consultant*" means, in the sole discretion of the City, a firm of utility consultants experienced in the financing and operation of utility systems and having a recognized reputation for such work.

"*Continuing Disclosure Undertaking*" means the Continuing Disclosure Undertaking, dated June __, 2026, from the City.

"*Credit Facility*" means a bank, financial institution, insurance company or indemnity company which is engaged by or on behalf of the City to perform one or more of the following tasks: (a) enhancing credit of the City securing the Obligations or Additional Obligations by assuring that principal of and interest on the Obligations or such Additional Obligations (or any interests therein) will be paid promptly when due (including the issuance of an insurance policy, letter of credit, surety bond or other form of security for a reserve), or (b) providing liquidity for Additional Obligations (or any interests therein) through undertaking to cause such Additional Obligations to be bought from the holders thereof when submitted pursuant to an arrangement prescribed by the Additional Obligation Documents.

"*Finance and Budget Director*" means the Finance and Budget Director of the City or other authorized representative of the City.

"*Fiscal Year*" means the 12-month period used by the City for its general accounting purposes as the same may be changed from time to time, said fiscal year currently extending from July 1 to June 30.

"*Indenture*" means the Series 2026 Water Revenue Obligation Indenture, dated as of June 1, 2026, by and between the Trustee and the City, as supplemented from time to time.

"*Interest Requirement*" means (i) with respect to this Purchase Agreement, as of any date of calculation, the interest amount on this Purchase Agreement due during the then-current Bond Year, and (ii) with respect to any Additional Obligations, as of any date of calculation, the amount required to be paid by the City during the then-current Bond Year with respect to interest on such Additional Obligations. In the case of Variable Rate Obligations Outstanding or proposed to be incurred, the Interest Requirement shall be computed with the Assumed Interest Rate.

"*Obligations*" means the City of Avondale, Arizona Water System Revenue Obligations, Series 2026.

"*Operating Expenses*" means all costs reasonably incurred in connection with the operation, use and maintenance of the System, including (i) repairs necessary to keep the System

in efficient and economical operating condition, (ii) the payments of premiums for insurance hereinafter required to be carried on the System, (iii) payments of reasonable Administrative Expenses, and (iv) generally all expenses of the System except depreciation and interest expense on the Obligations, any Additional Obligations and any obligations subordinate to such obligations.

"*Outstanding*" when used with reference to Additional Obligations, shall have the meaning assigned to such term in the corresponding, applicable Additional Obligation Documents which shall be as similar as possible to such definition in the Indenture.

"*Parity Lien Test Debt Service*" means the highest aggregate Principal Requirement and Interest Requirement of all Outstanding Obligations and Additional Obligations to fall due and payable in the current or any future Bond Year.

"*Pledged Revenues*" means Revenues (including any unrestricted fund balances of the System) remaining after deducting the Operating Expenses. For the purposes of the computation required by Sections 4.4, 5.3(b) and 5.3(c), additional amounts may be added to, or are to be subtracted from, the Pledged Revenues of the preceding Fiscal Year, as follows: (i) if all or part of the proceeds of the Additional Obligations described in Section 4.4 are to be expended for the acquisition of utility properties, the revenues which would have been derived from the operation of such acquired utility properties during the entire immediately preceding Fiscal Year, as estimated by a Consultant, then added; (ii) if during such preceding Fiscal Year the City has acquired or sold existing utility properties, the revenues which would have been derived from the operation of such properties during such Fiscal Year had such properties been acquired and operating or sold and not operating throughout such Fiscal Year, as estimated by a Consultant, then added or subtracted, respectively; and (iii) if during such preceding Fiscal Year the City shall have increased rates, fees and charges with respect to the System, the increased amount which would have been received during such Fiscal Year had such increase been in effect throughout such Fiscal Year, as estimated by a Consultant, then added.

"*Principal Requirement*" means (i) with respect to this Purchase Agreement, as of any date of calculation, the principal amount of the Obligations maturing or subject to mandatory redemption pursuant to the Indenture during the then-current Bond Year, and (ii) with respect to any Additional Obligations, as of any date of calculation, the principal amount required to be paid by the City during the then-current Bond Year with respect to the Additional Obligations. In computing the Principal Requirement for such Additional Obligations, an amount of such Additional Obligations required to be redeemed pursuant to mandatory redemption in each year shall be deemed to fall due in that year and (except in case of default in observing a mandatory redemption requirement) shall be deducted from the amount of the Additional Obligations maturing on the scheduled maturity date. In the case of Additional Obligations supported by a Credit Facility, the Principal Requirement for such Additional Obligations shall be determined in accordance with the principal retirement schedule specified in the Additional Obligation Documents authorizing the incurrence of such Additional Obligations, rather than any amortization schedule set forth in such Credit Facility unless payments under such Additional Obligations shall be in default at the time of the determination, in which case the Principal Requirements for such Additional Obligations shall be determined in accordance with the amortization schedule set forth in such Credit Facility.

"*Projects*" means improvements to the System, particularly _____.

"*Purchase Event of Default*" means one of the events defined as such in Section 7.1.

"*Purchase Price*" means the sum of the payments paid pursuant to Section 5.4(i) and (ii) of the Indenture from amounts to be paid by or on behalf of the City as the purchase price for the Projects.

"*Regulations*" means sections 1.148-1 through 1.148-11 and section 1.150-1 of the regulations of the United States Department of the Treasury promulgated under the Code, including and any amendments thereto or successor regulations.

"*Revenues*" means and includes all income, moneys and receipts derived by the City from the ownership, use and operation of the System including, without limitation, interest received on, and profits realized from the sale of, investments made with moneys of the System, but excluding (i) any amounts received which the City is contractually required to pay out as reimbursement for acquisition, construction or installation of the System, (ii) the proceeds of the Obligations or any Additional Obligations or the interest received on any proceeds of Additional Obligations placed irrevocably in trust to pay, or provide for the payment of, any Obligations or Additional Obligations, or (iii) any non-cash capital contributions received by the City for the use and operation of the System.

"*State*" means the State of Arizona.

"*System*" means the complete works of the water production and distribution system of the City including all such properties of every nature hereafter owned by the City and all acquisitions, improvements and extensions added thereto by the City, including all real and personal property of every nature comprising part of, or used or useful in connection with, such system, and including all appurtenances, contracts, leases, franchises, and other intangibles.

"*Tax Certificate*" means the Certificate Relating To Federal Tax Matters, dated June __, 2026, delivered by the City with respect to the Obligations.

"*Variable Rate Obligations*" means any Additional Obligations which may, in the future, bear interest at rates which cannot be determined with specificity on their original incurrence.

Unless the context indicates otherwise, words importing the singular number include the plural number, and vice versa; references to an "Article" or a "Section" are to those of this Purchase Agreement; the terms "hereof," "hereby," "herein," "hereto," "hereunder" and similar terms refer to this Purchase Agreement; and the term "hereafter" means after, and the term "heretofore" means before, the date of this Purchase Agreement. Words of any gender include the correlative words of the other genders, unless the sense indicates otherwise. The captions and headings in this Purchase Agreement are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Articles, Sections, subsections, paragraphs, subparagraphs or clauses hereof.

ARTICLE II
EXECUTION AND DELIVERY OF OBLIGATIONS; IMPROVEMENTS FUND; FEDERAL LAW COVENANTS

Section 2.1 Agreement to Cause Execution and Delivery of Obligations; Application of Proceeds. In order to provide funds to finance the costs of the acquisition, construction and improvement of the Projects, the Obligations shall be executed and delivered pursuant to the Indenture.

Section 2.2 Improvements Fund.

(a) The City shall establish and maintain a separate fund known as the "*Improvements Fund*," which shall be funded from amounts transferred to the City by the Trustee pursuant to Section 5.2(i) of the Indenture. Moneys in the Improvements Fund shall be disbursed by the City for the following purposes and for no other purposes:

(i) to the extent not paid by the Trustee from the Costs of Issuance Fund established under the Indenture, the costs described in Section 5.5 of the Indenture;

(ii) payment for labor, services, materials and other necessities used or furnished in the acquisition, improvement and construction of the Projects, and all real and personal property deemed necessary in connection with the Projects and for the miscellaneous expenses incidental to any of the foregoing including the premium on each performance and payment bond;

(iii) reimbursement of capital expenditures relating to the Projects advanced prior to the execution and delivery of the Obligations; and

(iv) payment of the portion of the Purchase Price representing interest on the Obligations during the acquisition, construction and improvement of the Projects.

(b) Before any of the foregoing payments may be made, the City shall maintain a record with respect to each such payment to the effect that: (i) none of the items for which the payment is proposed to be made has formed the basis for any payment previously made from the Improvements Fund; (ii) each item for which payment is proposed to be made is or was necessary in connection with the Projects; and (iii) each item for which payment is proposed to be made is for a purpose permitted by this Section.

(c) In the case of any contract providing for the retention of a portion of the contract price, subject to Sections 2.3 and 2.4, the City may pay from the Improvements Fund only the net amount remaining after deduction of any such portion.

(d) The City shall notify the Trustee of the completion date of the Projects by delivery of a certificate signed by the City Representative stating that: (i) acquisition, construction and improvement of the Projects has been completed; and (ii) all obligations and costs in connection with the Projects and payable out of the Improvements Fund have been paid and discharged, except for amounts retained by the City for payment of costs of the Projects not yet due and payable. Any moneys held in the Improvements Fund upon delivery of such certificate

that are not needed to pay costs of the Projects shall be transferred by the City to the Trustee for deposit to the Interest Account or the Principal Account as indicated in such certificate.

Section 2.3 General Federal Tax Covenants.

(a) As provided in further detail in the Tax Certificate, the City shall not make or direct the making of any investment or other use of the proceeds of any of the Obligations or the Projects which would cause such Obligations to be "arbitrage bonds" as that term is defined in Section 148 of the Code or "private activity bonds" as that term is defined in Section 141 of the Code and shall comply with the requirements of such sections of the Code and the related Regulations throughout the term of the Obligations. Particularly, the City shall be the owner of the Projects for federal income tax purposes. The City shall not enter into (i) any management or service contract with any entity other than a governmental entity for the operation of any portion of the Projects unless the management or service contract complies with the requirements of such authority as may control at the time, or (ii) any lease or other arrangement with any entity other than a governmental entity that gives such entity special legal entitlements with respect to any portion of the Projects. Also, the payment of principal and interest with respect to the Obligations shall not be guaranteed (in whole or in part) by the United States or any agency or instrumentality of the United States. The proceeds of the Obligations, or amounts treated as proceeds of the Obligations, shall not be invested (directly or indirectly) in federally insured deposits or accounts, except to the extent such proceeds (i) may be so invested for an initial temporary period until needed for the purpose for which the Obligations are being executed and delivered, (ii) may be so used in making investments of a *bona fide* debt service fund, or (iii) may be invested in obligations issued by the United States Treasury. In consideration of the purchase and acceptance of the Obligations by the Holders thereof from time to time and of retaining such exclusion and as authorized by Title 35, Chapter 3, Article 7, Arizona Revised Statutes, as amended, the City covenants, and the appropriate officials of the City are hereby directed, to take all action required by the Code to preserve such exclusion or to refrain from taking any action prohibited by the Code which would adversely affect in any respect such exclusion.

(b) The City shall comply with the procedures and covenants contained in any arbitrage rebate provision (initially, Section 2.4) or separate agreement executed in connection with the issuance of the Obligations for so long as compliance is necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Obligations.

(c) (i) The City shall take all necessary and desirable steps to comply with the requirements hereunder in order to ensure that interest on the Obligations is excluded from gross income for federal income tax purposes under the Code; provided, however, compliance with any such requirement shall not be required in the event the City receives a Special Counsel's Opinion that either (A) compliance with such requirement is not required to maintain the exclusion from gross income of interest on the Obligations, or (B) compliance with some other requirement will meet the requirements of the Code. In the event the City receives such a Special Counsel's Opinion, this Purchase Agreement shall be amended to conform to the requirements set forth in such opinion.

(ii) If for any reason any requirement hereunder is not complied with, the City shall take all necessary and desirable steps to correct such noncompliance within

a reasonable period of time after such noncompliance is discovered or should have been discovered with the exercise of reasonable diligence and the City shall pay any required interest or penalty under Regulations Section 1.148-3(h).

(d) Written procedures have been established for the City to ensure that all nonqualified obligations are remediated according to the requirements under the Code and related Regulations and to monitor the requirements of Section 148 of the Code relating to arbitrage, with which the City will comply.

Section 2.4 Arbitrage Rebate Covenants.

(a) Terms used in subsection (b) and not otherwise defined in Article I or in subsection (b) shall have the meanings given to them in the Code and the Regulations.

(b) For purposes of this Section, the following terms shall have the following meanings:

"*Bond Year*" shall have the meaning provided above, except that for purposes of this Section the first Bond Year shall begin on the date of issue of the Obligations and shall end on July 1, 2026, and the last Bond Year shall end on the date of retirement of the last Obligations.

"*Bond Yield*" is as indicated in the Tax Certificate and means the discount rate that produces a present value equal to the Issue Price of all unconditionally payable payments of principal, interest and fees for qualified guarantees within the meaning of Regulations Section 1.148-4(f) and amounts reasonably expected to be paid as fees for qualified guarantees in connection with the Obligations as determined under Regulations Section 1.148-4(b). The present value of all such payments shall be computed as of the date of issue of the Obligations and using semiannual compounding on the basis of a 360-day year. Bond Yield shall be recomputed if required by Regulations Section 1.148-4(b)(4) or 4(h)(3).

"*Gross Proceeds*" means:

(i) any amounts actually or constructively received by the City from the sale of the Obligations;

(ii) transferred proceeds of the Obligations under Regulations Section 1.148-9;

(iii) any amounts actually or constructively received from investing amounts described in (i), (ii) or this (iii); and

(iv) replacement proceeds of the Obligations within the meaning of Regulations Section 1.148-1(c). Replacement proceeds include amounts reasonably expected to be used directly or indirectly to pay debt service on the Obligations, pledged amounts where there is reasonable assurance that such amounts will be available to pay principal or interest on the Obligations in the event the City encounters financial difficulties and other replacement proceeds within the meaning of Regulations Section 1.148-1(c)(4).

Whether an amount is Gross Proceeds is determined without regard to whether the amount is held in any fund or account established under the Indenture.

"*Investment Property*" means any security, obligation (other than a tax-exempt bond within the meaning of Code Section 148(b)(3)(A)), annuity contract or investment-type property within the meaning of Regulations Section 1.148-1(b).

"*Issue Price*" is as indicated in the Tax Certificate and shall be determined as provided in Regulations Section 1.148-1(b).

"*Nonpurpose Investment*" means any Investment Property acquired with Gross Proceeds, and that is not acquired to carry out the governmental purposes of the Obligations.

"*Payment*" means any payment within the meaning of Regulations Section 1.148-3(d)(1) with respect to a Nonpurpose Investment.

"*Rebate Requirement*" means at any time the excess of the future value of all Receipts over the future value of all Payments. For purposes of calculating the Rebate Requirement the Bond Yield shall be used to determine the future value of Receipts and Payments in accordance with Regulations Section 1.148-3(c). The Rebate Requirement is zero for any Nonpurpose Investment meeting the requirements of a rebate exception under Section 148(f)(4) of the Code or Regulations Section 1.148-7.

"*Receipt*" means any receipt within the meaning of Regulations Section 1.148-3(d)(2) with respect to a Nonpurpose Investment.

(c) Within 60 days after the end of each Bond Year, unless an exemption from the requirement to do so is provided by the Code and the Regulations, the City shall cause the Rebate Requirement to be calculated and shall pay to the United States of America:

(i) not later than 60 days after the end of the fifth Bond Year and every fifth Bond Year thereafter, an amount that, when added to the future value of all previous rebate payments with respect to the Obligations (determined as of such Computation Date), is equal to at least 90 percent of the sum of the Rebate Requirement (determined as of the last day of such Bond Year) plus the future value of all previous rebate payments with respect to the Obligations (determined as of the last day of such Bond Year) and

(ii) not later than 60 days after the retirement of the last Obligation, an amount equal to 100 percent of the Rebate Requirement (determined as of the date of retirement of the last Obligation).

Each payment required to be made under this Section shall be filed with the Internal Revenue Service Center, Ogden, Utah 84201 (or at such other address then specified by the Internal Revenue Service), on or before the date such payment is due, and shall be accompanied by IRS Form 8038-T.

(d) No Nonpurpose Investment shall be acquired for an amount in excess of its fair market value. No Nonpurpose Investment shall be sold or otherwise disposed of for an amount less than its fair market value.

(e) For purposes of subsection (d), whether a Nonpurpose Investment has been purchased or sold or disposed of for its fair market value shall be determined as follows:

(i) The fair market value of a Nonpurpose Investment generally shall be the price at which a willing buyer would purchase the Nonpurpose Investment from a willing seller in a bona fide arm's length transaction. Fair market value shall be determined on the date on which a contract to purchase or sell the Nonpurpose Investment becomes binding.

(ii) Except as provided in subsection (f) or (g), a Nonpurpose Investment that is not of a type traded on an established securities market, within the meaning of Code Section 1273, is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

(iii) If a United States Treasury obligation is acquired directly from or sold or disposed of directly to the United States Treasury, such acquisition or sale or disposition shall be treated as establishing the fair market value of the obligation.

(f) The purchase price of a certificate of deposit that has a fixed interest rate, a fixed payment schedule and a substantial penalty for early withdrawal is considered to be its fair market value if the yield on the certificate of deposit is not less than:

(i) the yield on reasonably comparable direct obligations of the United States; and

(ii) the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(g) A guaranteed investment contract shall be considered acquired and disposed of for an amount equal to its fair market value if:

(i) A bona fide solicitation in writing for a specified guaranteed investment contract, including all material terms, is timely forwarded to all potential providers. The solicitation must include a statement that the submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the City or any other person (whether or not in connection with the Obligations), and that the bid is not being submitted solely as a courtesy to the City or any other person for purposes of satisfying the requirements in the Regulations that the City receive bids from at least one reasonably competitive provider and at least three providers that do not have a material financial interest in the Obligations.

(ii) All potential providers have an equal opportunity to bid, with no potential provider having the opportunity to review other bids before providing a bid.

(iii) At least three reasonably competitive providers (i.e. having an established industry reputation as a competitive provider of the type of investments being purchased) are solicited for bids. At least three bids must be received from providers that have no material financial interest in the Obligations (e.g., a lead underwriter within 15 days of the issue date of the Obligations or a financial advisor with respect to the investment) and at least one of such three bids must be from a reasonably competitive provider. If the City uses an agent to conduct the bidding, the agent may not bid.

(iv) The highest-yielding guaranteed investment contract for which a qualifying bid is made (determined net of broker's fees) is purchased.

(v) The determination of the terms of the guaranteed investment contract takes into account as a significant factor the reasonably expected deposit and drawdown schedule for the amounts to be invested.

(vi) The terms for the guaranteed investment contract are commercially reasonable (i.e. have a legitimate business purpose other than to increase the purchase price or reduce the yield of the guaranteed investment contract).

(vii) The provider of the investment contract certifies the administrative costs (as defined in Regulations Section 1.148-5(e)) that it pays (or expects to pay) to third parties in connection with the guaranteed investment contract.

(viii) The City retains until three years after the last Outstanding Obligation is retired, (A) a copy of the guaranteed investment contract, (B) a receipt or other record of the amount actually paid for the guaranteed investment contract, including any administrative costs paid by the City and a copy of the provider's certification described in (vii) above, (C) the name of the person and entity submitting each bid, the time and date of the bid, and the bid results and (D) the bid solicitation form and, if the terms of the guaranteed investment contract deviates from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose of the deviation.

(h) Such experts and consultants shall be employed to make, as necessary, any calculations in respect of rebates to be made to the United States of America in accordance with Section 148(f) of the Code with respect to the Obligations.

Section 2.5 Continuing Disclosure Undertaking. The City shall comply with and carry out all of the provisions of the Continuing Disclosure Undertaking. Notwithstanding any other provision of this Purchase Agreement, failure of the City to comply with the Continuing Disclosure Undertaking shall not be considered a Purchase Event of Default, an Indenture Event of Default or other event of default; however, the Trustee (at the request of the registered Holders of at least 25 percent aggregate principal amount in Outstanding Obligations and receipt of indemnity to its satisfaction) shall take such actions as may be necessary and appropriate, including seeking

specific performance by court order, to cause the City to comply with its obligations under this Section.

ARTICLE III
AGREEMENT OF SALE; PURCHASE PRICE

Section 3.1 Agreement of Sale. In order to finance the costs of the Projects, the City hereby sells and conveys any interests it has in the Projects to the Seller, without warranty, for the sum of $10.00 and other valuable consideration had and received. For the amounts payable pursuant hereto (including the Purchase Price), the Seller in turn hereby sells and conveys back to the City, without warranty, and the City hereby purchases from the Seller, the Projects. In order to evidence such sale and conveyance, the Seller has executed and delivered to the City a bill of sale in substantially the form the of the Exhibit attached hereto and incorporated herein by reference.

Section 3.2 Possession of and Title to Projects; Authority of Seller to Pledge Its Interests.

(a) The City shall be entitled to possession of, and full and unencumbered title to, the Projects, without suit, trouble or hindrance from the Seller. The Projects shall be made a part of the System and shall be used in accordance with all applicable laws.

(b) The Seller may mortgage, hypothecate or pledge all or any part of the interest of the Seller in this Purchase Agreement as security for the Obligations.

Section 3.3 Amounts Payable After Execution and Delivery of Obligations. After providing for any amounts due pursuant to Section 2.4(c), the Pledged Revenues received pursuant to Section 4.1 shall be paid for the following purposes and in the following order of priority, after decreasing any such payment for any interest income or gain received, or increasing such payment for any loss realized, in the account to which such payment is to be deposited:

(i) Fees and expenses of the Trustee in accordance with the provisions of Section 8.8 of the Indenture to the Trustee.

(ii) The payments on the dates and in the amounts set forth in the Schedule attached hereto and incorporated herein by reference for deposit to the Interest Account and/or the Principal Account, as applicable.

In the event the City should fail to make when due any of the payments required by this Section, the installment so in default shall continue as an obligation of the City, payable solely from the Pledged Revenues, until the amount in default shall have been fully paid, and the City shall pay the same with interest thereon at the rate applicable to the corresponding maturities of Obligations, from the date said payment was to be made to the date of payment by the City until paid. This Purchase Agreement shall be deemed and construed to be a *"net purchase agreement,"* and the payments provided for in this Section shall be an absolute net return to the Seller, free and clear of any expenses or charges whatsoever, except as otherwise specifically provided herein. The City

shall cause an amount of Revenues to be included in the annual budget for every Fiscal Year sufficient to meet all requirements of this Purchase Agreement.

Section 3.4 Obligations of City Hereunder Unconditional. The obligations of the City to make the payments required in Section 3.3 and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, regardless of the continued existence of the Projects or their physical condition. The City: (a) shall not diminish, suspend or discontinue any payments provided for in Section 3.3; (b) shall perform and observe all of its other agreements contained in this Purchase Agreement; and (c) shall not terminate this Purchase Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, loss, theft or destruction of or damage to the Projects, or any part thereof, frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof, or any failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Purchase Agreement. Nothing contained in this Section shall be construed to release the Seller from the performance of any of the agreements on its part herein contained, and in the event the Seller shall fail to perform any such agreement on its part, the City may institute such action against the Seller as the City may deem necessary to compel performance or recover its damages for non-performance so long as such action shall not violate or impair the effectiveness of the agreements on the part of the City contained in the next two preceding sentences. The City may, however, at its own cost and expense and in its own name or in the name of the Seller, prosecute or defend any action or proceeding or take any other action involving third persons which the City deems reasonably necessary in order to secure or protect its rights of ownership, possession and use hereunder, and in such event the Seller shall cooperate fully with the City and take all action necessary to effect the substitution of the City for the Seller in any such action or proceeding if the City shall so request.

Section 3.5 Termination of Payment of Purchase Price; Excess Payments.

(a) Subject to Article VI, upon full payment or provision for payment of the Purchase Price and provided that the City has performed all the covenants and agreements required by the City to be performed hereunder, this Purchase Agreement shall cease and expire. Upon the expiration of this Purchase Agreement, the Seller shall cause the Trustee under the Indenture to release any interest that the Trustee may have in the Projects or the Pledged Revenues from the lien of the Indenture.

(b) In the event of prepayment of the Purchase Price in full or provision for the payment of the Purchase Price in full such that the Indenture shall be discharged by its terms as a result of such prepayment and payment of any fees and charges due and owing to the Trustee, all amounts then on deposit in the Improvements Fund (except for amounts retained by the City for payment of costs of the Projects not yet due and payable in accordance with Section 2.2(c)) and the Obligation Fund shall be credited toward the amounts then required to be so prepaid at the direction of the City Representative. Upon the payment thereof in accordance with the Indenture such that the Indenture shall be discharged by its terms, any money remaining which is not otherwise required to be applied to the payment of debt service on the Obligations or to the payment of any other amounts due under the Indenture shall be paid over to the City.

Section 3.6 Prepayment of Purchase Price Generally. The City shall be permitted to prepay all or a part of the Purchase Price composed of the principal and interest components thereof to the extent and in the manner permitted by the Indenture for the redemption of the Obligations. If such prepayment is made in compliance with the terms of the Indenture, the Seller shall cause the Trustee under the Indenture to accept such prepayment to the extent required to provide for a permitted redemption or provision for payment of such Obligations as shall be directed by the City. No other prepayment of the Purchase Price shall be permitted.

Section 3.7 Effect of Partial Payment or Prepayment. Upon any partial payment or prepayment of the Purchase Price resulting in a redemption of Obligations, each installment of interest which shall thereafter be payable as a part of the Purchase Price shall be reduced, taking into account the interest rate or rates on the Obligations remaining Outstanding after the redemption of Obligations from the proceeds of such partial payment or prepayment so that the interest remaining payable as a part of the Purchase Price shall be sufficient to pay the interest on such Outstanding Obligations when due.

ARTICLE IV
SOURCE OF PURCHASE PRICE; RATE COVENANT; ADDITIONAL OBLIGATIONS

Section 4.1 Limitation of Source of City Payments.

(a) This Purchase Agreement is a limited, special obligation of the City, payable solely and secured as to the payment in accordance with the terms and the provisions hereof.

(b) All amounts to be paid by the City pursuant to Section 3.3 (or under any other section of this Purchase Agreement) shall be payable solely from the Pledged Revenues. Nothing, however, shall preclude the City, in the sole and absolute discretion of the Mayor and Council of the City, from paying such amounts from other moneys of the City. Under no circumstances shall amounts paid under this Purchase Agreement from such moneys constitute a pledge thereof, and amounts payable by the City hereunder (except the Pledged Revenues) shall never constitute a general obligation of the City or a pledge of *ad valorem* property taxes by the City.

(c) The City hereby pledges and shall raise and apply the Pledged Revenues in such amounts and in such manner as required herein to make the payments required to be made by the City under this Purchase Agreement and covenants to make said payments from the Pledged Revenues. This pledge shall be a first lien and on a parity to the pledge thereof and lien thereon for the Obligations. All of the Pledged Revenues shall be immediately subject to such pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all persons having claims of any kind in tort, contract or otherwise against the City, irrespective of whether such persons have notice thereof. Nothing contained in this Section shall be construed as limiting any authority granted elsewhere herein to incur this Purchase Agreement or Additional Obligations nor be deemed a limitation upon the issuance of bonds, notes or other obligations under any law pertaining to the City secured by moneys, income and funds other than the Pledged Revenues and other moneys and investments pledged hereunder or under

the Indenture. After the application of the Pledged Revenues for the purposes herein, they may be used for any lawful purpose.

Section 4.2 Rate Covenant. The City shall continuously control, operate and maintain the System and shall establish and maintain rates, fees and other charges for all services supplied by the System to provide Revenues fully sufficient, after making reasonable allowance for contingencies and errors in estimates to produce (a) Pledged Revenues in each Fiscal Year equal to at least 120 percent of the Principal Requirement and the Interest Requirement on all Outstanding Obligations and Outstanding Additional Obligations for the corresponding Bond Year (treating the Variable Interest Rate Obligations as bearing interest at the Assumed Interest Rate and Outstanding Additional Obligations subject to mandatory redemption as maturing on their respective mandatory redemption dates), and (b) an amount of Pledged Revenues for the then-current Fiscal Year which, net of the aggregate amounts required to be deposited to the Obligation Fund during such Fiscal Year, will be sufficient to provide at least 100 percent of the amounts with regard to any Credit Facility due and owing in such Fiscal Year.

Section 4.3 Prior Lien Obligations. The City shall not incur any obligations payable from the Pledged Revenues ranking prior to the obligations of the City under this Purchase Agreement.

Section 4.4 Additional Obligations. Additional Obligations may be incurred if there shall not be any Indenture Event of Default or Purchase Event of Default upon the incurrence thereof and the Pledged Revenues for the completed Fiscal Year immediately preceding the incurrence of such Additional Obligations have been (a) at least equal to 120 percent of the Parity Lien Test Debt Service including such Additional Obligations, and (b) sufficient to provide an amount of the Pledged Revenues for the then-current Fiscal Year which, net of the aggregate amounts required to be deposited to the Obligation Fund during such Fiscal Year, will be sufficient to provide at least 100 percent of the amounts with regard to any Credit Facility due and owing in such Fiscal Year.

ARTICLE V
COVENANTS REGARDING THE SYSTEM, MAINTENANCE, INVESTMENTS AND TAXES

Section 5.1 Utilities; Maintenance of the System in Good Condition. All maintenance and repair of the Projects and utilities therefor shall be the responsibility of the City. (In exchange for the payment of the amounts due hereunder, the Seller shall provide nothing more than the Projects.) The City shall (a) maintain the System in good condition, (b) operate the same in a proper and economical manner and at reasonable cost, and (c) faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State.

Section 5.2 Insurance. The City shall maintain insurance on the System (which may take the form of or include an adequately-funded program of self-insurance), for the benefit of the Holder or Holders of the Obligations payable wholly or in part from the Revenues, for the full insurable value of all buildings and machinery and equipment therein, against loss or damage by fire, lightning, tornado or winds, and all other combustible property against loss or damage by fire or lightning, and other coverages and amounts of insurance (including public liability and damage

to property of others to the extent deemed prudent by the City), normally carried by others on similar operations. The cost of such insurance may be paid as an Operating Expense. All money received for losses under any such insurance policies, except public liability policies, is hereby pledged by the City as security for the payment of this Purchase Agreement until and unless such proceeds are paid out in making good the loss or damage in respect of which such proceeds are received, including repairing the System. Self-insurance may be maintained for the System either separately or in connection with any general self-insurance retention program or other insurance program maintained by the City; provided that (a) any such program has been adopted by the City, and (b) the City's risk manager or other appropriate officer of the City reviews any such program every five years to confirm that such program is adequate and actuarially sound. All proceeds of any condemnation awards with respect to the System shall be deposited with the Trustee and applied to the *pro rata* payment of the Obligations.

Section 5.3 No Sale; Lease or Encumbrance Exceptions.

(a) The City shall not sell, lease, encumber or in any manner dispose of the System as a whole until all of the Obligations and all interest thereon and related costs of administration shall have been paid in full or provision for payment has been made in accordance with the Indenture.

(b) The City may sell, lease or otherwise dispose of any of the property comprising a part of the System in the following manner, if any one of the following conditions exists: (a) such property is not necessary for the operation of the System, (b) such property is not useful in the operation of the System, (c) such property is not profitable in the operation of the System, or (d) the disposition of such property will be advantageous to the System and will not adversely affect the security for the Holders of the Obligations. In addition, the City may sell to any other municipality or political subdivision of the State or any agency of any one or more of them, any portion of the System if there is filed with the City Clerk a certificate executed by the Consultant showing that, in the opinion of the Consultant, the proposed sale will not reduce the Pledged Revenues to be received in the full Fiscal Year next succeeding such sale to an amount less than 120% of Parity Lien Test Debt Service. In making such computation, the Consultant shall consider such matters as such Consultant deems appropriate including: (i) anticipated diminution of Revenues; (ii) anticipated increase or decrease in Operating Expenses attributable to the sale; and (iii) reduction, if any, in annual principal and interest requirements attributable to the application of the sale proceeds for payment of Obligations theretofore Outstanding.

(c) The City may sell or otherwise transfer the System as a whole to any municipality or political subdivision or agency of one or more political subdivisions of the State to which may be delegated the legal authority to own and operate the System on behalf of the public, and that undertakes in writing, filed with the City Clerk, the City's obligations hereunder; provided that there shall be first filed with the City Clerk (1) a Special Counsel's Opinion to the effect that (A) such sale will not cause interest on any of the Obligations to become subject to federal income taxation, (B) such sale will not materially diminish the security of the Holders of the Obligations (which opinion may be based on the Consultant's report described in clause (2), below), and (C) the obligations of the City hereunder have been validly assumed by such transferee and are the valid and legally binding obligations of such transferee, and (2) an opinion of a Consultant expressing the view that such transfer in and of itself will not result in any diminution

of the Pledged Revenues to the extent that in the full Fiscal Year next succeeding such transfer the Pledged Revenues will be less than 120% of Parity Lien Test Debt Service. In reaching this conclusion, the Consultant shall take into consideration such factors as he may deem significant including any rate schedule to be imposed by said political subdivision or agency.

(d) Notwithstanding the above provisions, the City may sell or lease all or any part of the System in connection with the issuance of any Additional Obligations to finance additional improvements to the System or refinance the Obligations or any Additional Obligations provided that such sale or lease does not permit foreclosure, or other loss by the City, of such portion of the System.

Section 5.4 Books, Records and Accounts. The City shall cause to be kept proper books, records and accounts of the System in accordance with standard accounting practices and procedures customarily used for systems of similar nature.

Section 5.5 Satisfaction of Liens. The City shall, from time to time, duly pay and discharge or cause to be paid and discharged all taxes, assessments and other governmental charges, if any, lawfully imposed upon the System or any part thereof or upon the Pledged Revenues, as well as any lawful claims for labor, materials or supplies that if unpaid might by law become a lien or charge upon the System or the revenues or any part thereof or that might impair the security of the Obligations, except when the City in good faith contests its liability to pay the same.

Section 5.6 Disconnection of Service for Non-Payment; No Free Service.

(a) The City shall diligently enforce payment of all bills for services supplied by the System. If a bill becomes delinquent and remains so for a period to be determined in accordance with City policy from time to time, the City shall discontinue service in accordance with the laws of the State to any premises the owner or occupant of which shall be so delinquent, and will not recommence such service to such premises until all delinquent charges with penalties shall have been paid in full or provisions for such payment satisfactory to the City shall have been made. The City shall do all things and exercise all remedies reasonably available to assure the prompt payment of charges for all services supplied by the System.

(b) No free service shall be furnished by the System to the City or any department thereof or to any person, firm or corporation, public or private, or to any public agency or instrumentality, except as provided herein. The reasonable cost and value of all service rendered to the City and its various departments by the System shall be charged against the City and will be paid for as the service occurs from the City's current funds. All payments so made shall be considered Revenues and shall be applied in the manner herein provided for the application of the Revenues of the System.

Section 5.7 No Competing System. The City shall not, to the extent permitted by law, grant a franchise or permit for the operation of any competing system within, in whole or in part, the service areas of the System.

Section 5.8 Taxes. All taxes of any type or nature charged to the Seller by reason of this Purchase Agreement or affecting the Projects or affecting the amount available to the Seller

from payments received hereunder for the payment of the Obligations (including charges assessed or levied by any governmental agency, district or corporation having power to levy taxes) shall upon receipt of invoices therefor be paid by the City. Upon written request of the City, the Seller shall take whatever steps are necessary to contest the amount of tax, or to recover any tax paid if the City believes such tax or assessment to be improper or invalid. The City shall reimburse the Seller for any and all costs, including reasonable attorneys' fees, thus incurred by the Seller.

ARTICLE VI
INDEMNIFICATION

To the extent permitted by law, the City hereby indemnifies and holds the Seller, its directors, officers, agents, attorneys and employees, harmless for, from and against any and all claims, expenses, liens, judgments, liability or loss whatsoever, including reasonable legal fees and expenses, relating to or in any way arising out of (a) this Purchase Agreement, the Indenture, financing statements, supplements, amendments or additions thereto or the enforcement of any of the terms thereof; (b) the Obligations; (c) any official statement or disclosure documents, either preliminary or final, pertaining to such Obligations; (d) the sale and execution and delivery of the Obligations or the transactions contemplated in any of the aforementioned acts, agreements or documents; or (e) the acquisition, purchase, ownership, lease, possession, rental, use, operation, sale or disposition of the Projects hereunder or in connection herewith (including, without limitation, expense, liability or loss relating to or in any way arising out of injury to persons, property or the environment, patent or invention rights or strict liability in tort). The right of the Seller to indemnification from the City shall not extend to claims, suits and actions successfully brought against the Seller for, or losses, liabilities or expenses incurred as a result of, the negligence, bad faith, willful misconduct or breach of trust of the Seller. To the extent that the City makes or provides for payment to the satisfaction of the Seller under the indemnity provisions hereof, the City shall be subrogated to the rights of the Seller with respect to such event or condition and shall have the right to determine the settlement of claims thereon, it being agreed that, except to the foregoing extent, the Seller shall have the right to determine such settlement. The City shall pay all amounts due hereunder promptly upon notice thereof from the Seller. In case any action, suit or proceeding is brought against the Seller, if any, by reason of any act or condition which requires indemnification by the City hereunder, the Seller shall notify the City promptly of such action, suit or proceeding, and the City may (and shall upon the request of the Seller), at the expense of the City, resist and defend such action, suit or proceeding, or cause the same to be resisted and defended, by counsel designated by the City and approved by the Seller. If the Seller desires to participate in the defense of such action, suit or proceeding through its own counsel, it may do so at its own expense. The Seller may, however, retain its own counsel and still be indemnified against the cost of employing counsel and all other expenses despite an assumption of the defense by the City if the Seller believes in good faith that there are defenses available to it that are not available to the City or that are adverse to or in conflict with those available to the City and that the Seller believes in good faith cannot be effectively asserted by common counsel. The Seller, its directors, officers, agents, attorneys, and employees, shall not be liable to the City or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in connection with the Projects. These indemnity provisions shall survive the satisfaction and expiration of this Purchase Agreement and the Indenture.

ARTICLE VII
DEFAULT AND REMEDIES

Section 7.1 Purchase Events of Default. Any one or more of the following events (*"Purchase Events of Default"*) shall constitute a default hereunder:

(a) The City shall fail to make any payment when due under Section 3.3(ii); or

(b) The City shall fail to make any payment under Section 3.3(i) for a period of 30 days after notice of such failure shall have been given in writing to the City by the Seller or by the Trustee; or

(c) The City shall fail to perform any other covenant herein for a period of 30 days after written notice specifying such default shall have been given to the City by the Seller or the Trustee, provided that if such failure is a type that cannot be remedied within such 30 day period, it shall not be deemed a Purchase Event of Default so long as the City diligently tries to remedy the same, which it shall certify in writing to the Trustee; or

(d) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of the federal bankruptcy statutes, as amended, or under any similar acts which may hereafter be enacted.

Section 7.2 Remedies on Default by City. Upon the occurrence of a Purchase Event of Default, the Seller shall, but only if requested to do so by the Trustee, without further demand or notice, exercise any of the available remedies at law or in equity, including, but not limited to, specific performance, however, under no circumstances may amounts due hereunder be accelerated. Upon the filing of suit by the Trustee, any court having jurisdiction of the action may appoint a receiver to administer the System for the City with power to charge and collect fees sufficient to pay all of the Operating Expenses and to make all required payments hereunder. The Seller may assign any or all of its rights and privileges under this Section to the Trustee, and upon furnishing evidence of such assignment to the City, the Trustee may exercise any or all of such rights or privileges as it may deem advisable.

Section 7.3 Default by Seller. The Seller shall in no event be in default in the performance of any of its obligations hereunder unless and until the Seller shall have failed to perform such obligation within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by the City to the Seller properly specifying how the Seller has failed to perform any such obligation. No default by the Seller shall relieve the City of its obligations to make the various payments herein required, so long as any of the Obligations remain Outstanding; however, the City may exercise any other remedy available at law or in equity to require the Seller to remedy such default so long as such remedy does not interfere with or endanger the payments required to be made to the Trustee under the Indenture.

ARTICLE VIII
MISCELLANEOUS

Section 8.1 Arizona Law to Govern; Entire Agreement.

(a) This Purchase Agreement shall be governed exclusively by the provisions hereof and by the laws of the State as the same from time to time exist.

(b) This Purchase Agreement expresses the entire understanding and all agreements of the parties hereto with each other and neither party hereto has made or shall be bound by any agreement or by representation to the other party with respect to the matters covered hereby which is not expressly set forth in this Purchase Agreement.

Section 8.2 Amendments for Securities and Exchange Commission, Blue Sky and Other Limited Purposes. If it shall ever become necessary to make any amendment to this Purchase Agreement or to the Indenture in order to permit the qualification of the Indenture under the Trust Indenture Act of 1939 or the registration of the Obligations with the Securities and Exchange Commission or the sale of the Obligations in accordance with the "blue sky" laws of any state, the City and the Seller shall agree to such amendments to both this Purchase Agreement and the Indenture as may be necessary or advisable, based on an Opinion of Counsel, to permit such qualification, registration or sale.

Section 8.3 Assignment and Pledge of Seller's Interest in Purchase Agreement. The Seller assigns, mortgages, hypothecates and pledges to the Trustee all and every part of the right, privilege and interest of the Seller in this Purchase Agreement. The City consents to such assignment, mortgage, hypothecation and pledge.

Section 8.4 Recordation and Filing of Instruments. The City shall prepare all documents of every kind and description, make all filings and recordings and shall deliver all Opinions of Counsel to the Seller and to the Trustee required under any provision of the Indenture.

Section 8.5 Right of Seller and Trustee to Perform City's Obligations Hereunder. In the event that the City should fail for any reason to make any payment or perform any obligation hereunder, and such failure shall continue for a period of 30 days after written notice has been given to the City by the Seller or the Trustee specifying such failure and requesting that it be remedied, the Seller, or the Trustee on its behalf, may but shall not be required to make any such payment or to perform any such duty. The amount of such payment and all expenses reasonably incurred by the Seller, or the Trustee on its behalf, in making such payment and performing such duty shall be additional items payable hereunder and shall be paid by the City immediately upon invoices by the Seller or the Trustee with interest at the average rate of interest applicable to the Obligations from the date said payment was due or expenses incurred to the date of payment by the City. Except as to defaults described in Section 7.1(a) and 7.1(b) of which the Seller is deemed to have notice, the Seller shall have no duty of inquiry with respect to any default or Purchase Event of Default described herein without receipt by the Seller of written notice of a default from the City or any Holder.

Section 8.6 Notices; Mailing Addresses. All notices, consents or other communications required or permitted hereunder shall be deemed sufficient if given in writing addressed and mailed

by registered or certified mail, delivered, or transmitted by telecopy, telex or other electronic transmission that produces written evidence of its delivery, to the party for which the same is intended, as follows:

To the Seller or the Trustee:	U.S. Bank Trust Company, National Association 1101 West Washington Street, 2nd Floor Tempe, Arizona 85288 Attention: Global Corporate Trust
To the City:	City of Avondale, Arizona 11465 West Civic Center Drive Avondale, Arizona 85323 Attention: Finance and Budget Director

or to such other address as such party may hereafter designate by notice in writing addressed and mailed or delivered to the other party hereto. Unless otherwise provided herein, all notices, approvals, consents, requests and any communications to the Seller or the Trustee hereunder must be in writing in English and must be in the form of a document that is signed manually or by way of an electronic signature (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other electronic signature provider acceptable to the Seller and the Trustee). Electronic signatures believed by the Seller and the Trustee to comply with the ESIGN ACT of 2000 or other applicable law shall be deemed original signatures for all purposes. If the City chooses to use electronic signatures to sign documents delivered to the Seller and the Trustee, the City agrees to assume all risks arising out of its use of electronic signatures, including without limitation the risk of the Seller and the Trustee acting on an unauthorized document and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Seller or the Trustee may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Seller or Trustee in lieu of, or in addition to, any document signed via electronic signature.

Section 8.7 Amendments Hereto. This Purchase Agreement may only be amended with the express written consent of the Trustee and in accordance with the provisions of the Indenture.

Section 8.8 Severability. If any term or provision of this Purchase Agreement or the application thereof to any person or circumstance, shall to any extent be invalid or unenforceable, the remainder of this Purchase Agreement or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Purchase Agreement shall be valid and be enforced to the fullest extent permitted by law.

Section 8.9 Counterparts. This Purchase Agreement may be simultaneously executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all together shall constitute but one Series 2026 Water Revenue Purchase Agreement, and it is also understood and agreed that separate counterparts of this Purchase Agreement may separately be executed by the Seller and the City, all with the same full force and effect as though the same counterpart had been executed by both the Seller and the City.

Section 8.10 Assignment by City. Neither this Purchase Agreement nor any interest of the City herein may at any time after the date hereof, without the prior written consent of the Trustee, be mortgaged, pledged, assigned or transferred by the City by voluntary act or by operation of law or otherwise. The City shall at all times remain liable for the performance of all of the covenants and conditions on its part to be performed, notwithstanding any such action.

Section 8.11 Interested Parties Herein. Nothing in this Purchase Agreement expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the City, the Trustee, the Paying Agent, if any, and the holders of the Obligations, any right, remedy or claim under or by reason of this Purchase Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Purchase Agreement contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Trustee, the Paying Agent, if any, and the holders of the Obligations.

Section 8.12 Certain Statutory Notices.

(a) To the extent applicable by provision of law, the Seller acknowledges that this Purchase Agreement is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, as amended, the provisions of which are incorporated herein and which provides that the City may within three (3) years after its execution cancel any contract (including this Purchase Agreement) without penalty or further obligation made by the City if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract.

(b) To the extent applicable under Section 41-4401, Arizona Revised Statutes, as amended, the Seller shall comply with all federal immigration laws and regulations that relate to its employees and its compliance with the E-verify requirements under Section 23-214(A), Arizona Revised Statutes, as amended. The breach by the Seller of the foregoing shall be deemed a material breach of this Purchase Agreement and may result in the termination of the services of the Seller by the City. The City retains the legal right to randomly inspect the documents and records of the Seller to ensure that the Seller is complying with the above-mentioned warranty. The Seller shall keep such documents and records open for random inspection during normal business hours by the Seller. The Seller shall cooperate with the random inspections by the City including granting the City entry rights onto its property to perform such random inspections and waiving its respective rights to keep such documents and records confidential. The City shall preserve the confidentiality of any information, records or documents the City views, accesses or otherwise obtains during any and every such random inspection, including, without limitation, such information.

(c) To the extent applicable under Section 35-393, et seq., Arizona Revised Statutes, the Seller hereby certifies it is not currently engaged in, and for the duration of this Purchase Agreement shall not engage in, a boycott of Israel. The term "boycott" has the meaning set forth in Section 35-393, Arizona Revised Statutes. If the City determines that the Seller's certification above is false or that it has breached such agreement, the City may impose remedies as provided by law.

(d) To the extent applicable under Section 35-394, Arizona Revised Statutes, the Seller hereby certifies it does not currently, and for the duration of this Purchase Agreement shall not use: (i) the forced labor of ethnic Uyghurs in the People's Republic of China, (ii) any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China, and (iii) any contractors, subcontractors or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China. The foregoing certification is made to the best knowledge of the Seller without any current independent investigation or without any future independent investigation for the duration of this Purchase Agreement. If the Seller becomes aware during the duration of this Purchase Agreement that it is not in compliance with such certification, the Seller shall take such actions as provided by law, including providing the required notice to the City. If the City determines that the Seller is not in compliance with the foregoing certification and has not taken remedial action, the City shall terminate the Seller's role as Seller hereunder pursuant to Article VIII of the Indenture.

Section 8.13 Holidays. When any action is provided herein to be done on a day named or within a time period named, and the day or the last day of the period falls on a day other than a Business Day, it may be performed on the next ensuing Business Day with effect as though performed on the appointed day or within the specified period.

[Signature page follows.]

IN WITNESS WHEREOF, the City and the Seller have caused their respective corporate names to be signed hereto by their respective officers thereunto duly authorized, all as of the day and year first above written.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Seller

By.....
Authorized Representative

CITY OF AVONDALE, ARIZONA, as purchaser

By.....
Mayor

ATTEST:

.....
Clerk

APPROVED AS TO FORM:

.....
City Attorney

ACKNOWLEDGEMENT AND ACCEPTANCE

U.S. Bank Trust Company, National Association, as trustee (the "*Trustee*") under the Series 2026 Water Revenue Obligation Indenture, dated as of the date of this Purchase Agreement, between the City and the Trustee, has caused its corporate name to be signed to this Purchase Agreement by its duly authorized officer, all as of the day and year first above written, for purposes of acknowledging receipt of this Purchase Agreement and accepting the assignment and pledge of the Seller contained in Section 8.3.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By.....
Authorized Representative

EXHIBIT

FORM OF BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS:

That U.S. Bank Trust Company, National Association, a national banking association authorized to exercise trust powers in the State of Arizona (the "*Seller*"), for good and valuable consideration received by the Seller from the City of Avondale, Arizona (the "*City*"), receipt of which is hereby acknowledged, does by these presents grant, bargain, sell and convey to the City, its successors and assigns, the Projects (as defined in the Series 2026 Water Revenue Purchase Agreement, dated as of June 1, 2026, by and between the Seller and the City), to have and to hold the property as sold to the City and its successors and assigns forever.

IN WITNESS WHEREOF, the Seller has caused this Bill of Sale to be executed this ____ day of June 2026.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION

By.....
Authorized Representative

SCHEDULE

PAYMENT SCHEDULE

Payment Date	Principal	Interest	Total Payment
06/20/20__			
12/20/20__			
Totals			

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED MAY __, 2026

NEW ISSUE - BOOK-ENTRY-ONLY **RATING: See "RATING" herein**

In the opinion of Greenberg Traurig, LLP, Special Counsel, assuming the accuracy of certain representations and certifications and the continuing compliance with certain tax covenants, under existing statutes, regulations, rulings and court decisions, the portion of each installment payment made by the City pursuant to the Purchase Agreement and denominated as and comprising interest pursuant to the Purchase Agreement and received by the Holders of the Obligations (the "Interest Portion") will be excludable from gross income for federal income tax purposes. Further, the Interest Portion will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals but in the case of the alternative minimum tax imposed by Section 55(b)(2) of the Internal Revenue Code of 1986, as amended (the "Code"), on applicable corporations (as defined in Section 59(k) of the Code), the Interest Portion will not be excluded from the determination of adjusted financial statement income. See "TAX EXEMPTION" herein for a description of certain other federal tax consequences of ownership of the Obligations. Special Counsel is further of the opinion that the Interest Portion will be exempt from income taxation under the laws of the State of Arizona so long as the Interest Portion is excludable from gross income for federal income tax purposes.

$19,500,000*
WATER SYSTEM REVENUE OBLIGATIONS, SERIES 2026
Evidencing Proportionate Interests of the Holders Thereof in Installment Payments of the Purchase Price to be Paid by the CITY OF AVONDALE, ARIZONA
Pursuant to a Series 2026 Water Revenue Purchase Agreement, Dated as of June 1, 2026*

DRAFT II
4/22/2026

Dated: Date of Initial Delivery **Due: July 1, as shown on inside front cover page**

The Water System Revenue Obligations, Series 2026 (the "Obligations") are being executed and delivered pursuant to a Series 2026 Water Revenue Obligation Indenture, to be dated as of June 1, 2026*, between the City of Avondale, Arizona (the "City"), and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). Interest with respect to the Obligations will be payable semiannually on January 1 and July 1 of each year, commencing January 1, 2027*. The Obligations will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), for purposes of the book-entry-only system described herein and will be available to ultimate purchasers in the amounts of $5,000 of principal represented by the Obligations due on a specific maturity date, or any integral multiple thereof, pursuant to the book-entry-only system maintained by DTC. Payments of principal and interest with respect to the Obligations will be paid by the Trustee to DTC for subsequent disbursements to DTC participants who will remit such payments to the beneficial owners of the Obligations. See APPENDIX H – "BOOK-ENTRY-ONLY SYSTEM."

The Obligations are being executed and delivered for the purpose of (i) financing the costs of improvements to the City's water production and distribution system (the "Water System"), and (ii) paying costs incurred in connection with the execution and delivery of the Obligations. See "SOURCES AND USES OF FUNDS" herein.

SEE MATURITY SCHEDULE ON INSIDE FRONT COVER PAGE

The Obligations will be subject to optional redemption prior to maturity. See "THE OBLIGATIONS - Redemption Provisions."*

The Obligations will evidence undivided proportionate interests of the Holders (as defined herein) thereof in the right to receive certain installments of the Purchase Price (as defined herein) pursuant to a Series 2026 Water Revenue Purchase Agreement, to be dated as of June 1, 2026* (the "Purchase Agreement"), between the City and the Trustee in its capacity as seller. Principal and interest with respect to the Purchase Agreement, together with principal and interest on any Additional Obligations (as defined herein), will be payable solely from the Pledged Revenues (as defined herein) derived by the City from the operation of the Water System. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE OBLIGATIONS" herein. *The Obligations will not be general obligations of the City and will not constitute an indebtedness of the City when computing its bonded indebtedness for purposes of debt limitations imposed by constitutional or statutory provisions, a charge against the general credit limitations imposed by constitutional or statutory provisions or against the general credit or taxing power of the City nor a liability of the City for payment of the Obligations other than from the sources described herein.*

THE "RISK FACTORS" SECTION OF THIS OFFICIAL STATEMENT SHOULD BE REVIEWED PRIOR TO MAKING AN INVESTMENT DECISION WITH RESPECT TO THE OBLIGATIONS.

The Obligations will be offered when, as and if executed and delivered by the Trustee, subject to the approving opinion of Greenberg Traurig, LLP, Special Counsel, as to validity of the Obligations and tax exemption. Certain matters will be passed upon for the Underwriter identified below by its counsel, Squire Patton Boggs (US) LLP, Phoenix, Arizona. It is expected that the Obligations will be available for delivery through the facilities of DTC on or about June 18, 2026*.

This cover page contains only a brief description of the Obligations and the security therefor. It is not intended to be a summary of material information with respect to the Obligations. Investors should read the entire Official Statement to obtain information necessary to make an informed investment decision.

RAYMOND JAMES

* *Subject to change.*

$19,500,000*
WATER SYSTEM REVENUE OBLIGATIONS, SERIES 2026
Evidencing Proportionate Interests of the Holders Thereof in Installment Payments of the Purchase Price to be Paid by the CITY OF AVONDALE, ARIZONA,
Pursuant to a Series 2026 Water Revenue Purchase Agreement, Dated as of June 1, 2026*

MATURITY SCHEDULE*

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	CUSIP®[(1)] No. _____
2027	$605,000	%	%	
2028	635,000			
2029	665,000			
2030	695,000			
2031	730,000			
2032	765,000			
2033	800,000			
2034	840,000			
2035	880,000			
2036	920,000			
2037	965,000			
2038	1,010,000			
2039	1,055,000			
2040	1,105,000			
2041	1,160,000			
2042	1,215,000			
2043	1,270,000			
2044	1,330,000			
2045	1,395,000			
2046	1,460,000			

* *Subject to change.*

(1) *CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright© 2026 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Municipal Advisor, the Underwriter, Special Counsel or their agents or counsel assumes responsibility for the accuracy of such numbers.*

CITY OF AVONDALE, ARIZONA

MAYOR AND CITY COUNCIL

Mike Pineda, *Mayor*

Curtis Nielson, *Vice Mayor*

Tina Conde, *Council Member*

Jeannette Garcia, *Council Member*

Gloria Solorio, *Council Member*

Shari Weise, *Council Member*

Max White, *Council Member*

CITY ADMINISTRATION

Ron Corbin, *City Manager*

Katie Gregory, *Assistant City Manager*

Jennifer Stein, *Assistant City Manager*

Dale Nannenga, *Assistant City Manager*

Renee Weatherless*, Finance and Budget Director*

MUNICIPAL ADVISOR

Stifel, Nicolaus & Company, Incorporated
Phoenix, Arizona

SPECIAL COUNSEL

Greenberg Traurig, LLP
Phoenix, Arizona

TRUSTEE

U.S. Bank Trust Company, National Association
Tempe, Arizona

REGARDING THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the City of Avondale, Arizona (the "City"), Stifel, Nicolaus & Company, Incorporated (the "Municipal Advisor"), or Raymond James & Associates, Inc. (the "Underwriter"), to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the City's Water System Revenue Obligations, Series 2026 (the "Obligations") by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth in this Official Statement, which includes the cover page, inside front cover page and appendices hereto, has been obtained from the City and other sources that are considered to be accurate and reliable and customarily relied upon in the preparation of similar official statements, but such information has not been independently confirmed or verified by the City, the Municipal Advisor or the Underwriter, is not guaranteed as to accuracy or completeness, and is not to be construed as the promise or guarantee of the City, the Municipal Advisor or the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement: "The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information."

None of the City, the Municipal Advisor, the Underwriter, counsel to the Underwriter or Special Counsel (as defined herein) are actuaries. None of them have performed any actuarial or other analysis of the City's share of the unfunded liabilities of the Arizona State Retirement System or the Arizona Public Safety Personnel Retirement System.

The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. All information, estimates and assumptions contained herein have been based on past experience and on the latest information available and are believed to be accurate and reliable, but no representations are made that such information, estimates and assumptions are correct, will continue, will be realized or will be repeated in the future. To the extent that any statements made in this Official Statement involve matters of forecasts, projections, opinions, assumptions, or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All forecasts, projections, assumptions, opinions or estimates are "forward looking statements" that must be read with an abundance of caution and that may not be realized or may not occur in the future. Information other than that obtained from official records of the City has been identified by source and has not been independently confirmed or verified by the City, the Municipal Advisor or the Underwriter and its accuracy cannot be guaranteed. The information and forward looking statements herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or any of the other parties or matters described herein since the date hereof.

The Obligations will not be registered under the Securities Act of 1933, as amended, or any state securities law and will not be listed on any stock or other securities exchange in reliance upon certain exemptions. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the merits of the Obligations, the accuracy or adequacy of this Official Statement, or approved the Obligations for sale.

A wide variety of information, including financial information, concerning the City is available from publications and websites of the City and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such publications and websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

The City will undertake to provide continuing disclosure as described in this Official Statement under the heading "CONTINUING DISCLOSURE" and in APPENDIX G – "FORM OF CONTINUING DISCLOSURE UNDERTAKING," all pursuant to Rule 15c2-12 of the Securities and Exchange Commission.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM THE INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS.

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OFFICIAL STATEMENT

$19,500,000*
WATER SYSTEM REVENUE OBLIGATIONS, SERIES 2026
Evidencing Proportionate Interests of the Holders Thereof in Installment Payments of the Purchase Price to be Paid by the
CITY OF AVONDALE, ARIZONA
Pursuant to a Series 2026 Water Revenue Purchase Agreement, Dated as of June 1, 2026*

INTRODUCTORY STATEMENT

The purpose of this Official Statement, which includes the cover page, the inside front cover page and the appendices hereto, is to provide information in connection with the sale and execution and delivery of the $19,500,000* principal amount of Water System Revenue Obligations, Series 2026 (the "Obligations"), evidencing proportionate interests of the registered owners of each Obligation (the "Holders"), in certain installment payments (the "Purchase Payments" and collectively, the "Purchase Price") to be paid by the City of Avondale, Arizona (the "City"), pursuant to a Series 2026 Water Revenue Purchase Agreement, to be dated as of June 1, 2026* (the "Purchase Agreement"), between U.S. Bank Trust Company, National Association (the "Trustee"), in its capacity as seller, and the City. The Obligations will be executed and delivered pursuant to a Series 2026 Water Revenue Obligation Indenture, to be dated as of June 1, 2026* (the "Indenture"), between the City and the Trustee in its capacity as trustee thereunder.

For definitions of certain capitalized terms used in this Official Statement and not otherwise defined, as well as for certain provisions of the Purchase Agreement and the Indenture, see APPENDIX F – "OBLIGATIONS DOCUMENTS SUMMARIES."

The Purchase Payments will be payable from and secured by a first lien on and pledge of the Pledged Revenues (as defined herein) on a parity with the pledge and lien granted by the City for the payment and security of any Additional Obligations.

"Pledged Revenues" means Revenues (including any unrestricted fund balances of the hereinafter defined Water System) remaining after deducting the Operating Expenses of the Water System, subject to certain additions or subtractions under certain circumstances as provided in the Purchase Agreement. "Revenues" means and includes all income, moneys and receipts derived by the City from the ownership, use and operation of the Water System including, without limitation, interest received on, and profits realized from the sale of, investments made with moneys of the Water System, but excluding (i) any amounts received which the City is contractually required to pay out as reimbursement for acquisition, construction or installation of the Water System, (ii) the proceeds of the Obligations or any Additional Obligations or the interest received on any proceeds of Additional Obligations placed irrevocably in trust to pay, or provide for the payment of, any Obligations or Additional Obligations, or (iii) any non-cash capital contributions received by the City for the use and operation of the Water System. "Operating Expenses" means all costs reasonably incurred in connection with the operation, use and maintenance of the Water System, including (I) repairs necessary to keep the Water System in efficient and economical operating condition, (II) the payments of premiums for insurance required to be carried on the Water System, (III) payments of reasonable Administrative Expenses, and (IV) generally all expenses of the Water System except depreciation and interest expense on the Obligations, any Additional Obligations and any obligations subordinate to such obligations.

Neither the Obligations nor the obligations of the City pursuant to the Purchase Agreement constitute a debt or a pledge of the full faith and credit of the City, the State or any political subdivision thereof for constitutional or statutory purposes. The Obligations do not obligate the City to levy or pledge any form of *ad valorem* or other taxes. The Obligations are a limited obligation of the City secured solely by Pledged Revenues and otherwise as provided in the Ordinance (as defined herein) and the Purchase Agreement. No security interest will be held by the Trustee for the benefit of the owners of the Obligations in any portion of Projects (as defined herein) or the Water System.

The offering of the Obligations is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Obligations. Accordingly, prospective purchasers of the Obligations should read this entire Official Statement before making their investment decision.

All financial and other information presented in this Official Statement with respect to the City has been provided by representatives of the City from its records, except for information expressly attributed to other sources. The presentation of financial and other information, including tables of receipts from the revenues of the Water System and other sources, is intended to show recent historical information and, except as expressly stated otherwise, is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by the financial and other information, will necessarily continue or be repeated in the future.

References to provisions of State of Arizona (the "State" or "Arizona") law, whether codified in the Arizona Revised Statutes or uncodified, or of the Arizona Constitution, are references to those current provisions. Those provisions may be amended, repealed or supplemented.

Copies of the forms of the Purchase Agreement and the Indenture may be obtained, until the delivery of the Obligations, from Raymond James & Associates, Inc. (the "Underwriter"), upon request to: _____, Attention: Municipal Finance. After delivery of the Obligations, copies of such documents may be obtained from the Trustee upon request to: _____, _____, _____, _____, Attention: Corporate Trust Services.

THE OBLIGATIONS

Authorization and Purpose

The Trustee will be authorized to execute and deliver the Obligations pursuant to the provisions of the Indenture and an ordinance adopted by the Mayor and Council of the City on May 4, 2026 (the "Ordinance").

The Obligations are being executed and delivered for the purpose of (i) financing the costs of improvements to the Water System (collectively, the "Projects"), (ii) paying costs incurred in connection with the execution and delivery of the Obligations. See "SOURCES AND USES OF FUNDS" herein.

General Provisions

The Obligations will be dated the date of initial delivery thereof and will be issued in the form of fully registered obligations in amounts of $5,000 of principal due on a maturity date or any integral multiple thereof. As described in APPENDIX H - "BOOK-ENTRY-ONLY SYSTEM," the Obligations will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). So long as DTC, or its nominee, is the registered owner of all of the Obligations, all payments on the Obligations will be made directly to DTC for payment to the owners as described in APPENDIX H – "BOOK-ENTRY-ONLY SYSTEM."

The Obligations will bear interest from their dated date, payable semiannually on January 1 and July 1 of each year, commencing January 1, 2027*. The Obligations will bear interest at the rates and will mature on the dates and in the amounts set forth on the inside front cover page of this Official Statement. Interest will be computed on the basis of a year comprised of three hundred sixty (360) days consisting of twelve (12) months of thirty (30) days each. Interest on the Obligations will be paid by the Trustee to the owners thereof (initially Cede & Co., as nominee of DTC) as shown on the registration books maintained by the Trustee, at the close of business on the 15th day of the month next preceding each Obligation Payment Date (the "Record Date"). So long as the Obligations are in DTC's book-entry-only system, and thereafter at the written request and expense of the owners of $1,000,000 or more in aggregate principal amount of Obligations delivered to the Trustee prior to a Record Date, interest and principal will be paid by wire transfer to a bank account in the continental United States.

Redemption Provisions*

The Obligations maturing before or on July 1, 20__, will not be subject to redemption prior to maturity. The Obligations maturing on or after July 1, 20__, will be subject to redemption, in whole or in part on any date on or after

July 1, 20__, in increments of $5,000 of principal amount due on a specific maturity date, in any order of maturity, all as directed by the City, and by lot within a maturity by payment of the principal amount of each Obligation to be redeemed plus interest accrued to the date fixed for redemption, without premium.

Notice of and Procedure for Redemption

Notice of any redemption will be sent by first-class mail not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption to the Holder of each Obligation, initially DTC, to be redeemed, in whole or in part, at the address shown on the registration books maintained by the Trustee or at such other address as may be furnished by such Holders to the Trustee.

Any notice of redemption given as described in the preceding paragraph will also contain a statement that on the redemption date, the redemption price of such Obligations called for redemption will become due and payable and that, from and after such date, the Obligations being redeemed will cease to accrue interest; provided, that no notice of redemption shall be sent unless (i) the Trustee has on deposit funds to effect such redemption, or (ii) such redemption notice states that the call for optional redemption is conditioned upon the deposit with the Trustee of an amount sufficient to pay the principal of the Obligations being redeemed on the redemption date.

SECURITY FOR AND SOURCE OF PAYMENT OF THE OBLIGATIONS

General

For the amounts payable pursuant to the Purchase Agreement (including the Purchase Price), the Trustee, in its separate capacity as seller, will sell and convey to the City, and the City will purchase from the Trustee, in its separate capacity as seller, the Projects to be financed with the proceeds of the Obligations.

The Obligations represent undivided proportionate interests of the Holders thereof in the right to receive the Purchase Payments to be paid by the City pursuant to the Purchase Agreement, which includes amounts sufficient to pay when due the principal of and interest on the Obligations. During the term of the Purchase Agreement, the Purchase Payments will be required to be made regardless of damage to the Projects or commercial frustration of purpose, without right of set-off or counterclaim, regardless of any contingencies and whether or not the City possesses or uses the water production and distribution system of the City (the "Water System"). The obligation of the City to make the Purchase Payments will continue until all of the Purchase Payments and all other amounts due under the Purchase Agreement have been paid. No security interest will be held by the Trustee for the benefit of the Holders of the Obligations in any portion of the Projects or the Water System. Remedies available upon a failure of the City to make the Purchase Payments when due will be limited and will not include acceleration of the Purchase Payments or recourse to the Projects or any portion of the Water System. For a description of events of default and remedies under the Purchase Agreement, see APPENDIX F – "OBLIGATIONS DOCUMENTS SUMMARIES – The Purchase Agreement – Purchase Events of Default" and "– Remedies on Default by City." For information concerning the Water System, see APPENDIX A – "CITY OF AVONDALE, ARIZONA – THE WATER SYSTEM."

Source of Purchase Payments

The obligation of the City to make the Purchase Payments under the Purchase Agreement will be payable from and secured by a first lien on, pledge of, and security interest in, the Pledged Revenues.

Such lien on, pledge of and security interest in the Pledged Revenues will be on parity with any Additional Obligations subsequently issued or incurred under separate documentation in accordance with the Purchase Agreement.

The pledge of, lien on and security interest in the Pledged Revenues will be irrevocably made in the Purchase Agreement and created for the prompt and punctual payment of the principal of and interest on the Obligations and to make other payments specified. None of the Obligations or any of the Additional Obligations will be entitled to priority or distinction over any of the others in the application of the Pledged Revenues, regardless of the issuance or incurrence of the Obligations or any of the Additional Obligations in series or the delivery of the Obligations or any of the Additional Obligations prior to the delivery of the Obligations or any other of the Additional Obligations of that series or regardless of the time or times the Obligations or the Additional Obligations mature or are called for

redemption prior to maturity or otherwise. The Obligations and the Additional Obligations will be co-equal as to the pledge of and lien on the Pledged Revenues for the payment thereof and will share ratably, without preference, priority or distinction, as to the source or method of payment or security therefor.

Neither the Obligations nor the obligations of the City pursuant to the Purchase Agreement constitute a debt or a pledge of the full faith and credit of the City, the State or any political subdivision thereof for constitutional or statutory purposes. The Obligations do not obligate the City to levy or pledge any form of ad valorem *or other taxes. The Obligations are a limited obligation of the City secured solely by Pledged Revenues and otherwise as provided in the Ordinance and the Purchase Agreement.*

Rate Covenant

The City has covenanted and agreed in the Purchase Agreement to continuously control, operate and maintain the Water System and to establish and maintain rates, fees and other charges for all services supplied by the Water System to provide Revenues fully sufficient, after making reasonable allowance for contingencies and errors in estimates to produce (a) Pledged Revenues in each Fiscal Year equal to at least 120 percent of the Principal Requirement and the Interest Requirement on all Outstanding Obligations and Outstanding Additional Obligations for the corresponding Bond Year (treating the Variable Interest Rate Obligations as bearing interest at the Assumed Interest Rate and Outstanding Additional Obligations subject to mandatory redemption as maturing on their respective mandatory redemption dates), and (b) an amount of Pledged Revenues for the then-current Fiscal Year which, net of the aggregate amounts required to be deposited to the Obligation Fund during such Fiscal Year, will be sufficient to provide at least 100 percent of the amounts with regard to any Credit Facility due and owing in such Fiscal Year.

Additional Obligations; No Prior Obligations

Pursuant to the provisions of the Purchase Agreement, Additional Obligations may be incurred if there will not be any Indenture Event of Default or Purchase Event of Default upon the incurrence thereof and the Pledged Revenues for the completed Fiscal Year immediately preceding the incurrence of such Additional Obligations have been (a) at least equal to 120 percent of the Parity Lien Test Debt Service including such Additional Obligations, and (b) sufficient to provide an amount of the Pledged Revenues for the then-current Fiscal Year which, net of the aggregate amounts required to be deposited to the Obligation Fund during such Fiscal Year, will be sufficient to provide at least 100 percent of the amounts with regard to any Credit Facility due and owing in such Fiscal Year.

The Purchase Agreement provides that the City may not incur any obligations payable from the Pledged Revenues ranking prior to the obligations of the City under the Purchase Agreement.

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SOURCES AND USES OF FUNDS

Sources of Funds:	
Principal Amount of Obligations	$19,500,000.00*
[Net] Original Issue Premium	
Total Sources	
Uses of Funds:	
Payment of Costs of the Projects	
Payment of Costs of Issuance *(a)*	
Total Uses	

(a) Costs related to the execution and delivery of the Obligations, including Underwriter's compensation.

* *Subject to change.*

The following table illustrates certain information relating to the operation of the Water System and estimated debt service coverage ratio for total annual debt service requirements provided by Pledged Revenues. For information regarding the Water System, see APPENDIX A – "CITY OF AVONDALE, ARIZONA – THE WATER SYSTEM."

HISTORICAL AND BUDGETED PLEDGED REVENUES AND DEBT SERVICE COVERAGE

	Audited					Projected *(a)*
	2020/21	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Revenues						
Charges for services	$ 17,809,542	$ 16,340,012	$ 15,380,061	$ 18,873,779	$ 20,388,379	$ 20,802,298
Miscellaneous	134,231	74,502	96,478	299,647	1,477,128	61,400
Total Revenues	$ 17,943,773	$ 16,414,514	$ 15,476,539	$ 19,173,426	$ 21,865,507	$ 20,863,698
Operation and Maintenance Expenses						
Salaries, wages, and benefits	$ 3,394,929	$ 2,365,076	$ 3,652,889	$ 4,696,945	$ 4,573,750	$ 5,028,600
Contractual services, materials, and supplies	6,922,631	7,473,776	10,364,642	10,287,784	12,224,661	12,189,607
Total Operation and Maintenance Expenses	$ 10,317,560	$ 9,838,852	$ 14,017,531	$ 14,984,729	$ 16,798,411	$ 17,218,207
Nonoperating Revenues (Expenses)						
Investment income	$ 166	$ (2,658,740)	$ 1,325,986	$ 2,812,286	$ 3,208,566	$ 1,050,650
Development impact fees	3,344,810	5,618,783	3,404,342	3,301,435	3,284,982	2,834,000
Total Nonoperating Revenues (Expenses)	$ 3,344,976	$ 2,960,043	$ 4,730,328	$ 6,113,721	$ 6,493,548	$ 3,884,650
Pledged Revenues *(b)*	$ 10,971,189	$ 9,535,705	$ 6,189,336	$ 10,302,418	$ 11,560,644	$ 7,530,141
Debt Service						
Outstanding Debt Service for Existing Obligations	$ 589,600	$ 587,000	$ 589,000	$ 590,400	$ 591,200	$ 586,400
Pledged Revenue Debt Service Coverage *(c)*	18.61x	16.24x	10.51x	17.45x	19.55x	12.84x

(a) Amounts are budgeted and are subject to change until audit. These amounts are "forward-looking" statements and should be considered with an abundance of caution.

(b) Represents the Revenues available after payment of the Operating Expenses. Such amounts are the Pledged Revenues pledged to payment of the Payments.

(c) Debt service coverage is computed using Pledged Revenues available for debt service for each Fiscal Year divided by the annual debt service on the Obligations.

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DEBT SERVICE REQUIREMENTS AND PROJECTED DEBT SERVICE COVERAGE

The following table sets forth (i) the estimated annual debt service requirements of the Obligations, and (ii) the projected debt service coverage based on audited Pledged Revenues for the Fiscal Year ended June 30, 2025.

SCHEDULE OF ANNUAL WATER SYSTEM REVENUE OBLIGATION DEBT SERVICE REQUIREMENTS AND PROJECTED DEBT SERVICE COVERAGE *(a)*

Fiscal Year	Pledged Revenues *(b)*	The Obligations*			Annual Debt Service Coverage *(d)*
		Principal	Interest *(c)*	Total	
2024/25	$11,560,644				
2025/26					
2026/27		$605,000	$967,417 *(e)*	$1,572,417	7.35x
2027/28		635,000	897,513	1,532,513	7.54x *(f)*
2028/29		665,000	867,350	1,532,350	7.54x
2029/30		695,000	835,763	1,530,763	7.55x
2030/31		730,000	802,750	1,532,750	7.54x
2031/32		765,000	768,075	1,533,075	7.54x
2032/33		800,000	731,738	1,531,738	7.55x
2033/34		840,000	693,738	1,533,738	7.54x
2034/35		880,000	653,838	1,533,838	7.54x
2035/36		920,000	612,038	1,532,038	7.55x
2036/37		965,000	568,338	1,533,338	7.54x
2037/38		1,010,000	522,500	1,532,500	7.54x
2038/39		1,055,000	474,525	1,529,525	7.56x
2039/40		1,105,000	424,413	1,529,413	7.56x
2040/41		1,160,000	371,925	1,531,925	7.55x
2041/42		1,215,000	316,825	1,531,825	7.55x
2042/43		1,270,000	259,113	1,529,113	7.56x
2043/44		1,330,000	198,788	1,528,788	7.56x
2044/45		1,395,000	135,613	1,530,613	7.55x
2045/46		1,460,000	69,350	1,529,350	7.56x
		$19,500,000	$11,171,604	$30,671,604	

(a) Prepared by the Municipal Advisor. Amounts may not add due to rounding.

(b) Reflects audited Pledged Revenues available for debt service for the Fiscal Year ended June 30, 2025 as provided by the City. See "HISTORICAL AND BUDGETED PLEDGED REVENUES AND DEBT SERVICE COVERAGE" herein.

(c) Interest is estimated.

(d) Debt service coverage is computed using audited Pledged Revenues available for debt service for the Fiscal Year ended June 30, 2025, divided by the annual debt service on the Obligations.

(e) The first interest payment on the Obligations will be due January 1, 2027. Thereafter, interest payments will be made semiannually on July 1 and January 1 until the final maturity, or prior redemption, of the Obligations.*

(f) Represents the maximum annual debt service coverage on the annual debt service for the Obligations.

* *Subject to change.*

RISK FACTORS

Investment in the Obligations involves risks that may not be appropriate for certain investors. The following is a discussion of certain risk factors that should be considered, in addition to other matters set forth herein, in evaluating the Obligations for investment. The information set forth below does not purport to be an exhaustive listing of the risks and other considerations that may be relevant to an investment in the Obligations. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Limited Obligations

The obligation of the City under the Purchase Agreement will not constitute a debt or a pledge of the full faith and credit of the City, the State or any other political subdivision thereof. The City will not pledge any form of *ad valorem* property taxes to the payment of the Obligations. The Obligations will be special, limited obligations of the City, secured only by the Purchase Payments which are to be paid from, and secured by a pledge of, the Pledged Revenues. No security interest will be held by the Trustee for the benefit of the owners of the Obligations in any portion of Projects or the Water System. Remedies available to the Trustee upon a failure of the City to make the Purchase Payments when due will be generally limited to specific performance against the City to payment from the Pledged Revenues.

No assurance can be made that the Pledged Revenues, estimated or otherwise, will be realized by the City in amounts sufficient to pay the Purchase Payments. In addition, the realization of future Pledged Revenues is subject to, among other things, the capabilities of management of the City, the ability of the City to provide water services to its customers, and the ability of the City to meet its covenant to fix, prescribe, and collect rates and charges for the Water System in amounts sufficient to timely pay the Purchase Payments. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE OBLIGATIONS – Rate Covenant." Additional obligations may be incurred in the future that are secured by the Pledged Revenues on a parity with the Obligations. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE OBLIGATIONS – Additional Obligations; No Prior Obligations."

Water System Expenses and Future Rates

Increases in expenses could require a significant increase in rates or charges in order to pay for projects and to pay the debt service on the Obligations and any Additional Obligations. Also, any such rate increases could increase the likelihood of nonpayment by purchasers of water services from the City and could also decrease demand from such purchasers and may impact the City's ability to make the Purchase Payments, which could in turn adversely impact the City's ability to make payments of the principal of and interest on the Obligations.

Utility Costs

No assurance can be given that any future significant reduction or loss of power would not materially adversely affect the operations of the Water System. The operations of the Water System on a daily basis require a significant amount of electrical power and natural gas. Electricity is needed to run pumps, lights, computers, mechanical valves and other machinery. Prices for electricity or gas may increase, which could adversely affect the Water System's financial condition.

Water System Demand

There can be no assurance that the local demand for the services provided by the Water System will be maintained at levels described in this Official Statement. Because of the potential for changes in demographics within the boundaries of the City, as well as unpredictable future hydrological conditions, it is possible for the demand for water services to decline over the term of the Obligations. In addition, major economic disruptions and recession may adversely affect the economic activity of the region in general, resulting in decreased economic activity, increased unemployment and a reduction in residential and commercial construction all of which could cause a decline in the demand for water services. A significant decline in demand might create a situation in which the City could not increase rates sufficiently to offset the decrease in customers or usage. This could reduce the City's ability to make the Purchase Payments,

which could in turn adversely impact the City's ability to make payments of the principal of and interest on the Obligations as and when due.

Water Supply and Drought Conditions

The ability of the Water System to operate effectively can be affected by the water supply available to the City, which is situated in a desert environment. If the water supply decreases significantly, whether by operation or mandatory supply restrictions, prohibitively high water costs or otherwise, Pledged Revenues available to pay the Purchase Payments may be adversely affected.

Water for the City is provided from three general sources: the Salt and Verde River system, the Colorado River via the Central Arizona Project ("CAP") canal, and groundwater wells. In addition, the City holds long-term stored groundwater credits and related groundwater rights in an amount equal to approximately nine times its current annual demand, intended to provide drought mitigation and long-term supply reliability. The City is currently designated with a 100-Year Assured Water Supply by the Arizona Department of Water Resources. It is the opinion of City management that the City has adequate water supplies for growth. The City has engaged in planning and resource management to provide for current and future availability of water supplies during normal and drought conditions. However, the ability of the City's Water System to operate effectively may still be affected, and potentially may be significantly affected, by the water supply available to the City, which is situated in a desert environment. In particular, recent conditions on the Colorado River system may be indicative of future challenges, although most of the City's CAP water supplies have a relatively high priority in right as compared to other recipients of CAP water. The City is evaluating and implementing response options based on evolving conditions on the Colorado River, including actions authorized under its Drought Preparedness Plan as set forth in the City Code. The initial step, declaring a "Stage One Shortage," consists of voluntary conservation measures, public outreach, and increased water reduction efforts at City facilities, and was recently implemented by the City. If the water supply decreases significantly however, whether by physical limitation, regulatory restrictions, increased water costs or otherwise, water sales may be diminished and Pledged Revenues available to pay the debt service may be adversely affected.

Notwithstanding the foregoing, while the multiple sources of supply available to the City along with the various plants, wells, reservoirs and other facilities may help to mitigate risk, future water availability, drought, flooding, environmental conditions and other climate related conditions in Arizona and the other Colorado River Basin states are unpredictable and subject to change. For example, since January 2022, Arizona has operated under a drought contingency plan and has received a reduction to its deliveries of Colorado River water as described above. Additional reductions may result from the federal Colorado River Post 2026 Operations process, including the development of new operational guidelines for Lake Powell and Lake Mead by the United States Bureau of Reclamation in coordination with the other Colorado River Basin states and/or from litigation over new operational guidelines. The impacts associated with climate variability, natural disasters, and other "force majeure" events on the City cannot be predicted but could be significant.

[PFAS]

Security of the Water System

To ensure water quality and delivery service are maintained, the City continually plans and prepares for emergency situations such as fire, power failure, or possible terrorist activities. There can be no assurance that any existing or additional safety and security measures will prove adequate in the event of an emergency situation affecting the Water System, or that costs of security measures will not be greater than presently anticipated. Further, damage to certain components of the Water System could require the City to increase expenditures for repairs to the Water System significantly enough to adversely impact the City's ability to make the Purchase Payments, which could in turn adversely impact the City's ability to make payments of the principal of and interest on the Obligations.

Factors Adversely Affecting Development

The allocable portion of any development, impact, connection or related fee or charge available as a result of the existence of the Water System are paid to the City as building permits are pulled for the construction of new homes and other structures. The pace at which building permits are pulled will be affected by changes in general economic conditions, fluctuations in land prices both locally and nationally, availability of water, water treatment, wastewater treatment and power necessary for development, changes in the income tax treatment of land and ownership, changes in the availability and cost of borrowed funds and numerous other factors. In addition, land development operations are subject to comprehensive federal, State and local regulation. Approval is required from various agencies in connection with the layout and design of developments, the nature and extent of improvements, the availability of an assured water supply, construction activity, land use, zoning, school and health requirements and many other matters.

Public and or political attitudes toward growth are subject to shifts from support for growth to opposition to growth. Although growth cannot be prevented, no assurance can be given that the City Council as now constituted or a future City Council will not delay or defer action required for continued growth. Such action by the City Council as now constituted or a future City Council could have a material adverse effect on future collections of any development, impact, connection or related fee or charge available as a result of the existence of the Water System.

Limitations on Remedies

Any remedies available to the owners of the Obligations upon the occurrence of an Indenture Event of Default or a Purchase Event of Default will be in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

Further, enforceability of the rights and remedies of the owners of the Obligations, and the obligations incurred by the City, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, receivership, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles that may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, and the limitations on remedies against political subdivisions in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Obligations to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights. The opinion to be delivered by Special Counsel concurrently with the execution and delivery of the Obligations that the Obligations constitute valid and binding limited obligations of the City and the Indenture constitutes a valid and binding obligation of the City will be subject to such limitations and the various other legal opinions to be delivered concurrently with the execution and delivery of the Obligations will be similarly qualified. See APPENDIX D – "FORM OF OPINION OF SPECIAL COUNSEL."

If the City fails to comply with its covenants under the Purchase Agreement to pay the Purchase Payments, there can be no assurance of the availability, or timeliness, of remedies adequate to protect the interests of the Holders of the Obligations.

Statutory and Regulatory Compliance; Future Legislation

The Water System is subject to a variety of federal and State statutory and regulatory requirements. Laws and regulations governing water and Water treatment and the delivery of water are enacted and promulgated by federal, State and local government agencies. Compliance with these laws and regulations is and will continue to be costly and, as more stringent standards are developed to ensure safe drinking water standards and the provision of water for other purposes, such costs will likely increase.

The City's failure to comply with applicable laws and regulations could result in significant fines and penalties. Such claims are payable from assets of the Water System or from other legally available sources. In addition to claims by private parties, changes in the scope and standards for public agency water systems such as that operated by the City may also lead to administrative orders issued by federal or State regulators. The City is unable to predict the adoption

or amendment of any such laws, rules or regulations, or their effect on the operations of the Water System or financial condition of the City. Future compliance with such orders can also impose substantial additional costs on the Water System.

No assurance can be given that the cost of compliance with such laws, regulations, and orders would not adversely affect the ability of the Water System to generate Pledged Revenues sufficient to pay the debt service on any Obligations or Additional Obligations, including, without limitation, the Purchase Payments, which could in turn adversely impact the City's ability to make payments of the principal of and interest on the Obligations.

Limited Secondary Market for the Obligations

There can be no guarantee that there will ever be a secondary market for purchase or sale of the Obligations or, if a secondary market exists, that the Obligations can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Loss of Tax Exemption on the Obligations

As discussed under heading "TAX EXEMPTION," the Interest Portion (as defined herein) received by Holders of the Obligations could become included in gross income for purposes of federal income taxation, retroactive to the date the Obligations were executed and delivered, as a result of future acts or omissions of the City in violation of its covenants in the Indenture and the Purchase Agreement.

Economic, Political, Social, and Environmental Conditions

Prospective investors are encouraged to evaluate current and prospective economic, political, social, and environmental conditions as part of an informed investment decision. Changes in economic, political, social, or environmental conditions on a local, state, federal, and/or international level may adversely affect investment risk generally. Such conditional changes may include (but are not limited to) fluctuations in business production, consumer prices, or financial markets, unemployment rates, technological advancements, shortages or surpluses in natural resources or energy supplies, imposition of tariffs or other trade restrictions, changes in law, social unrest, fluctuations in the crime rate, political conflict, acts of war or terrorism, environmental damage, and natural disasters. The City cannot guarantee that prices for electricity will not increase, which could adversely affect the Water System's financial condition.

Cybersecurity; Other Safety and Security Risks

Cybersecurity breaches could damage the City's information and security systems and cause material disruption to its operations. The occurrence of military conflicts and terrorist activities, including cyber terrorism, could also adversely impact the operations of the Water System or the finances of the City. The City maintains active security (including information security) and emergency preparedness programs and has a number of security measures and safeguards in place. However, there can be no assurance that any existing or additional safety and security measures will prove adequate in the event that military conflicts or terrorist activities, including cyber terrorism, or acts of malfeasance are directed against the assets of the Water System or the information technology systems of the City. The costs of security measures or of remedying damage from security breaches could be greater than presently anticipated.

LITIGATION

To the knowledge of appropriate representatives of the City, no litigation or administrative action or proceeding is pending or threatened to restrain or enjoin, or seeking to restrain or enjoin: the execution or delivery of the Purchase Agreement, the Indenture or the Obligations, the application of the proceeds of the Obligations or the pledge and/or collection of Pledged Revenues to pay the principal of, and interest on, the Obligations; contesting or questioning the

proceedings and authority under which the Purchase Agreement, the Indenture or the Obligations have been authorized and are to be sold, executed or delivered, or the validity of the Obligations.

The City is party to various lawsuits and other claims incidental to the ordinary course of its operations. The City's management believes, based on the advice of the City Attorney, that the resolution of such matters will not have a materially adverse effect on the City's financial position. Certificates of appropriate representatives of the City to that effect will be delivered at the time of the original delivery of the Obligations.

TAX EXEMPTION

General

The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the City must continue to meet after the execution and delivery of the Obligations in order that the portion of each of the Purchase Payments made by the City pursuant to the Purchase Agreement and denominated as and comprising interest pursuant to the Purchase Agreement and received by the Holders of the Obligations (the "Interest Portion") be and remain excludable from gross income for federal income tax purposes. The City's failure to meet these requirements may cause the Interest Portion to be included in gross income for federal income tax purposes retroactively to the date of execution and delivery of the Obligations. The City has covenanted in the Purchase Agreement to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of the Interest Portion.

In the opinion of Special Counsel, assuming the accuracy of certain representations and certifications of the City and continuing compliance by the City with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, the Interest Portion will be excludable from gross income of the owners thereof for federal income tax purposes and will be exempt from Arizona income taxation so long as the Interest Portion is excludable from gross income for federal income tax purposes. The Interest Portion will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, but in the case of the alternative minimum tax imposed by Section 55(b)(2) of the Code on applicable corporations (as defined in Section 59(k) of the Code), the Interest Portion will not be excluded from the determination of adjusted financial statement income. Special Counsel will express no opinion as to any other tax consequences regarding the Interest Portion or the Obligations. Prospective purchasers of the Obligations should consult with their own tax advisors as to the status of the Interest Portion under the tax laws of any state other than the State.

The above opinion on federal tax matters with respect to the Obligations will be based on and will assume the accuracy of certain representations and certifications of the City, and compliance with certain covenants of the City to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Obligations will be and will remain obligations the interest on which is excludable from gross income for federal income tax purposes. Special Counsel will not independently verify the accuracy of those certifications and representations. Special Counsel will express no opinion as to any other consequences regarding the Obligations.

Except as described above, Special Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of the Interest Portion, or the ownership or disposition of the Obligations. Prospective purchasers of the Obligations should be aware that the ownership of the Obligations may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the Obligations, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by the applicable statutory percentage of certain items, including the Interest Portion, (iii) the inclusion of the Interest Portion in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (iv) the inclusion of the Interest Portion in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year, (v) the inclusion of the Interest Portion in the determination of the taxability of certain Social Security and Railroad Retirement benefits to certain recipients of such benefits, (vi) net gain realized upon the sale or other disposition of property such as the Obligations generally must be taken into account when computing the Medicare tax with respect to net investment income or undistributed net investment income, as applicable, imposed on certain high income individuals and specified trusts and estates, and (vii) receipt of certain investment income, including the Interest Portion, is considered when determining qualification limits for obtaining the earned income credit provided

by Section 32(a) of the Code. The nature and extent of the other tax consequences described above will depend on the particular tax status and situation of each owner of the Obligations. Prospective purchasers of the Obligations should consult their own tax advisors as to the impact of these and any other tax consequences.

Special Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Special Counsel as of the date thereof. Special Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Special Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Special Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Special Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

Original Issue Discount and Original Issue Premium

Certain of the Obligations ("Discount Obligations") may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Obligation determined under Code Section 1273 or 1274 (i.e., for obligations issued for money in a public offering, the initial offering price to the public (other than to bond houses and brokers) at which a substantial amount of the obligation of the same maturity is sold pursuant to that offering). For federal income tax purposes, OID accrues to the owner of a Discount Obligation over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Obligation (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Obligations, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Obligation.

Certain of the Obligations ("Premium Obligations") may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity (or earlier for certain Premium Obligations callable prior to maturity). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Obligation, based on the yield to maturity of that Premium Obligation (or, in the case of a Premium Obligation callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Obligation), compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Obligation. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Obligation, the owner's tax basis in the Premium Obligation is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Obligation for an amount equal to or less than the amount paid by the owner for that Premium Obligation.

Owners of Discount Obligations and Premium Obligations should consult their own tax advisors as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount Obligations or Premium Obligations and as to other federal tax consequences, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals suggested, debated, introduced or pending in Congress or in the State legislature that, if enacted into law, could alter or amend one or more of the federal tax matters, or state tax matters, respectively, described above including, without limitation, the excludability from gross income of the Interest Portion, adversely affect the market price or marketability of the Obligations, or otherwise prevent the holders from realizing the full current benefit of the status of the Interest Portion. It cannot be predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would affect the Obligations. Prospective purchasers of the Obligations should consult their tax advisors as to the impact of any proposed or pending legislation.

Information Reporting and Backup Withholding

Interest paid on tax-exempt obligations such as the Obligations is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of the Interest Portion from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of the Obligations, under certain circumstances, to "backup withholding" at the rates set forth in the Code, with respect to payments on the Obligations and proceeds from the sale of the Obligations. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of the Obligations. This withholding generally applies if the owner of the Obligations (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Obligations may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

LEGAL MATTERS

Legal matters incident to the execution and delivery of the Obligations and with regard to the tax-exempt status of the Interest Portion are subject to the legal opinion of Greenberg Traurig, LLP, Special Counsel ("Special Counsel"), whose services have been retained by the City. The signed legal opinion of Special Counsel, dated and premised on the law in effect as of the date of the Obligations, will be delivered to the Underwriter at the time of original delivery of the Obligations. Certain legal matters will be passed upon for the Underwriter by Squire Patton Boggs (US) LLP, counsel to the Underwriter.

The proposed text of the legal opinion is set forth as APPENDIX D – "FORM OF OPINION OF SPECIAL COUNSEL." The legal opinion to be delivered may vary from the text of APPENDIX D - "FORM OF OPINION OF SPECIAL COUNSEL" if necessary to reflect the facts and law existing on the date of delivery. The opinion will speak only as of its date, and subsequent distribution, by recirculation of this Official Statement or otherwise, should not be construed as a representation that Special Counsel has reviewed or expressed any opinion concerning any matters relating to the Obligations subsequent to the original delivery of the Obligations.

While Special Counsel has participated in the preparation of portions of this Official Statement, it has not been engaged to confirm or verify, and expresses and will express no opinion as to, the accuracy, completeness or fairness of any statements in this Official Statement, or in any other reports, financial information, offering or disclosure documents or other information pertaining to the City or the Obligations that may be prepared or made available by the City or others to holders of the Obligations or others.

The legal opinions to be delivered concurrently with the delivery of the Obligations will express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein dated and speaking only as of the date of delivery of the Obligations. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

RATING

Standard & Poor's Financial Services LLC ("S&P") has assigned a rating of "__" to the Obligations. Such rating reflects only the views of S&P. An explanation of the significance of a rating assigned by S&P may be obtained at One California Street, 31st Floor, San Francisco, CA 94111. Such rating may be revised or withdrawn entirely at any time by S&P if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of such rating may

have an adverse effect on the market price or marketability of the Obligations. The City will covenant in its continuing disclosure undertaking with respect to the Obligations that it will file notice of any formal change in any rating relating to the Obligations. See "CONTINUING DISCLOSURE" and APPENDIX F – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" herein.

CONTINUING DISCLOSURE

The City will covenant for the benefit of the Holders of the Obligations to provide certain financial information and operating data relating to the City by not later than February 1 in each year commencing February 1, 2027 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notices"). The Annual Reports and the Notices will be filed with the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Market Access system as described in APPENDIX G – "FORM OF CONTINUING DISCLOSURE UNDERTAKING." The specific nature of the information to be contained in the Annual Reports and the Notices is set forth in APPENDIX G – "FORM OF CONTINUING DISCLOSURE UNDERTAKING."

These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule"). A failure by the City to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Obligations in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Obligations and their market price.

On January 31, 2023 the City filed a Notice of Failure to File Audited Annual Financial Report for the fiscal year ended June 30, 2022. On April 3, 2023 the City filed the Annual Comprehensive Financial Report for the City for fiscal year ended June 30, 2022.

FINANCIAL STATEMENTS

The financial statements of the City as of June 30, 2025, and for its Fiscal Year then ended, included as APPENDIX E – "CITY OF AVONDALE, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025" to this Official Statement, have been audited by Heinfeld, Meech & Co., P.C., as stated in its opinion included therein. **The City has not requested the consent of Heinfeld, Meech & Co., P.C. to include its report and Heinfeld, Meech & Co., P.C. has performed no procedures subsequent to rendering its report on the financial statements.**

THE FINANCIAL STATEMENTS INCLUDED IN APPENDIX E OF THIS OFFICIAL STATEMENT ARE CURRENT AS OF THEIR DATE ONLY AND MAY NOT REPRESENT THE CURRENT FINANCIAL CONDITION OF THE CITY.

UNDERWRITING

The Obligations will be purchased by the Underwriter at an aggregate purchase price of $_____, pursuant to an obligation purchase agreement (the "Purchase Contract") entered into by and between the City and the Underwriter. If the Obligations are sold to produce the yields shown on the inside front cover page hereof, the Underwriter's compensation will be $_____. The Purchase Contract provides that the Underwriter will purchase all of the Obligations so offered if any are purchased. The Underwriter may offer and sell the Obligations to certain dealers (including dealers depositing the Obligations into unit investment trusts) and others at prices higher or yields lower than the public offering prices or yields stated on the inside front cover page hereof. The initial offering prices or yields set forth on the inside front cover page may be changed, from time to time, by the Underwriter without amendment of the Official Statement.

MUNICIPAL ADVISOR

The Municipal Advisor's fee for services rendered with respect to the sale of the Obligations is contingent upon the execution and delivery of the Obligations. The Municipal Advisor participated in the preparation of the Official Statement but has not verified, and does not assume any responsibility for, the information, covenants and

representations contained in any of the legal documents with respect to the federal income tax status of the Obligations, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Municipal Advisor has provided the following sentence for inclusion in this Official Statement: "The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City, but the Municipal Advisor does not guarantee the accuracy or completeness of such information."

RELATIONSHIP AMONG PARTIES

Special Counsel has previously represented the Underwriter and the Municipal Advisor and is currently representing the Underwriter and the Municipal Advisor with respect to other financings and has acted or is acting as special counsel with respect to other obligations underwritten by the Underwriter and the Municipal Advisor and may do so in the future. Special Counsel also serves and has served as special counsel for one or more of the political subdivisions that the City territorially overlaps. Counsel to the Underwriter has previously acted as special counsel with respect to other obligations underwritten by the Underwriter and the Municipal Advisor and may continue to do so in the future if requested.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of these opinions or estimates have been or will be realized. Information in this Official Statement has been derived by the City from official and other sources and is believed by the City to be accurate and reliable. Information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed.

Neither this Official Statement nor any statement that may have been or that may be made orally or in writing is to be construed as a part of a contract with the original purchasers or subsequent owners of the Obligations.

CITY OF AVONDALE, ARIZONA

By: _____
Mayor

APPENDIX A

CITY OF AVONDALE, ARIZONA – THE WATER SYSTEM

Overview of the Water System

The City has operated a water production and distribution system (the "Water System") for more than 60 years pursuant to authority of Title 9, Chapter 5 of the Arizona Revised Statutes, as amended (the "Municipal Utility Statute") in order to provide for the needs of the City's residents and businesses.

Administration and Management

The City operates under a Council-Manager form of government, with the Mayor and six council members elected at large and have legislative responsibilities. The budget for the Water System is adopted annually by the Mayor and Council of the City and the Water System is a self-supporting enterprise of the City which receives no subsidy from the general fund of the City (the "General Fund"). The Water System is operated by the City's Public Works Department, and the Finance and Budget Department of the City has the responsibility for all financial administration in the City and performs general financial duties for the Water System.

The City Manager is responsible for the day-to-day operations of the City. City Manager Ron Corbin's career in public service began in 2002 and spans over two decades in municipal management and human resources; he has served Avondale as City Manager for over three years. Mr. Corbin holds a Master of Administration with Distinction from Northern Arizona University, along with degrees in Biology and Education from Eastern Washington University and is a member of the International City/County Management Association.

The City's Public Works Department, encompassing the water and wastewater enterprise funds, is directed by Kirk Beaty. Mr. Beaty has served as the Public Works Director for the City for over five years. He has over 36 years of experience in public works, civil engineering, and facility construction and maintenance. He holds a Bachelor's and Master's degree in Civil Engineering from Arizona State University and is a licensed Professional Civil Engineer in Arizona. He is a member of various public works and engineering organizations and is the current Chairperson for the Management Board of the Arizona Municipal Water Users Association.

The Finance and Budget Department of the City operates under the direction of Renee Weatherless, who has been the Finance and Budget Director since April 2022. Ms. Weatherless has 30 years of experience in financial management including serving as the Executive Finance Director for the Tucson Unified School District No. 1, one of the largest school districts in Arizona. Ms. Weatherless holds a Bachelor of Science degree in Finance and Accounting from the University of Arizona and a Master of Business Administration from the Keller Graduate School of Management.

Billing and Accounting

The City's Finance and Budget Department performs all accounting services for the Public Works Department, which includes billing for water services.

The City assesses late fees of 1.5% or $2.00, whichever is greater, on past due balances. If a water bill is delinquent at least 60 days, the service is subject to disconnection. A $60 non-payment reconnection fee is assessed on accounts that are disconnected. After utility services have been disconnected, they are restored upon payment of all outstanding past due balances and any additional security deposit required, unless payment arrangements are made. Approximately 0.87% of the total accounts have their water service interrupted at any point in time.

The City requires a security deposit up to $250 for residential accounts and $300 for commercial accounts.

Although a separate audit of the Water System's records is not conducted, they are subject to audit procedures in conjunction with the annual audit of the City's combined financial statements. Meters are read and bills are issued monthly. The Water System's accounting practices are maintained in conformance with generally accepted

accounting principles as applicable to governmental entities. The City's audited financial statements showing the results of operations for the Fiscal Year 2024/25 is shown in APPENDIX E to this Official Statement.

Water System Rates and Charges

Financial planning and rates development are provided by the Finance & Budget Department in coordination with the Public Works Department. The City's rates, fees, and other charges for the Water System are recommended annually to the City Council. City Council has the ultimate responsibility for setting the Water System rates, fees and charges. The principal sources of the Water System revenue for the City are derived from base fees and user fees charged for services provided and a one-time connection fee charged to new users for connection to the system.

The City Council has traditionally implemented incremental rate increases over two years at a time. A rate increase went into effect on January 1, 2026, and another rate increase will go into effect on January 1, 2027. Combined, both of these rate adjustments increased water rates by $9.26 for the average residential customer. Additionally, the City Council adopted both a water treatment fee of 7.5% of the bill and a water resource fee of 6.2% of the bill which went into effect January 1, 2026.

Demand for Water System Service

The City experienced rapid growth in new residential and commercial construction over the last ten years. Customer growth continues at a steady rate of just under 2% year over year and is projected to maintain in the foreseeable future.

Capital Improvement Plan ("CIP")

The CIP is a balanced five-year plan that addresses projects that are needed, or will be needed, across the Water System. Each year, the CIP is updated for changes in cost, scope, and timing of the capital projects. Water projects, such as water acquisition, and production, treatment and distribution infrastructure, are funded primarily through user fees, debt financing including revenue bonds/obligations, and development impact fees.

In Fiscal Year 2026, the City budgeted $65.4 million for Water System CIP projects. This figure includes $29.9 million in estimated carryover funding (i.e., projects that were budgeted in Fiscal Year 2025 but not finished). Of the $65.4 million budgeted in Fiscal Year 2026, approximately $7.1 million is funded with debt proceeds from prior years, $30.4 million from user fees, $3.8 million from development impact fees, $4.1 million from other sources, and the remaining $20 million from future debt proceeds. Through Fiscal Year 2030, the Water System CIP totals $126.7 million (including the Fiscal Year 2026 CIP previously described), of which the City currently anticipates funding approximately $35 million from future water debt proceeds.

Description of the Water System and Supply

Water Service Area

The Water System currently provides services to approximately 28,600 customer accounts and covers a service area that includes substantially all of the 44.9 square miles within the City. The only area not served by the City Water System is covered by the Liberty Water Company (formerly Litchfield Park Service Company) in the northwest part of the City, which serves four small areas totaling approximately slightly less than one square mile. The customers in this area include a college, a church, a grade school and a few commercial parcels.

The Water System consists of approximately 390 miles of water mains, varying in size from 4-inch to 36-inch diameter. These distribution & transmission mains are constructed of ductile iron, concrete cylinder, PVC or asbestos cement or other water main material and vary in age and condition.

Water Sources and Supplies

The City currently has access to four primary sources of water: (1) City-owned wells (groundwater allowance), (2) CAP surface water, (3) Salt River Project ("SRP") surface water, and (4) effluent (treated wastewater) TABLE A-1 depicts the City's current water supply sources and the annual amount available from each source.

TABLE A-1

Sources of the Water System
City of Avondale, Arizona

	Legal Availability (Acre-Feet)	Volume Produced in 2025 (Acre-Feet)	Volume Produced in 2025 (Million Gallons)
CAP	5,416	5,416	1,765
City-Owned Wells – SRP	18,470 *(a)*	10,266 *(a)*	3,345
City-Owned Wells – Groundwater	35,330 *(b)*	41	13 (pumped)
Effluent Water Delivered to City's Underground Storage Facility	10,081	6,893	2,246
TOTALS	69,297	22,616	7,369

(a) *Assumes 5,597 acres are eligible to receive water from SRP at the 2025 allocation of 3.3 acre-feet per acre. Although legally available, the City may receive only the amount needed to satisfy current demands associated with those eligible acres. In the City's case, demands are less than available supplies.*

(b) *The City may legally pump as much water as necessary to serve the needs of its customers but is subject to conservation requirements established by the Arizona Department of Water Resources. The City is in compliance with these requirements.*

Source: Public Works Department of the City.

City-Owned Wells. Currently, the Water System meets the majority of its water demands to customers from production wells, with the remaining demand being met by water purchased from the City of Phoenix through the North Avondale Water Supply ("NAWS"). There is a total of 16 wells that are currently listed as active in the City's service area. All wells vary in depth, diameter and production rates. The wells range in production capacity between 400gpm and 2,700gpm with a total maximum pumping capacity of is approximately 26.7 million gallons per day ("MGD"). The City's production wells are primarily utilized to recover recharged SRP and effluent water sources, but the wells are also capable of pumping water as a part of the City's groundwater allowance. The current annual average daily demand is 13.9 MGD and the maximum daily demand is 18.1 MGD (as of 2026). Pumped groundwater is treated to Safe Drinking Water Act water quality standards before being delivered to customers. Water pumped from City wells into the Water System is primarily accounted as recovery water from SRP or effluent water sources.

Salt River Project. A portion of the City lies within the SRP service area boundary. SRP is a public power and water utility that provides electric and water service to lands located between the Arizona and Highland Canals, and generally east of the Agua Fria River. SRP water is restricted to only be used within the SRP boundary, which is referred to as "On Project". A couple exceptions to this restriction are the use of spill water and Plan Six ("NCS-6") water. This City has no NCS-6 water entitlement in the City's portfolio. Based on an agreement with SRP, the City is entitled to four sources of SRP water: (1) stored and developed water; (2) normal flow water; (3) pump right water; and (4) spill water. Stored water is water stored at SRP-owned dams, while developed water is pumped from SRP wells. Normal flow water is water that would have flowed in the Salt and Verde Rivers had they not been dammed. Pump right water represents water pumping rights purchased in 1929 and 1948. Spill water represents excess water

that had to be released from SRP damns during a flood event. The City's agreement with SRP provides the City with an annual entitlement of water based on "project acreage." The City's water supply from SRP comes from the Salt and Verde Rivers and is delivered through the SRP canal system. SRP is currently making investments to increase storage capacity on the Verde River with the Verde River Sediment Mitigation Project, more commonly referred to as the 'Bartlett Dam Project'. The City has elected to become a partner in this project, which will provide it with an additional water source up to 4,500 acre-feet per year.

Central Arizona Project. The CAP is administered by the Central Arizona Water Conservation District ("CAWCD"). CAP pumps water from the Colorado River into a major surface water canal that transports the water into central and southern Arizona. The City's annual CAP allocation is 5,416 acre-feet of water, which can be used anywhere within the water service area. Of this, the City used 2,408 acre-feet in 2025 (785 million gallons "MG"). Due to the City not having a surface water treatment plant, it relies on the City of Phoenix to treat its CAP supply. This water is then delivered to the City's distribution system through the physical interconnect between both cities, the NAWS. The City is also party to the White Mountain Apache Tribe Agreement, which awaits United States congressional approval. This will enable the City to lease 882 additional acre-feet of CAP water per year from the White Mountain Apache Tribe. Finally, the City stored 2,663 acre-feet (868MG) of CAP water in 2025 into underground storage to create long-term storage credits when needed for future use.

Underground Water Storage, Savings and Replenishment Program. The City participates in Arizona's Underground Water Storage, Savings and Replenishment Program. Under this program, the City receives storage credits for either direct underground storage of renewable water resources or groundwater savings due to the direct substitution of renewable water resources for groundwater. Storage credits may be used on either annually or credited to a long-term storage account for future use. As of 2025, the City had 143,203 acre-feet (46.7 billion gallons) of available long-term storage credits accumulated through groundwater savings. Long-term storage credits provide the City access to groundwater in the event drought conditions limit surface water supplies. The current Long Term Storage credits would supply the City with over nine years of water in the event of severe drought. The City holds permits to recharge water at many locations throughout the valley, including the Avondale Wetlands USF, owned and operated by the City; the New River-Agua Fria Underground Storage Project and the Granite Reef Underground Storage Project, owned and operated by SRP; Agua Fria Managed USF, Agua Fria Constructed USF, Hieroglyphic Mountain USF and Tonopah Desert USF, owned and operated by CAP; as well as the GSF, which is managed by SRP. The City recharges its entire effluent volume produced from its wastewater treatment plant at the Avondale Wetlands USF and the other USFs are utilized to recharge SRP and CAP water as needed.

The Water System also includes 5 booster pumps stations, which vary in pumping capacity. These BPS operate by increasing and decreasing pumping volumes to maintain a consistent pressure in the Water System. The BPS sites also include storage tanks to meet diurnal flow and peak hour demands. The total water storage capacity throughout the Water System is approximately 12 million gallons.

Environmental Compliance

The Water System satisfies all local, state and federal public water system requirements from the Maricopa County Environmental Services Department (MCESD), the Arizona Department of Environmental Quality and the Environmental Protection Agency, respectively. The Public Works Department maintains the required permits and reporting and the Water System currently satisfies applicable water quality parameters.

Water Rates

The following rates for Fiscal Year 2025/26, plus the applicable proportionate part of any taxes or any governmental impositions which are assessed on water sales currently apply to all individually metered water services:

TABLE A-2

Base User Rates – Water System
City of Avondale, Arizona

Description of Services	2025/26 Charges	2026/27 Charges	2027/28 Charges
Meter Size-Base Fee all users *(a)*			
¾"	$ 10.54	$ 11.17	$ 11.84
1"	16.23	17.20	18.23
1 ½"	30.22	32.03	33.95
2"	47.82	50.69	53.73
3"	87.51	92.76	98.33
4"	144.16	152.81	161.98
6"	284.52	301.59	319.69
8"	453.16	480.35	509.17
10"	650.45	689.48	730.85
Hydrant	144.16	152.81	161.98
Residential Usage Charge per 1,000 gallons			
0 - 6,000 gallons	$ 2.03	$ 2.15	$ 2.28
6,000 - 15,000 gallons	3.56	3.77	4.00
15,000+ gallons	5.09	5.40	5.72
Non-Residential Usage Charge *(b)*			
Non-Residential	$ 3.09	$ 3.27	$ 3.47
Hydrant – all gallons	5.09	5.39	5.72

(a) [Meter charge for multi-family will be based upon a 47 percent (47%) unit equivalency factor applied to the ¾" meter charge times number of units.]

(b) [Rate blocks for non-residential users with meters greater than 1" are adjusted by the meter equivalency factor.]

TABLE A-3

Schedule of Water Sales Revenue – Water System
City of Avondale, Arizona

	2020/21	2021/22	Audited 2022/23	2023/24	2024/25	Budgeted 2025/26 *(a)*
Water System						
Water Sales						
Residential	$ 10,678,546	$ 10,162,304	$ 8,797,434	$ 10,637,945	$ 11,742,166	$ 12,000,000
Commercial	6,745,053	6,177,708	5,874,737	7,444,434	7,886,460	8,000,000
Total Water Sales:	$ 17,423,599	$ 16,340,012	$ 14,672,171	$ 18,082,379	$ 19,628,626	$ 20,000,000

(a) Based on budgeted projections through June 2026.

TABLE A-4

Schedule of Water System Customers – Water System *(a)*
City of Avondale, Arizona

Fiscal Year	Residential	Commercial *(b)*	Total Accounts
2025/26	26,801	1,622	28,423
2024/25	26,564	1,578	28,142
2023/24	25,940	1,552	27,492
2022/23	24,984	1,518	26,502
2021/22	24,236	1,456	25,692

(a) *Customer counts reflect the number of unique customer accounts billed during the year.*

(b) *Commercial customers include industrial and multi-unit customers. The City imposes the same user rates and fees on all commercial customers.*

TABLE A-5

Schedule of Ten Largest Customers for Fiscal Year 2025/26 – Water System
City of Avondale, Arizona

Customer	Revenue	% of Total
City of Avondale	$659,142	3.01%
Rancho Santa Fe HOA	169,540	0.78
Bella Mirage	147,129	0.67
Agua Fria Union High School District No. 216	130,868	0.60
Coldwater Springs HOA	121,528	0.56
Shephard Investment Group LLC	99,800	0.46
Del Rio Ranch HOA	94,105	0.43
Tolleson Union High School District No. 214	89,006	0.41
KV Aventura Apartments LLC	84,497	0.39
CCW Rio Santa Fe LLC	79,043	0.36
Total:	$1,674,658	7.66%

[Remainder of page left intentionally blank.]

TABLE A-6

Revenues from Other Fees and Charges – Water System
City of Avondale, Arizona

Fiscal Year	Meter Install Revenues	Turn-on Fees	Interest Earnings	Total
2025/26 *(a)*	$350,000	$350,000	$354,400	$1,054,400
2024/25	331,130	406,560	2,427,964	3,165,654
2023/24	394,070	397,330	2,962,587	3,753,987
2022/23	327,755	379,885	990,568	1,698,208
2021/22	612,932	371,119	463,934	1,447,985
2020/21	352,917	340,270	612,124	1,305,311

(a) Based on budgeted projections through June 2026.

Litigation and Administrative Actions in the Water System

There is no litigation or administrative proceedings pending or, to the City's knowledge, threatened which would affect the City's title or the Water System or the City's right to operate the Water System and to collect or pledge revenues therefrom or to make Payments for the debt service on the Obligations.

APPENDIX B

CITY OF AVONDALE, ARIZONA – GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION

General

The City is located approximately 15 miles west of downtown Phoenix, Arizona ("Phoenix") in the southwestern portion of the metropolitan Phoenix area and in the central portion of Maricopa County, Arizona (the "County"), contiguous to the communities of Litchfield Park, Arizona to the north, Phoenix to the north and east, Tolleson, Arizona to the east and Goodyear, Arizona to the north and west. Unique to the City is the convergence of the Gila, Salt and Agua Fria rivers within the City. The City was incorporated in 1946.

TABLE B-1

POPULATION STATISTICS

	City of Avondale	Maricopa County	State of Arizona
2025 Estimate *(a)*	100,686	4,787,790	7,718,747
2020 Census	89,334	4,420,568	7,151,502
2010 Census	76,238	3,817,117	6,392,017
2000 Census	35,883	3,072,149	5,130,632
1990 Census	16,169	2,122,101	3,665,339
1980 Census	8,168	1,509,175	2,716,546

(a) Estimate as of July 2025 (data released December 2025).

Source: Arizona Office of Economic Opportunity and the U.S. Census Bureau.

Municipal Government and Utilities

The City operates under a Council-Manager form of government in accordance with its Charter. The Mayor is elected for a four-year term and six council members are elected at large on a non-partisan basis for four-year, staggered terms. The City Council appoints the City Manager who has full responsibility for carrying out Council policy and administering operations for the City. The City Manager in turn appoints department heads.

The City provides its residents with sanitation, water and sewer services. Electricity is provided by both Arizona Public Service Company and Salt River Project. Natural gas is supplied by Southwest Gas Corporation.

Economy

The City is developing from an agriculturally based community into a location of commerce and light industry. The City's economy is a mix of services, retail and manufacturing. The City has two employment corridors that are able to access a labor pool of more than half a million employees within a 30-minute commute. The I-10 Corridor and the Avondale Boulevard Corridor serve the 66-acre Avondale Civic Center, a 16,000 square foot Hilton Garden Inn complex, the American Sports Center of Avondale, and other lodging and retail establishments.

TABLE B-2

MAJOR EMPLOYERS
City of Avondale, Arizona

Employer	Description	Approximate Number of Employees
Amazon.com	Retail	1,030
Maricopa County Community College District	Education	830
City of Avondale	Government	750
Tolleson Union High School District No. 214	Education	550
Fry's Food Stores	Grocery	470
Avondale Elementary School District No. 44	Education	460
Akos	Healthcare	400
Costco Wholesale	Retail	390
Walmart Stores Inc.	Retail	370
Littleton Elementary School District No. 65	Education	370

Source: Maricopa Association of Governments Employer Database (retrieved January 2026).

The following table illustrates the unemployment rate averages for the City, the County, the State and the United States of America.

TABLE B-3

UNEMPLOYMENT RATE AVERAGES

Calendar Year	City of Avondale *(a)*	Maricopa County	State of Arizona	United States
2026 *(b)*	4.4%	4.3%	4.8%	4.7%
2025	4.0	3.6	4.2	4.3
2024	3.4	3.1	3.6	4.0
2023	3.4	3.4	3.9	3.6
2022	3.7	3.3	3.8	3.6
2021	5.6	4.6	5.1	5.3

(a) Each year, historical estimates from the Local Area Unemployment Statistics (LAUS) program are revised to reflect new population controls from the Census Bureau, updated input data, and re-estimation. The data for model-based areas also incorporate new seasonal adjustment, and the unadjusted estimates are controlled to new census division and U.S. totals. Sub-state area data subsequently are revised to incorporate updated inputs, re-estimation, and controlling to new statewide totals.

(b) Data through January 2026.

Source: Arizona Office of Economic Opportunity, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Commerce

The following table illustrates the past five years of sales tax collections.

TABLE B-4

SALES TAX COLLECTIONS
City of Avondale, Arizona

Fiscal Year	Amount
2025/26 *(a)*	$50,893
2024/25	88,055
2023/24	86,817
2022/23	86,881
2021/22	76,127
2020/21	65,979

(a) *Data through January 2026.*

Source: Arizona Department of Revenue, Municipal Privilege Tax Collection Program.

APPENDIX C

CITY OF AVONDALE, ARIZONA – FINANCIAL INFORMATION

DIRECT AND OVERLAPPING BONDED INDEBTEDNESS

TABLE C-1

Current Year Statistics (For Fiscal Year 2025/26)
City of Avondale, Arizona

Net Limited Assessed Property Value	$ 711,470,311
Net Full Cash Assessed Value	1,449,387,025
Estimated Net Full Cash Value	12,455,511,016
Total General Obligation Bonds Outstanding	$ 46,160,000
Total Water System Revenue Obligations Outstanding and to be Outstanding	19,500,000*
Total Wastewater System Revenue Obligations Outstanding and to be Outstanding	51,670,000*(a)**
Total Excise Tax Revenue Obligations Outstanding	12,495,000

* *Subject to change.*

(a) Reflects planned execution and delivery in June 2026, of approximately $46,750,000 principal amount of the City's Wastewater System Revenue Obligations, Series 2026A and $4,920,000 principal amount of the City's Wastewater System Revenue Refunding Obligations, Series 2026B (collectively, the "2026 Wastewater Obligations"), the proceeds of which will be applied to finance and refinance various City capital improvement projects with respect to the City's sewer collection and treatment system. Such obligations will be secured by a first lien pledge of the net revenues of such system.

Source: *State and County Abstract of the Assessment Roll,* Arizona Department of Revenue and Office of Budget and Finance of the County.

TABLE C-2

Direct General Obligation Bonded Debt Outstanding
City of Avondale, Arizona

Issue Series	Original Amount	Purpose	Final Maturity Date (July 1)	Balance Outstanding
2017A	$ 14,740,000	Advance refunding	2029	$ 6,765,000
2019	21,390,000	Construction and improvements	2039	16,265,000
2021	13,670,000	Construction and improvements	2041	12,205,000
2025	11,205,000	Water system improvements	2044	10,925,000
Total General Obligation Bonded Indebtedness Outstanding				$ 46,160,000

[Remainder of page left intentionally blank.]

TABLE C-3

Water System Revenue Obligations Outstanding and to be Outstanding
City of Avondale, Arizona

	Balance Outstanding and to be Outstanding*
Total Water System Revenue Indebtedness Outstanding	None
Plus: The Obligations	$ 19,500,000
Total Water System Revenue Indebtedness Outstanding and to be Outstanding	$ 19,500,000

* *Subject to change.*

TABLE C-4

Wastewater System Revenue Obligations Outstanding and to be Outstanding *(a)*
City of Avondale, Arizona

Issue Series	Original Amount	Purpose	Final Maturity Date (July 1)	Balance Outstanding	Obligations Being Refunded*	Balance Outstanding and to be Outstanding*
2016	$ 8,110,000	System improvements	2036	$ 5,160,000	$ 5,160,000	$ -
Total Wastewater System Revenue Indebtedness Outstanding						$ -
Plus: Wastewater System Revenue Obligations, Series 2026A						46,750,000
Plus: Wastewater System Revenue Refunding Obligations, Series 2026B						4,920,000
Total Wastewater System Revenue Indebtedness Outstanding and to be Outstanding						$ 51,670,000

(a) Reflects planned execution and delivery in June 2026, of the 2026 Wastewater Obligations, and the simultaneous defeasance of the 2016 obligations referenced in this table.

* *Subject to change.*

TABLE C-5

Excise Tax Revenue Obligations Outstanding
City of Avondale, Arizona

Issue Series	Original Amount	Purpose	Final Maturity Date	Balance Outstanding
2021	$ 11,770,000	Aquatic center	2031	$ 7,555,000
2021 REF	7,765,000	Current refunding	2031	4,940,000
Total Excise Tax Revenue Indebtedness Outstanding				$ 12,495,000

CITY EMPLOYEE RETIREMENT SYSTEM

Retirement Benefits

The City contributes to the retirement plans described below and as referenced in Note 10 in APPENDIX E – "CITY OF AVONDALE, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025." Benefits are established by State statute and, depending on the plan, provide retirement, death, long-term disability, survivor and health insurance premium benefits. Both the City and each covered employee contribute to the plans. The City also participates in the Corrections Officers Retirement Plan ("CORP") and the Elected Officials Retirement Plan ("EORP"). The City's CORP and EORP plans are considered to be immaterial to the financial operations of the City and as such are not included in the audited financial statements of the City included as APPENDIX E or in this section of the Official Statement.

Each of the plans has reported increases in its unfunded liabilities The increases in unfunded liabilities is expected to result in increased future annual contributions by the City and its employees; however, the specific impact on the City's and its employees' future contributions cannot be determined at this time.

The Governmental Accounting Standards Board ("GASB") adopted Statement No. 68, Accounting and Financial Reporting for Pensions, which requires that cost-sharing employers report their "proportionate share" of a plan's net pension liability in their government-wide financial statements and that the cost-sharing employer's pension expense component include its proportionate share of the system's pension expense, the net effect of annual changes in the employer's proportionate share and the annual differences between the employer's actual contributions and its proportionate share. GASB's Statement No. 67, Financial Reporting for Pensions, is designed to improve financial reporting by state and local governmental pension plans.

Starting on page 98 in APPENDIX E – "CITY OF AVONDALE, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025" is information about the plans based on GASB's Statements Nos. 67 and 68. Please refer to APPENDIX E for more specific information about the plans. In the case of any difference between what is here versus what is in APPENDIX E, the latter supersedes the former.

The Arizona State Retirement System ("ASRS"). ASRS is a multiple-employer defined benefit pension plan, a multiple-employer defined benefit health insurance premium benefit plan, and a multiple-employer defined benefit long-term disability plan for approximately 650,000 Arizona public employees including qualified employees of the State, municipal governments, counties and K-12 education agencies. As of June 30, 2025, the unfunded liability for ASRS was $18.294 billion with a funding ratio of 75.6% and an assumed earning rate of 7.0%. As of June 30, 2025, the City reported a liability of $45,220,254 for its proportionate share of the net pension liability under ASRS. Pursuant to State statute, the contribution rate for the employer (the City) and active members of ASRS are equal. For Fiscal Year 2025/26, the actuarially determined contribution rate for the City and active members of ASRS is 12.00% (11.86% for retirement and health insurance and 0.14% for long-term disability).

The table below shows recent actuarially determined contribution rates that the active ASRS members and the City are/were required to contribute, the plan's funded status and the pension contributions under ASRS for the current and past four Fiscal Years.

Fiscal Year Ended	Retirement and Health Insurance Premiums	Long-term Disability	Total Contribution Rate	Funded Status	Pension Contributions
June 30, 2027	11.87%	0.11%	11.98%	unavailable	unavailable
June 30, 2026	11.86	0.14	12.00	unavailable	unavailable
June 30, 2025	12.12	0.15	12.27	75.6%	$5,303,510
June 30, 2024	12.14	0.15	12.29	74.0	4,629,986
June 30, 2023	12.03	0.14	12.17	73.1	4,083,719

The Public Safety Personnel Retirement System ("PSPRS"). PSPRS is an agent multiple-employer defined benefit pension plan and an agent multiple employer defined benefit health insurance premium benefit plan that covers public safety personnel who are regularly assigned to hazardous duties for which the Arizona State Legislature establishes active plan members' contribution rates and member benefits. This is not a "pooled" system – a separate account exists for the police and fire employees of each participating political subdivision. In total, there are 258 individual plans in PSPRS. Each plan has its own financial condition, funding status, etc. which varies greatly across the system.

A 2016 amendment to the State constitution ("Prop 124") created an exception to the prohibition in the Constitution against diminishing or impairing public retirement system benefits by allowing for certain adjustments to PSPRS and preserved the State's legislative ability to modify public retirement benefits. Prop 124 allowed for, among other things, the replacement of permanent benefit increases then required by law with COLA (defined below) provisions tied to the regional consumer price indexes.

PSPRS active membership is comprised of three separate "tiers" based on date of hire which are shown in the following table.

"Tier 1" Members	"Tier 2" Members	"Tier 3" Members
Hired into PSPRS position before January 1, 2012	Hired into PSPRS position on or after January 1, 2012 and before July 1, 2017	Hired into PSPRS position on or after July 1, 2017

The different tiers have different types of plans. Tier 1 members have a defined benefit plan, Tier 2 members have a defined benefit or defined benefit hybrid plan and Tier 3 members have a defined contribution, defined benefit or defined benefit hybrid plan. (The hybrid plan is a pension with an additional defined contribution tax-deferred retirement savings account for Tier 2 and Tier 3 members who do not contribute to Social Security). For Tier 1 and Tier 2 members, the type of plan is determined automatically. For Tier 3 members the type of plan is an irrevocable career choice with a default to a defined benefit plan after 90 days. The actuarially determined employer contribution rate varies among the different tiers and the different types of plans as shown in the tables below.

As of June 30, 2025, the unfunded liability for Tiers 1 and 2 of PSPRS was $7.1 billion with a funding ratio of 70.5%. When calculating, an assumed earning rate of 7.2% was used and an assumed rate of 1.75% was used for increases in the cost of living allowance ("COLA").

The following tables show the actuarially determined annual contribution rates, funded status and total audited contribution amounts for PSPRS.

Fire

	Fiscal Year Ended				
	6/30/2027	6/30/2026	6/30/2025	6/30/2024	6/30/2023
Contribution Rates*					
Tier 1 Defined Benefit Employer	32.32%	32.94%	31.83%	31.07%	30.55%
Tier 1 Defined Benefit Employee	7.65%	7.65%	7.65%	7.65%	7.65%
Tier 2 Defined Benefit Employer (a)	32.32%	32.94%	31.83%	31.07%	30.55%
Tier 2 Defined Benefit Employee (a)(b)	7.65%	7.65%	7.65%	7.65%	7.65%
Tier 3 Defined Benefit Employer (a)(c)	24.42%	24.72%	23.65%	23.22%	25.17%
Tier 3 Defined Benefit Employee (a)	8.66%	8.69%	8.89%	9.56%	9.94%
Tier 3 Defined Contribution Employer (c)	26.54%	26.77%	25.49%	24.26%	26.08%
Tier 3 Defined Contribution Employee	10.78%	10.74%	10.73%	10.60%	10.85%
Pension Funded Status	N/A	N/A	78.7%	77.0%	77.9%
Health Funded Status	N/A	N/A	148.4%	145.4%	136.1%
Total City (Employer) Pension and Health Contribution	N/A	N/A	$2,569,402	$2,249,669	$2,262,891

Police

	Fiscal Year Ended				
	6/30/2027	6/30/2026	6/30/2025	6/30/2024	6/30/2023
Contribution Rates*					
Tier 1 Defined Benefit Employer	30.56%	31.97%	32.23%	32.02%	32.28%
Tier 1 Defined Benefit Employee	7.65%	7.65%	7.65%	7.65%	7.65%
Tier 2 Defined Benefit Employer (a)	30.56%	31.97%	32.23%	32.02%	32.28%
Tier 2 Defined Benefit Employee (a)(b)	7.65%	7.65%	7.65%	7.65%	7.65%
Tier 3 Defined Benefit Employer (a)(c)	25.06%	26.29%	26.48%	27.21%	28.40%
Tier 3 Defined Benefit Employee (a)	8.66%	8.69%	8.89%	9.56%	9.94%
Tier 3 Defined Contribution Employer (c)	27.18%	28.34%	28.32%	28.25%	29.31%
Tier 3 Defined Contribution Employee	10.78%	10.74%	10.73%	10.60%	10.85%
Pension Funded Status	N/A	N/A	74.6%	70.9%	69.0%
Health Funded Status	N/A	N/A	143.3%	129.8%	128.0%
Total City (Employer) Pension and Health Contribution	N/A	N/A	$3,033,268	$4,574,027	$4,052,949

***** Sum of the Pension and Health insurance premium benefit contribution rates.

(a) Does not include additional contribution percentage of 3% associated with defined benefit members additionally participating in the defined contribution plan. Employer rate is 4% for Tier 2 members for a period of time depending on the individual's membership date.

(b) Tier 2 employees contribute a maximum of 11.65%, but statutory requirements dictate only 7.65% is applied toward employer costs.

(c) The amortization of unfunded liabilities for Tier 1 and Tier 2 is applied to the payroll for employees in all tiers, including Tier 3, on a level percent basis.

Statutory Changes and Court Decisions Regarding the PSPRS, CORP and EORP

PSPRS, CORP and EORP are all operated under the umbrella of the Public Safety Personnel Retirement System and the Public Safety Personnel Retirement System Board of Trustees. Since 2011 there have been various modifications designed to mitigate increasing unfunded liabilities in the programs. Some of these modifications were enacted by the Arizona Legislature; some changes resulted from successful court challenges to those statutory changes; and other changes were implemented by voter approved amendments to the State Constitution. Substantively, the modifications have included changes to contribution rates, retirement criteria, funding horizons, retirement benefits and post-retirement benefit increase calculations.

Potential Future State Legislation Affecting ASRS and PSPRS

Bills are frequently introduced at sessions of the State Legislature that, if enacted, could impact the administration of the ASRS and PSPRS and the eligibility, timing and payment of benefits from such plans. The City is unable to determine whether any such bills will be enacted into legislation or in what form such legislation may be enacted and what the impact of any such legislation may be.

Other Post-Employment Retirement Benefits

During the year ended June 30, 2018, the City implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). The City is required to report the actuarially accrued cost of post-employment benefits, other than pension benefits ("OPEB"), such as health and life insurance for current and future retirees. GASB 75 addresses reporting by governments that provide OPEB by measuring and recognizing net assets or liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to OPEB provided through defined benefit OPEB plan. Please refer to APPENDIX E of the Official Statement which includes the City's audited financial statements and specifically "Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES."

The City does not offer any OPEB. The City's employees, their spouses and survivors may be eligible for certain retiree health care benefits under health care programs provided by the State. Employees on long-term disability and their spouses also may qualify for retiree health care benefits through the State. Such individuals may obtain the health care benefits offered by the State by paying 100% of the applicable health care insurance premium, net of any subsidy provided by the State. The benefits are available to all retired participants in the State's health care program. The City does not make payments for OPEB costs for such retirees.

APPENDIX D

FORM OF OPINION OF SPECIAL COUNSEL

[Closing Date]

_____
_____, Arizona

Re: Water System Revenue Obligations, Series 2026, Evidencing Proportionate Interests of the Holders Thereof in Installment Payments of the Purchase Price To Be Paid by the City of Avondale, Arizona, Pursuant to a Series 2026 Water Revenue Purchase Agreement, Dated as of June 1, 2026*

We hereby certify that we have examined a transcript of the proceedings relating to the initial execution and delivery of the Water System Revenue Obligations, Series 2026 (the "*Obligations*") in the aggregate principal amount of $19,500,000* and fully registered form, dated the date of their initial execution and delivery. The Obligations are being executed and delivered to finance the costs of certain improvements to the water production and distribution system (the "*Water System*") serving the City of Avondale, Arizona (the "*City*").

We have examined the law and such documents and matters as we have deemed necessary to render this opinion. As to questions of fact material to the opinions expressed herein, we have relied upon, and have assumed due compliance with the provisions of, such documents and have relied upon certifications and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, the use to be made of the proceeds of the Obligations. Reference is made to certifications of, and opinions of counsel to, parties with respect to the existence and powers of such parties to enter into and perform the instruments referred to, the authorization, execution and delivery of such instruments by such parties and such instruments being binding upon and enforceable against such parties; we express no opinion as to such matters.

The Obligations are being executed and delivered pursuant to the Series 2026 Water Revenue Obligation Indenture, dated as of June 1, 2026* (the "*Indenture*"), by and between the City and U.S. Bank Trust Company, National Association, in its capacity as trustee (the "*Trustee*"). Each of the Obligations represents an undivided and proportionate interest in certain obligations of the City pursuant to the Series 2026 Water Revenue Purchase Agreement, dated as of June 1, 2026* (the "*Purchase Agreement*"), by and between the Trustee, in its separate capacity as seller (the "*Seller*"), and the City, as purchaser, pursuant to which the City has agreed to make certain installment purchase payments to the Seller. The Obligations are payable solely, as to both principal and interest, from such installment purchase payments made by the City pursuant to the Purchase Agreement. The City and the Seller have assigned certain of their rights in and benefits from, and of their obligations pursuant to, the Purchase Agreement to the Trustee pursuant to the Indenture.

Based upon the foregoing, we are of the opinion as of this date, which is the date of initial execution and delivery of the Obligations against payment therefor, that:

1. The Indenture, the Purchase Agreement and the Obligations are valid and binding and enforceable in accordance with their terms. The rights of the owners of the Obligations and the enforceability of those rights pursuant to the Obligations as well as the Indenture and the Purchase Agreement may, however, be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights, and the enforcement of those rights may also be subject to the exercise of judicial discretion in accordance with general principles of equity. The enforceability of the indemnification provisions in the Purchase Agreement and the Indenture may be affected by applicable securities laws.

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* *Subject to change.*

2. The obligation of the City for the payment of the installment purchase payments required to be paid by the City pursuant to the provisions of the Purchase Agreement constitute a valid and binding limited, special obligation of the City, payable together with any other obligations issued on parity therewith, solely from and secured solely by a pledge of, a lien on and a security interest in the Pledged Revenues (as defined in the Purchase Agreement), consisting generally of revenues derived by the City from the operation of the Water System after sufficient funds have been provided for the operating expenses of the Water System. Such payments are not secured by an obligation or pledge of any moneys raised by taxation; the Obligations do not represent or constitute a debt or pledge of the general credit of the City or the State of Arizona and the Purchase Agreement, including the obligation of the City to make the payments required thereunder, does not represent or constitute a debt or pledge of the general credit of the City.

3. (a) Based on the representations and covenants of the City and subject to the assumption stated in the last sentence of this paragraph, under existing statutes, regulations, rulings and court decisions, the portion of each payment made by the City pursuant to the Purchase Agreement, denominated and comprising interest and received by the beneficial owners of the Obligations (the "*Interest Portion*"), is excludable from the gross income of the owners thereof for federal income tax purposes and is not treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the case of the alternative minimum tax imposed by Section 55(b)(2) of the Internal Revenue Code of 1986, as amended (the "*Code*"), on applicable corporations (as defined in Section 59(k) of the Code), the Interest Portion is not excluded from the determination of adjusted financial statement income. We express no opinion regarding other federal tax consequences resulting from the receipt or accrual of the Interest Portion on, or ownership or disposition of, the Obligations. The Code includes requirements which the City must continue to meet after the execution and delivery of the Obligations in order that the Interest Portion not be included in gross income for federal income tax purposes. The failure of the City to meet these requirements may cause the Interest Portion to be included in gross income for federal income tax purposes retroactive to their date of execution and delivery. The City has covenanted in the Purchase Agreement to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of the Interest Portion. (Subject to the same limitations in the first numbered paragraph hereof as they would relate to such covenants, the City has full legal power and authority to comply with such covenants.) In rendering the opinion expressed in this paragraph, we have assumed continuing compliance with the tax covenants referred to hereinabove that must be met after the execution and delivery of the Obligations in order that the Interest Portion not be included in gross income for federal tax purposes.

(b) Assuming the Interest Portion is so excludable for federal income tax purposes, the Interest Portion is exempt from income taxation under the laws of the State of Arizona. (We express no opinion regarding other state tax consequences resulting from the receipt or accrual of the Interest Portion on, or disposition or ownership of, the Obligations.)

Our opinion represents our legal judgment based upon our review of the law and the facts we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof, and we assume no obligation to review or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX E

CITY OF AVONDALE, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

APPENDIX F

OBLIGATIONS DOCUMENTS SUMMARIES

The following summaries are supplemental to and should be read together with "SECURITY FOR AND SOURCE OF PAYMENT OF THE OBLIGATIONS" herein. These summaries are a brief description of certain provisions of the Purchase Agreement and the Indenture and certain definitions therein not defined elsewhere in this Official Statement, should not be considered a full statement thereof and are qualified in their entirety by reference to the Purchase Agreement and the Indenture, copies of which are available as set forth in this Official Statement under the heading "INTRODUCTORY STATEMENT."

Definitions

For the purposes hereof and in addition to those defined prior to the Appendices hereof, the following words and phrases will have the following meanings:

"Additional Obligation Documents" means any contract (including an ordinance of the Mayor and Council of the City) or agreement of the City constituting or authorizing Additional Obligations.

"Additional Obligations" means obligations (including loans and bonds) or applicable interests therein which are incurred (i) by, or the payment of which is assumed by, the City subsequent to, and are to rank on a parity with, the payments of the Purchase Price and share *pro rata* in payments to be made by the City from the Pledged Revenues, without priority one over the other or over the Purchase Agreement, and (ii) for the purpose of acquiring, constructing or improving the Water System or to refund the Obligations or any Additional Obligations.

"Administrative Expenses" means the reasonable cost or value of all services rendered by the City and its various departments with respect to the Water System.

"Assumed Interest Rate" means an interest rate for a series of Variable Rate Obligations at the computation date computed to be the lesser of (i) the maximum rate which the Variable Rate Obligations of a series may bear under the terms of their incurrence, or (ii) the rate of interest established for long-term bonds by the 30-year revenue bond index published by The Bond Buyer of New York, New York, on the date that is nearest to 30 days prior to the computation date (or in the absence of such published index, some other index selected in good faith by the Finance and Budget Director after consultation with one or more reputable, experienced investment bankers as being equivalent thereto).

"Bond Year" means a 12-month period beginning July 2 of the calendar year and ending on the next succeeding July 1.

"Business Day" means a day on which banks located in the City of Phoenix, Arizona, and in the city or cities in which the principal office of the Trustee and the Paying Agents are not required or authorized by law or executive order to remain closed.

"City Representative" means the City Manager, the Finance and Budget Director of the City or any other person at any time designated to act on behalf of the City by written certificate furnished to the Trustee containing the specimen signature of such person and signed by the City Manager or his or her designee. Such certificate may designate one or more alternates.

"Consultant" means, in the sole discretion of the City, a firm of utility consultants experienced in the financing and operation of utility systems and having a recognized reputation for such work, or City staff with similar experience.

"Credit Facility" means a bank, financial institution, insurance company or indemnity company which is engaged by or on behalf of the City to perform one or more of the following tasks: (a) enhancing credit of the City securing the Obligations or Additional Obligations by assuring that principal of and interest on the Obligations or such Additional Obligations (or any interests therein) will be paid promptly when due (including the issuance of an

insurance policy, letter of credit, surety bond or other form of security for a reserve), or (b) providing liquidity for Additional Obligations (or any interests therein) through undertaking to cause such Additional Obligations to be bought from the holders thereof when submitted pursuant to an arrangement prescribed by the Additional Obligation Documents.

"Defeasance Obligations" means, to the extent permitted by law, (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), or (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, or any combination thereof.

"Depository Trustee" means any financial institution meeting the requirements as a successor Trustee under Section 8.6 of the Indenture that may be designated by the City.

"Fiscal Year" means the 12-month period used by the City for its general accounting purposes as the same may be changed from time to time, said fiscal year currently extending from July 1 to June 30.

"Holder" means the registered owner of any Obligation.

"Interest Requirement" means (i) with respect to the Purchase Agreement, as of any date of calculation, the interest amount on the Purchase Agreement due during the then-current Bond Year, and (ii) with respect to any Additional Obligations, as of any date of calculation, the amount required to be paid by the City during the then-current Bond Year with respect to interest on such Additional Obligations. In the case of Variable Rate Obligations Outstanding or proposed to be incurred, the Interest Requirement shall be computed with the Assumed Interest Rate.

"Improvements Fund" means the fund of that name created pursuant to Section 2.2 of the Purchase Agreement.

"Indenture Event of Default" means any one of those events set forth in Section 7.1 of the Indenture.

"Interest Account" means the account of the Obligation Fund of that name created pursuant to Section 5.1 of the Indenture.

"Obligation Fund" means the fund of that name created pursuant to Section 5.1 of the Indenture.

"Obligation Payment Date" means each January 1 and July 1, commencing, January 1, 2027*, so long as any Obligations are Outstanding.

"Opinion of Counsel" means a written opinion of an attorney or firm of attorneys who or which (except as otherwise expressly provided in the Indenture or in the Purchase Agreement) may be counsel for the City or the Trustee, provided that such attorney or firm of attorneys may not be an employee of the Trustee.

"Outstanding" means when used with reference to the Obligations, as of any date of determination, all Obligations theretofore executed and delivered except:

(i) Obligations theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Obligations that are deemed paid and no longer Outstanding as provided in the Indenture, including as a result of irrevocable instructions being provided by the City for redemption thereof;

(iii) Obligations in lieu of which other Obligations have been executed and delivered pursuant to the provisions of the Indenture relating to Obligations destroyed, stolen or lost, unless evidence satisfactory to the Trustee has been received that any such Obligation is held by a bona fide purchaser; and

(iv) For purposes of any consent or other action to be taken under the Indenture or under the Purchase Agreement by the Holders of a specified percentage in principal amount of Obligations, Obligations held by or for the account of the City, or any Person controlling, controlled by, or under common control with any of them.

When used with reference to Additional Obligations, "Outstanding" shall have the meaning assigned to such term in the corresponding, applicable Additional Obligation Documents which shall be as similar as possible to such definition in the Indenture.

"Parity Lien Test Debt Service" means the highest aggregate Principal Requirement and Interest Requirement of all Outstanding Obligations and Additional Obligations to fall due and payable in the current or any future Bond Year.

"Principal Requirement" means (i) with respect to the Purchase Agreement, as of any date of calculation, the principal amount of the Obligations maturing or subject to mandatory redemption pursuant to the Indenture during the then-current Bond Year, and (ii) with respect to any Additional Obligations, as of any date of calculation, the principal amount required to be paid by the City during the then-current Bond Year with respect to the Additional Obligations. In computing the Principal Requirement for such Additional Obligations, an amount of such Additional Obligations required to be redeemed pursuant to mandatory redemption in each year shall be deemed to fall due in that year and (except in case of default in observing a mandatory redemption requirement) shall be deducted from the amount of the Additional Obligations maturing on the scheduled maturity date. In the case of Additional Obligations supported by a Credit Facility, the Principal Requirement for such Additional Obligations shall be determined in accordance with the principal retirement schedule specified in the Additional Obligation Documents authorizing the incurrence of such Additional Obligations, rather than any amortization schedule set forth in such Credit Facility unless payments under such Additional Obligations shall be in default at the time of the determination, in which case the Principal Requirements for such Additional Obligations shall be determined in accordance with the amortization schedule set forth in such Credit Facility.

"Paying Agent" means the banks or trust companies and their successors designated as the paying agencies or places of payment for the Obligations. The Trustee is designated as the initial Paying Agent for the Obligations.

"Permitted Investments" means any investment permitted by Section 35-323, Arizona Revised Statutes, as amended, or any successor provision thereto.

"Person" shall include an individual, an association, unincorporated organization, a corporation, partnership, joint venture, or government or agency or political subdivision thereof.

"Principal Account" means the account of the Obligation Fund of that name created pursuant to Section 5.1 of the Indenture.

"Principal Installment" means, for any particular date, the aggregate of the principal amount of Obligations that are due on such date.

"Purchase Event of Default" means one of the events defined as such in Section 7.1 of the Purchase Agreement.

"Purchase Price" means the sum of the payments paid pursuant to Sections 5.4(i) and (ii) of the Indenture from amounts to be paid by or on behalf of the City as the purchase price for the Projects.

"Special Counsel" means an attorney or a firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the City.

"Special Counsel's Opinion" means an opinion signed by Special Counsel.

"Variable Rate Obligations" means any Additional Obligations which may, in the future, bear interest at rates which cannot be determined with specificity on their original incurrence.

* * * * *

The Purchase Agreement

Section 2.1. Agreement to Cause Execution and Delivery of Obligations; Application of Obligation Proceeds. In order to provide funds to finance the costs of the acquisition, construction and improvement of the Projects, the Obligations shall be executed and delivered under the Indenture.

Section 2.2. Improvements Fund.

(a) The City shall establish and maintain a separate fund known as the *"Improvements Fund,"* which shall be funded from amounts transferred to the City by the Trustee pursuant to the Indenture. Moneys in the Improvements Fund shall be disbursed by the City for the following purposes and for no other purposes:

(i) to the extent not paid by the Trustee from the Costs of Issuance Fund established under the Indenture, the costs described in the Indenture;

(ii) payment for labor, services, materials and other necessities used or furnished in the acquisition, improvement and construction of the Projects, and all real and personal property deemed necessary in connection with the Projects and for the miscellaneous expenses incidental to any of the foregoing including the premium on each performance and payment bond;

(iii) reimbursement of capital expenditures relating to the Projects advanced prior to the execution and delivery of the Obligations; and

(iv) payment of the portion of the Purchase Price representing interest on the Obligations during the acquisition, construction and improvement of the Projects.

(b) Before any of the foregoing payments may be made, the City shall maintain a record with respect to each such payment to the effect that: (i) none of the items for which the payment is proposed to be made has formed the basis for any payment previously made from the Improvements Fund; (ii) each item for which payment is proposed to be made is or was necessary in connection with the Projects; and (iii) each item for which payment is proposed to be made is for a purpose permitted by the Purchase Agreement.

(c) In the case of any contract providing for the retention of a portion of the contract price, subject to Sections 2.3 and 2.4, the City may pay from the Improvements Fund only the net amount remaining after deduction of any such portion.

(d) The City shall notify the Trustee of the completion date of the Projects by delivery of a certificate signed by the City Representative stating that (i) acquisition, construction and improvement of the Projects has been completed, and (ii) all obligations and costs in connection with the Projects and payable out of the Improvements Fund have been paid and discharged, except for amounts retained by the City for payment of costs of the Projects not yet due and payable. Any moneys held in the Improvements Fund upon delivery of such certificate that are not needed to pay costs of the Projects shall be transferred by the City to the Trustee for deposit to the Interest Account or the Principal Account as indicated in such certificate.

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Section 3.3. Amounts Payable After Execution and Delivery of Obligations. After providing for any amounts due pursuant to Section 2.4(c) of the Purchase Agreement, the Pledged Revenues received pursuant to Section 4.1 of the Purchase Agreement shall be paid for the following purposes and in the following order of priority, after decreasing any such payment for any interest income or gain received, or increasing such payment for any loss realized, during the preceding month in the account to which such payment is to be deposited:

(i) Fees and expenses of the Trustee in accordance with the provisions of Section 8.8 of the Indenture to the Trustee.

(ii) The payments on the dates and in the amounts set forth in the Schedule attached to the Purchase Agreement for deposit to the Interest Account and/or the Principal Account, as applicable.

In the event the City should fail to make when due any of the payments required by this Section, the installment so in default shall continue as an obligation of the City, payable solely from the Pledged Revenues, until the amount in default shall have been fully paid, and the City shall pay the same with interest thereon at the rate applicable to the corresponding maturities of Obligations, from the date said payment was to be made to the date of payment by the City until paid. The Purchase Agreement shall be deemed and construed to be a "net purchase agreement," and the payments provided for in this Section shall be an absolute net return to the Seller, free and clear of any expenses or charges whatsoever, except as otherwise specifically provided in the Purchase Agreement. The City shall cause an amount of Revenues to be included in the annual budget for every Fiscal Year sufficient to meet all requirements of the Purchase Agreement.

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Section 4.1. Limitation of Source of City Payments.

(a) The Purchase Agreement is a limited, special obligation of the City, payable solely and secured as to the payment in accordance with the terms and the provisions of the Purchase Agreement.

(b) All amounts to be paid by the City pursuant to Section 3.3 of the Purchase Agreement (or under any other section of the Purchase Agreement) shall be payable solely from the Pledged Revenues. Nothing, however, shall preclude the City, in the sole and absolute discretion of the Mayor and Council of the City, from paying such amounts from other moneys of the City. Under no circumstances shall amounts paid under the Purchase Agreement from such moneys constitute a pledge thereof, and amounts payable by the City hereunder (except the Pledged Revenues) shall never constitute a general obligation of the City or a pledge of *ad valorem* property taxes by the City.

(c) Pursuant to the Purchase Agreement, the City pledges and shall raise and apply the Pledged Revenues in such amounts and in such manner as required in the Purchase Agreement to make the payments required to be made by the City under the Purchase Agreement and covenants to make said payments from the Pledged Revenues. This pledge shall be a first lien and on a parity to the pledge thereof and lien thereon for the Obligations. All of the Pledged Revenues shall be immediately subject to such pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all persons having claims of any kind in tort, contract or otherwise against the City, irrespective of whether such persons have notice thereof. Nothing contained in this Section shall be construed as limiting any authority granted elsewhere herein to incur the Purchase Agreement or Additional Obligations nor be deemed a limitation upon the issuance of bonds, notes or other obligations under any law pertaining to the City secured by moneys, income and funds other than the Pledged Revenues and other moneys and investments pledged under the Purchase Agreement or under the Indenture. After the application of the Pledged Revenues for the purposes in the Purchase Agreement, they may be used for any lawful purpose.

* * * * *

Section 4.3. Prior Lien Obligations. The City shall not incur any obligations payable from the Pledged Revenues ranking prior to the obligations of the City under the Purchase Agreement.

* * * * *

Section 5.1. Utilities; Maintenance of the Water System in Good Condition; Repair and Replacement Fund. All maintenance and repair of the Projects and utilities therefor shall be the responsibility of the City. (In exchange for the payment of the amounts due under the Purchase Agreement, the Seller shall provide nothing more than the Projects.) The City shall (a) maintain the Water System in good condition, (b) operate the same in a proper and economical manner and at reasonable cost, and (c) faithfully and punctually perform all duties with reference to the Water System required by the Constitution and laws of the State.

Section 5.2. Insurance. The City shall maintain insurance on the Water System (which may take the form of or include an adequately-funded program of self-insurance), for the benefit of the Holder or Holders of the

Obligations payable wholly or in part from the Revenues, for the full insurable value of all buildings and machinery and equipment therein, against loss or damage by fire, lightning, tornado or winds, and all other combustible property against loss or damage by fire or lightning, and other coverages and amounts of insurance (including public liability and damage to property of others to the extent deemed prudent by the City), normally carried by others on similar operations. The cost of such insurance may be paid as an Operating Expense. All money received for losses under any such insurance policies, except public liability policies, is pledged by the City as security for the payment of the Purchase Agreement until and unless such proceeds are paid out in making good the loss or damage in respect of which such proceeds are received, including repairing the Water System. Self-insurance may be maintained for the Water System either separately or in connection with any general self-insurance retention program or other insurance program maintained by the City; provided that (a) any such program has been adopted by the City and (b) the City's risk manager or other appropriate officer of the City reviews any such program every five years to confirm that such program is adequate and actuarially sound. All proceeds of any condemnation awards with respect to the Water System shall be deposited with the Trustee and applied to the *pro rata* payment of the Obligations.

Section 5.3. No Sale; Lease or Encumbrance Exceptions.

(a) The City shall not sell, lease, encumber or in any manner dispose of the Water System as a whole until all of the Obligations and all interest thereon shall have been paid in full or provision for payment has been made in accordance with the Indenture.

(b) The City may sell, lease or otherwise dispose of any of the property comprising a part of the Water System in the following manner, if any one of the following conditions exists: (a) such property is not necessary for the operation of the Water System, (b) such property is not useful in the operation of the Water System, (c) such property is not profitable in the operation of the Water System or (d) the disposition of such property will be advantageous to the Water System and will not adversely affect the security for the Holders of the Obligations. In addition, the City may sell to any municipality or political subdivision of the State or any agency of any one or more of them, any portion of the Water System if there is filed with the City Clerk a certificate executed by the Consultant showing that, in opinion of such Consultant, the proposed sale will not reduce the Pledged Revenues to be received in the full Fiscal Year next succeeding such sale to an amount less 120% of Parity Lien Test Debt Service. In making such computation, the Consultant shall consider such matters as such Consultant deems appropriate including: (i) anticipated diminution of Revenues; (ii) anticipated increase or decrease in Operating Expenses attributable to the sale; and (iii) reduction, if any, in annual principal and interest requirements attributable to the application of the sale proceeds for payment of Obligations then Outstanding.

(c) The City may sell or otherwise transfer the Water System as a whole to any municipality or political subdivision or agency of one or more political subdivisions of the State to which may be delegated the legal authority to own and operate the Water System on behalf of the public, and that undertakes in writing, filed with the City Clerk, the City's obligations under the Purchase Agreement; provided that there shall be first filed with the City Clerk (1) a Special Counsel's Opinion to the effect that (A) such sale will not cause interest on any of the Obligations to become subject to federal income taxation, (B) such sale will not materially diminish the security of the Holders of the Obligations (which opinion may be based on the Consultant's report described in clause (2), below), and (C) the obligations of the City under the Purchase Agreement have been validly assumed by such transferee and are the valid and legally binding obligations of such transferee, and (2) an opinion of a Consultant expressing the view that such transfer in and of itself will not result in any diminution of the Pledged Revenues to the extent that in the full Fiscal Year next succeeding such transfer the Pledged Revenues will be less than 120% of Parity Lien Test Debt Service. In reaching this conclusion, the Consultant shall take into consideration such factors as he may deem significant including any rate schedule to be imposed by said political subdivision or agency.

(d) Notwithstanding the above provisions, the City may sell or lease all or any part of the Water System in connection with the issuance of any Additional Obligations to finance additional improvements to the Water System or refinance the Obligations or any Additional Obligations provided that such sale or lease does not permit foreclosure, or other loss by the City, of such portion of the Water System.

* * * * *

Section 5.6. Disconnection of Service for Non-Payment; No Free Service.

(a) The City shall diligently enforce payment of all bills for services supplied by the Water System. If a bill becomes delinquent and remains so for a period to be determined in accordance with City policy from time to time, the City shall discontinue service in accordance with the laws of the State to any premises the owner or occupant of which shall be so delinquent, and will not recommence such service to such premises until all delinquent charges with penalties shall have been paid in full or provisions for payment satisfactory to the City shall have been made. The City shall do all things and exercise all remedies reasonably available to assure the prompt payment of charges for all services supplied by the Water System.

(b) No free service shall be furnished by the Water System to the City or any department thereof or to any person, firm or corporation, public or private, or to any public agency or instrumentality, except as provided in the Purchase Agreement. The reasonable cost and value of all service rendered to the City and its various departments by the Water System shall be charged against the City and will be paid for as the service occurs from the City's current funds. All payments so made shall be considered Revenues and shall be applied in the manner provided in the Purchase Agreement for the application of the Revenues of the Water System.

Section 5.7. No Competing Water System. The City shall not, to the extent permitted by law, grant a franchise or permit for the operation of any competing system within, in whole or in part, the service areas of the Water System.

* * * * *

Section 7.1. Purchase Events of Default. Any one or more of the following events ("Purchase Events of Default") shall constitute a default under the Purchase Agreement:

(a) The City shall fail to make any payment when due under Section 3.3(ii) of the Purchase Agreement; or

(b) The City shall fail to make any payment under Section 3.3(i) of the Purchase Agreement for a period of 30 days after notice of such failure shall have been given in writing to the City by the Seller or by the Trustee; or

(c) The City shall fail to perform any other covenant in the Purchase Agreement for a period of 30 days after written notice specifying such default shall have been given to the City by the Seller or the Trustee, provided that if such failure is a type that it cannot be remedied within such 30 day period, it shall not be deemed a Purchase Event of Default so long as the City diligently tries to remedy the same, which it shall certify in writing to the Trustee; or

(d) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of the federal bankruptcy statutes, as amended, or under any similar acts that may be enacted after execution of the Purchase Agreement.

Section 7.2. Remedies on Default by City. Upon the occurrence of a Purchase Event of Default, the Seller shall, but only if requested to do so by the Trustee, without further demand or notice, exercise any of the available remedies at law or in equity, including, but not limited to, specific performance, however under no circumstances may amounts due under the Purchase Agreement be accelerated. Upon the filing of suit by the Trustee, any court having jurisdiction of the action may appoint a receiver to administer the Water System for the City with power to charge and collect fees sufficient to pay all of the Operating Expenses and to make all required payments under the Purchase Agreement. The Seller may assign any or all of its rights and privileges under this Section to the Trustee, and upon furnishing evidence of such assignment to the City, the Trustee may exercise any or all of such rights or privileges as it may deem advisable.

* * * * *

Section 8.12. Certain Statutory Notices.

(a) To the extent applicable by provision of law, the Trustee acknowledges that the Purchase Agreement is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, the provisions of which are incorporated in the Purchase Agreement and that provides that the City may within three years after its execution cancel any contract (including the Purchase Agreement) without penalty or further obligation made by the City if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract.

* * * * *

The Indenture

Granting Clauses. Pursuant to the Indenture, the Trustee has been granted a security interest in and the following described property has been released, assigned, transferred, pledged mortgaged, granted and conveyed to the Trustee:

A. All rights and interests of the Seller in, under and pursuant to the Purchase Agreement as assigned, mortgaged, hypothecated and pledged to the Trustee pursuant to the Purchase Agreement, provided that the assignment made by this clause shall not include any right to limitation of liability, indemnification of liability, or payment or reimbursement of fees, costs or expenses,

B. Amounts on deposit from time to time in the funds and accounts created pursuant to the Indenture, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, and

C. Any and all other real or personal property of any kind from time to time after execution of the Indenture by delivery or by writing of any kind specifically conveyed, pledged, assigned or transferred, as and for additional security under the Indenture for the Obligations, by the City or by anyone on its behalf or with its written consent, in favor of the Trustee.

* * * * *

Section 1.3. All Obligations Equally and Ratably Secured; Obligations Not General Obligations of the City. All of the Obligations executed and delivered under the Indenture and at any time Outstanding shall in all respects be equally and ratably secured by the Indenture, without preference, priority, or distinction on account of the date or dates or the actual time or times of the execution and delivery or maturity of the Obligations, so that all Obligations at any time Outstanding under the Indenture shall have the same right, lien and preference under the Indenture and shall all be equally and ratably secured by the Indenture. The Obligations shall be payable solely out of the revenues and other security pledged by the Indenture and shall not constitute an indebtedness or general obligation of the City within the meaning of any State constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the City or be a charge against its general credit or a charge against the general credit or the taxing powers of the State or any political subdivision thereof.

* * * * *

Section 5.3. Flow of Funds into the Obligation Fund. The following payments to the Trustee shall be applied in the following manner:

(i) The Trustee shall deposit to the Interest Account amounts paid pursuant to Section 3.3(ii) of the Purchase Agreement. (Amounts transferred pursuant to Section 2.2(d) of the Purchase Agreement shall also be deposited in the Interest Account.)

(ii) The Trustee shall deposit to the Principal Account amounts paid pursuant to Section 3.3(ii) of the Purchase Agreement as well as the total of any amounts received for any redemption of Obligations.

(Amounts transferred pursuant to Section 2.2(d) of the Purchase Agreement shall also be deposited in the Principal Account.)

Section 5.4. Flow of Funds out of the Obligation Fund. Amounts in the following accounts shall be applied in the following manner:

(i) Amounts in the Interest Account shall be used to pay interest on the Obligations as it becomes due.

(ii) Amounts in the Principal Account shall be used to retire Obligations by payment at their scheduled maturity date or redemption date.

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Section 5.6. Investment of Moneys Held by Trustee.

(a) Moneys in all funds and accounts held by the Trustee shall be invested by the Trustee, as soon as possible upon receipt of immediately available funds at its designated corporate trust office, to the fullest amount possible, in Permitted Investments as directed, in writing, by the City Representative; provided that the maturity date or the date on which such Permitted Investments may be redeemed at the option of the holder thereof shall coincide as nearly as practicable with (but in no event shall be later than) the date or dates on which moneys in the funds or accounts for which the investments were made will be required for the purposes thereof. In the event no investment direction is given to the Trustee by the City, then the Trustee shall hold such funds uninvested in cash.

(b) Amounts credited to a fund or account may be invested, together with amounts credited to one or more other funds or accounts, in the same Permitted Investment, provided that (i) each such investment complies in all respects with the provisions of subsection (a) of this Section as they apply to each fund or account for which the joint investment is made and (ii) the Trustee maintains separate records for each fund and account and such investments are accurately reflected therein.

* * * * *

Section 7.1. Events of Default. Each of the following is declared an "Indenture Event of Default" under the Indenture:

(a) If payment of any installment of interest on any Obligation is not made in full when the same becomes due and payable;

(b) If payment of the principal of any Obligation is not made in full when the same becomes due and payable;

(c) If, under the provisions of any law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of all or any part of the interests pledged under the Indenture and such custody or control continues for more than 60 days;

(d) If the City defaults in the due and punctual performance of any other covenants, conditions, agreements or provisions on its part to be performed as provided in the Indenture or in the Obligations and such default continues for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the City by the Trustee, unless within such 30 days the City commences and diligently pursues in good faith appropriate corrective action, and certify as such to the Trustee and such failure does not continue for a period of more than 60 days; the Trustee may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than 25 percent in principal amount of the Obligations then Outstanding; or

(e) If any event of default provided by Section 7.1 of the Purchase Agreement occurs.

Section 7.2. Remedies and Enforcement of Remedies.

(a) Upon the occurrence and continuance of any Indenture Event of Default and in accordance with the Indenture and the Purchase Agreement, the Trustee may, and upon the written request of the Holders of not less than a majority in principal amount of the Obligations Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall, protect and enforce its rights and the rights of the Holders under the Indenture and the Purchase Agreement by such suits, actions or proceedings as the Trustee, being advised by counsel, deems expedient, including but not limited to, an action for the recovery of any amounts due under the Indenture or for damages for the breach of the Indenture, and the Trustee may pursue any other remedy which the law affords, including the remedy of specific performance. The Trustee shall also have those remedies provided pursuant to the Purchase Agreement subject to any limitations on such remedies set forth therein.

(b) Regardless of the happening of an Indenture Event of Default and subject to Section 7.7 of the Indenture, the Trustee, if requested in writing by the Holders of not less than a majority in principal amount of the Obligations then outstanding shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it deems necessary or expedient (i) to prevent any impairment of the security under the Indenture by any acts that may be unlawful or in violation of the Indenture, or (ii) to preserve or protect the interests of the Holders, provided that such request is in accordance with law and the provisions of the Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interest of the Holders of Obligations not making such request.

Section 7.3. No Acceleration. In no event shall the Trustee have the right to accelerate or cause to become immediately due and payable, or payable in advance of their scheduled maturity dates, other than because of optional redemption pursuant to the Indenture and then only to the extent of the amount to be so redeemed amounts due under the Indenture.

Section 7.4. Application of Revenues and Other Moneys After Default.

(a) During the continuance of an Indenture Event of Default all moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture, shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses and advances incurred or made by the Trustee with respect thereto, be deposited in the Obligation Fund, and all amounts held by the Trustee under the Indenture shall be applied as follows provided, that if the amount available shall not be sufficient to pay in full any amount or amounts then due, then to the payment thereof ratably in a manner consistent with Section 3.3 of the Purchase Agreement, according to the amounts due to the Persons entitled thereto, without any discrimination or preference:

First: To the payment of all installments of interest then due (including interest on amounts not paid when due on the Obligations); and

Second: To the payment of the unpaid Principal Installments or redemption price that shall have become due, whether at maturity or by call for redemption, in the order of their due dates.

(b) Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal of the Obligations to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any unpaid Obligation until such Obligation is presented to the Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

(c) Whenever all principal of and interest on the Obligations that has become due has been paid under the provisions of this Section and all expenses and charges of the Trustee have been paid and the Obligation Fund contains the amounts then required to be credited thereto, any balance remaining shall be paid to the City.

* * * * *

Section 7.7. Individual Holder Action Restricted.

(a) No Holder of any Obligation shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust or for any remedy under the Indenture except for the right to institute any suit, action or proceeding in equity or at law for the enforcement of the Trustee's duties and powers under the Indenture upon the occurrence of all of the following events:

(i) The Holders of at least a majority in principal amount of Obligations Outstanding have made written request to the Trustee to proceed to exercise the powers granted in the Indenture; and

(ii) Such Holders have offered to indemnify the Trustee as provided in Section 8.2(v) of the Indenture; and

(iii) The Trustee has failed or refused to exercise the duties or powers granted in the Indenture for a period of 60 days after receipt by it of such request and offer of indemnity; and

(iv) During such 60-day period no direction inconsistent with such written request has been delivered to the Trustee by the Holders of a greater majority in principal amount of Obligations then Outstanding.

(b) No one or more Holders of Obligations shall have any right in any manner whatsoever to affect, disturb or prejudice the security thereof or to enforce any right under the Indenture except in the manner provided in the Indenture and for the equal benefit of the Holders of all Obligations Outstanding.

(c) Nothing contained in the Indenture shall affect or impair, or be construed to affect or impair, the right of the Holder of any Obligation (i) to receive payment of the principal of or interest on such Obligation, as the case may be, on or after the due date thereof or (ii) to institute suit for the enforcement of any such payment on or after such due date; provided, however, no Holder of any Obligation may institute or prosecute any such suit if, and to the extent that, the institution or prosecution of such suit or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the lien of the Indenture on the moneys, funds and properties pledged under the Indenture for the equal and ratable benefit of all Holders of Obligations.

* * * * *

Section 7.9. Waiver of Indenture Event of Default.

(a) No delay or omission of the Trustee or of the Holder of any Obligations to exercise any right or power accruing upon any Indenture Event of Default shall impair any such fight or power or shall be construed to be a waiver of any such Indenture Event of Default or an acquiescence therein. Every power and remedy given by the Indenture may be exercised from time to time and as often as may be deemed expedient.

(b) The Trustee may waive any Indenture Event of Default that in its opinion has been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under, the provisions of the Indenture, or before the completion of the enforcement of any other remedy under the Indenture.

(c) In case of any waiver by the Trustee of an Indenture Event of Default under the Indenture, the City, the Trustee and the Holders shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver shall extend to any subsequent or other Indenture Event of Default. The Trustee shall not be responsible to anyone for waiving or refraining from waiving any Indenture Event of Default in accordance with this Section.

* * * * *

Section 8.1. Certain Duties and Responsibilities of Trustee.

(a) Except during the continuance of an Indenture Event of Default:

(i) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations shall be read into the Indenture against the Trustee; and

(ii) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture; but in the case of any such certificates or opinions which are required by any provision of the Indenture or the Purchase Agreement, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Indenture or the Purchase Agreement on their face.

(b) In case an Indenture Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances.

(c) No provision of the Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct or breach of trust, except that:

(i) this subsection (c) shall not be construed to limit the effect of subsection (a);

(ii) the Trustee shall not be liable for any error of judgment made in good faith and without negligence, willful misconduct or breach of trust by a president or vice-president of the board of directors, the president or vice-president of the executive committee of the board of directors, the president, any vice president, any assistant vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, any associate or senior associate, or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers or, with respect to a particular matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith and without negligence in accordance with the direction of the Holders of the Outstanding Obligations as provided in the Indenture relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture and

(iv) no provision of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it. The Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment properly to be done by it as the Trustee, without prior assurance of indemnity, and in such case shall be entitled to reimbursement by the City for all reasonable costs, expenses, attorneys' and other fees and expenses, and all other reasonable disbursements, including its own fees and expenses, and for all liability and damages suffered by the Trustee in connection therewith except for the Trustee's negligence, willful misconduct or breach of trust.

(d) Whether or not therein expressly so provided, every provision of the Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 8.2. Certain Rights of Trustee. Except as otherwise provided in Section 8.1 of the Indenture:

* * * * *

(v) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Holders pursuant to the Indenture unless such Holders shall have offered to the Trustee satisfactory security or indemnity against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

* * * * *

Section 8.6. Removal and Resignation of Trustee.

(a) The Trustee may resign at any time from the trusts created by the Indenture by giving written notice of the resignation to the City and any Paying Agents and by mailing written notice of the resignation to the Holders as their names and addresses appear on the register it maintains with respect to the Obligations at the close of business 15 days prior to the mailing. The resignation shall take effect upon the appointment of a successor Trustee.

(b) The Trustee may be removed at any time by an instrument or document or concurrent instruments or documents in writing delivered to the Trustee, with copies thereof mailed to the City and any Paying Agents and signed by (i) the City Representative or (ii) by or on behalf of the Holders of not less than a majority in aggregate principal amount of the Obligations then Outstanding. The Trustee also may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the Indenture with respect to the duties and obligations of the Trustee by an instrument signed by the City or by any court of competent jurisdiction upon the application of the City, or the Holders of not less a majority in aggregate principal amount of the Obligations then Outstanding under the Indenture. Any removal shall not take effect until a successor Trustee has been appointed. In the event a successor Trustee has not been appointed and qualified within 60 days of the date notice of resignation or removal is given, the Trustee may apply, at the expense of the City, to any court of competent jurisdiction for the appointment of a successor Trustee to act until such time as a successor is appointed as provided in this Section.

(c) In the event of the resignation or removal of the Trustee or in the event the Trustee is dissolved or otherwise becomes incapable to act as the Trustee, the City shall be entitled to appoint a successor Trustee acceptable to the City.

(d) If the Holders of a majority of the principal amount of Obligations then Outstanding object to the successor Trustee so appointed by the City and if such Holders designate another Person qualified to act as the Trustee, the City shall then appoint as the Trustee the Person so designated by the Holders.

* * * * *

Section 8.8. Trustee's Fees and Expenses.

(a) The Trustee shall be entitled to be paid from time to time reasonable compensation for all services rendered by it under the Indenture; to reimbursement upon request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of the Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and its agents), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith or willful misconduct or breach of trust; and, together with the Trustee's officers, directors, agents and employees, to be indemnified by the City, for, from and against any loss, liability or expense arising out of or in connection with the acceptance or administration of the trust or its duties under the Indenture.

* * * * *

Section 9.1. Supplements Not Requiring Consent of Holders. The City acting through the City Representative and the Trustee may, without the consent of or notice to any of the Holders, enter into one or more supplements to the Indenture for one or more of the following purposes:

(i) to cure any ambiguity or formal defect or omission in the Indenture or to correct or supplement any provision in the Indenture that is inconsistent with any other provision in the Indenture, or to make any other provisions with respect to matters or questions arising under the Indenture provided such action shall, in the opinion of counsel, which may be counsel to the City, delivered to the Trustee, not materially adversely affect the interests of the Holders;

(ii) to grant or confer upon the Holders any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon them;

(iii) to secure additional revenues or provide additional security or reserves for payment of the Obligations and necessary, related provisions therefor;

(iv) to comply with the requirements of any state or federal securities laws or the Trust Indenture Act of 1939, as from time to time amended, if required by law or regulation lawfully issued thereunder;

(v) to provide for the appointment of a successor trustee or co-trustee pursuant to the terms of the Indenture;

(vi) to permit Obligations in bearer form if the City and the Trustee receive a Special Counsel's Opinion that such action will not cause the interest on any Obligations to become includible in gross income for purposes of federal income taxes;

(vii) to preserve the exclusion of the interest on the Obligations from gross income for purposes of federal or State income taxes and to preserve the power of the City to continue to incur obligations (specifically not limited to the Obligations) the interest on which is likewise exempt from federal and State income taxes;

(viii) to adopt procedures for the disclosure of information to Holders and to others in accordance with any guidelines for such purpose promulgated by the American Bankers Association or some other similar national organization, as such guidelines may be made applicable to the Indenture by agreement of the Trustee and the City; and

(ix) to provide for additions or modifications to the Projects.

Section 9.2. Supplements Requiring Consent of Holders.

(a) Other than supplements to the Indenture referred to in Section 9.1 of the Indenture and subject to the terms and provisions and limitations contained in the Indenture and not otherwise, the Holders of not less than a majority in principal amount of the Obligations then Outstanding shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the City Representative and the Trustee of such supplement as shall be deemed necessary and desirable by the City and the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided, however, nothing in this Section or Section 9.1 of the Indenture shall permit or be construed as permitting a supplement to the Indenture that would:

(i) extend the stated maturity of or time for paying interest on any Obligation or reduce the principal amount of or rate of interest payable on any Obligation without the consent of the Holder of such Obligation;

(ii) prefer or give a priority to any Obligation over any other Obligation without the consent of the Holder of such Obligation;

(iii) reduce the principal amount of Obligations then outstanding the consent of the Holders of which is required to authorize such supplement without the consent of the Holders of all Obligations then Outstanding;

(iv) increase the principal amount of Obligations then Outstanding, the request of the Holders of which is required by Section 7.1(d) of the Indenture, without the consent of the Holders of all Obligations then Outstanding; or

(v) reduce the redemption price of any Obligation upon optional redemption or reduce any period of time prior to commencement of any optional redemption period set forth in Section 3.2 of the Indenture without the consent of the Holder of such Obligation.

(b) If at any time the City requests the Trustee to enter into a supplement pursuant to this Section, the Trustee shall, upon being satisfactorily and specifically indemnified by the City with respect to expenses with respect to such supplement, cause notice of the proposed execution of such supplement to be mailed by first class mail, postage pre-paid, to all registered Holders of Obligations then Outstanding at their addresses as they appear on the registration books for the Obligations. The Trustee shall not, however, be subject to any liability to any Holder by reason of its failure to mail, or the failure of such Holder to receive, the notice required by this Section, and any such failure shall not affect the validity of such supplement when consented to and approved as provided in this Section. Such notice shall be prepared by the City, briefly set forth the nature of the proposed supplement and state that copies thereof are on file at the office of the Trustee for inspection by all Holders.

* * * * *

Section 9.4. Amendments to Purchase Agreement Not Requiring Consent of Holders. The Trustee may, without the consent of or notice to any of the Holders, consent to and join with the City in the execution and delivery of any amendment, change or modification of the Purchase Agreement that is required (i) by the provisions of the Purchase Agreement; (ii) to cure any ambiguity or formal defect or omission or to correct or supplement any provision of the Purchase Agreement that is inconsistent with any other provision of the Purchase Agreement, or to make any other provisions with respect to matters or questions arising under the Purchase Agreement provided that the modification, in the opinion of counsel delivered to the Trustee under this Section, does not materially adversely affect the interests of the Holders; and (iii) to preserve the exclusion of the interest on the Obligations from gross income for purposes of federal or State income taxes and to preserve the power of the City to continue to incur bonds or other obligations (specifically not limited to the Obligations authorized by the Indenture) the interest on which is likewise exempt from federal and State income taxes; and (vi) in connection with any other change in the Purchase Agreement that, in the opinion of counsel delivered to the Trustee, will not materially adversely affect the interests of the Holders or, in the opinion of the Trustee, the Trustee. In executing any amendment to the Purchase Agreement, the Trustee shall be entitled to receive and rely on an Opinion of Counsel, which may be counsel to the City, stating that such amendment is authorized or permitted under the Indenture and under the Purchase Agreement and, if applicable, will not materially adversely affect the interests of the Holders.

Section 9.5. Amendments to Purchase Agreement Requiring Consent of Holders.

(a) Except for amendments, changes or modification to the Purchase Agreement referred to in Section 9.4 of the Indenture and subject to the terms, provisions and limitations contained in the Indenture and not otherwise, the Trustee may consent to and join with the City in the execution and delivery of any amendment, change or modification to the Purchase Agreement only with the consent of the Holders of not less than a majority in principal amount of Obligations then Outstanding, given as provided in this Section, provided, however, no such amendment, change or modification may affect the obligation of the City to make payments, under the Purchase Agreement or reduce the amount of or extend the time for making such payments without the consent of the Holders of all Obligations then Outstanding.

* * * * *

Section 10.1. Discharge of Indenture.

(a) If payment of all principal of and premium, if any, and interest on all of the Obligations in accordance with their terms and as provided in the Indenture and in the Purchase Agreement is made, or is provided for in accordance with Article 10 of the Indenture, and if all other sums, if any, payable under the Indenture shall be paid, then the liens, estates and security interests granted by the Indenture shall cease. Thereupon, upon the request

of the City, and upon receipt by the Trustee of an Opinion of Counsel addressed to the City and the Trustee stating that all conditions precedent to the satisfaction and discharge of the lien of the Indenture have been satisfied, the Trustee shall execute and deliver proper instruments acknowledging such satisfaction and discharging the lien of the Indenture and the Trustee shall transfer all property held by it under the Indenture, other than moneys or obligations held by the Trustee for payment of amounts due or to become due on the Obligations, to the City or such other Person as may be entitled thereto as their respective interests may appear. Such satisfaction and discharge shall be without prejudice to the rights of the Trustee thereafter to charge and be compensated or reimbursed for services rendered and expenditures incurred in connection with the Indenture.

(b) The City may at any time surrender to the Trustee for cancellation any Obligations previously executed and delivered that the City may have acquired in any manner whatsoever and such Obligations upon such surrender and cancellation shall be deemed to be paid and retired.

Section 10.2. Providing for Payment of Obligations.

(a) Payment of all or any part of the Obligations in authorized denominations may be provided for by the deposit with the Trustee or a Depository Trustee of moneys or Defeasance Obligations that are not redeemable in advance of their maturity dates. The moneys and the maturing principal and interest income on such Defeasance Obligations, if any, shall be sufficient, as evidenced by a certificate of an independent nationally recognized certified public accountant or firm of such accountants, to pay when due the principal or redemption price of and interest on such Obligations. The moneys and Defeasance Obligations shall be held by the Trustee or such Depository Trustee irrevocably in trust for the Holders of such Obligations solely for the purpose of paying the principal or redemption price of and interest on such Obligations as the same shall mature, come due or become payable upon prior redemption, and, if applicable, upon simultaneous direction, expressed to be irrevocable, to the Trustee or such Depository Trustee as to the dates upon which any such Obligations are to be redeemed prior to their respective dates.

* * * * *

(c) If payment of Obligations is so provided for, the Trustee or the Depository Trustee shall mail a notice so stating to each Holder of an Obligation so provided for.

(d) Obligations, the payment of which has been provided for, in accordance with this Section, shall no longer be deemed outstanding under or secured by the Indenture. The obligation in respect of such Obligations shall nevertheless continue but the Holders of those Obligations will thereafter be entitled to payment only from the moneys or Defeasance Obligations deposited with the Trustee or such Depository Trustee to provide for the payment of such Obligations.

(e) No Obligation may be so provided for if, as a result thereof or of any other action in connection with which the provisions for payment of Obligation is made, the interest payable on any Obligation is made includible in gross income for purposes of federal income taxes. The Trustee and the City may rely upon a Special Counsel's Opinion to the effect that the provisions of this paragraph will not be breached by so providing for the payment of any Obligations.

* * * * *

Section 11.10 Certain Statutory Notices.

(a) To the extent applicable by provision of law, the Trustee acknowledges that the Indenture is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, the provisions of which are incorporated in the Indenture and which provides that the City may within three years after its execution cancel any contract (including the Indenture) without penalty or further obligation made by the City if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract.

* * * * *

APPENDIX G

FORM OF CONTINUING DISCLOSURE UNDERTAKING

$19,500,000*
CITY OF AVONDALE, ARIZONA
WATER SYSTEM REVENUE OBLIGATIONS, SERIES 2026

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this "*Undertaking*") is executed and delivered by the City of Avondale, Arizona (the "*City*"), in connection with the execution and delivery of $19,500,000* principal amount of Water System Revenue Obligations, Series 2026 (the "*Obligations*"). The Obligations are being executed and delivered pursuant to the Series 2026 Water Revenue Obligation Indenture, dated as of June 1, 2026* (the "*Indenture*"), by and between the City and U.S. Bank Trust Company, National Association, as trustee (the "*Trustee*"). The City covenants and agrees as follows:

1. Definitions. In addition to those defined hereinabove, the terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires:

"Annual Financial Information" means the financial information and operating data set forth in Exhibit I.

"Annual Financial Information Disclosure" means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

"Audited Financial Statements" means the audited financial statements of the City prepared pursuant to the standards and as described in Exhibit I.

"Commission" means the Securities and Exchange Commission.

"Dissemination Agent" means any agent designated as such in writing by the City and which has filed with the City a written acceptance of such designation, and such agent's successors and assigns.

"EMMA" means the Electronic Municipal Market Access system of the MSRB. Information regarding submissions to EMMA is available at http://emma.msrb.org.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Final Official Statement" means the Final Official Statement relating to the Obligations, dated _____, 2026.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

* *Subject to change.*

"GAAP" means generally accepted accounting principles, as applied to governmental units as modified by the laws of the State.

"Listed Event" means the occurrence of events set forth in *Exhibit II*.

"Listed Events Disclosure" means dissemination of disclosure concerning a Listed Event as set forth in Section 5.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Obligations.

"Purchase Agreement" means the Series 2026 Water Revenue Purchase Agreement, dated as of June 1, 2026*, by and between the City and the Trustee, in its separate capacity as "Seller."

"Rule" means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Exchange Act.

"State" means the State of Arizona.

2. Purpose of this Undertaking. This Undertaking is executed and delivered by the City as of the date set forth below, for the benefit of the beneficial owners of the Obligations and in order to assist the Participating Underwriter in complying with the requirements of the Rule. The City represents that it will be the only obligated person with respect to the Obligations at the time the Obligations are delivered to the Participating Underwriter and that no other person is expected to become so committed at any time after such delivery of the Obligations.

3. CUSIP Number. The CUSIP numbers of the Obligations are as follows:

CUSIP (Base No. _____)	Maturity Date (July 1)

4. Annual Financial Information Disclosure. The City shall disseminate its Annual Financial Information and its Audited Financial Statements, if any (in the form and by the dates set forth in Exhibit I), through EMMA.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the City will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Undertaking, the Annual Financial Information for the year in which such amendment is made shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. Listed Events Disclosure. The City shall disseminate in a timely manner, but in not more than ten (10) business days after the occurrence of the event, its Listed Events Disclosure through EMMA. Whether events subject to the standard "material" would be material shall be determined under applicable federal securities laws.

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* *Subject to change.*

6. Consequences of Failure of the City to Provide Information. The City shall give notice in a timely manner through EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the City to comply with any provision of this Undertaking, the beneficial owner of any Obligation may seek mandamus or specific performance by court order, to cause the City to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default under the Purchase Agreement or the Indenture, and the sole remedy available to such owners of the Obligations under this Undertaking in the event of any failure of the City to comply with this Undertaking shall be an action to compel performance.

7. Amendments; Waiver. Notwithstanding any other provision of this Undertaking, the City by certified resolution or ordinance authorizing such amendment or waiver, may amend this Undertaking, and any provision of this Undertaking may be waived only if:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted;

(b) This Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Obligations, as determined by parties unaffiliated with the City (such as the Trustee) or by approving vote of the owners of the Obligations pursuant to the Indenture at the time of the amendment.

The Annual Financial Information containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying GAAP to be followed in preparing financial statements and such changes are material, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles in the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. If the accounting principles of the City change or the fiscal year of the City changes, the City shall file a notice of such change in the same manner as for a notice of Listed Event.

8. Termination of Undertaking. This Undertaking shall be terminated hereunder if the City shall no longer have liability for any obligation on or relating to repayment of the Obligations under the Indenture.

9. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

10. Additional Information. Nothing in this Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Undertaking. If the City chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Undertaking, the City shall have no obligation under this Undertaking to update such information or include it in any future Annual Financial Information Disclosure or Listed Events Disclosure.

11. Beneficiaries. This Undertaking has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Undertaking shall inure solely to the benefit of the City, the

Dissemination Agent, if any, and the beneficial owners of the Obligations, and shall create no rights in any other person or entity.

12. Recordkeeping. The City shall maintain records of all Annual Financial Information Disclosure and Listed Events Disclosure including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. Assignment. The City shall not transfer obligations under the Purchase Agreement unless the transferee agrees to assume all obligations of the City under this Undertaking or to execute an undertaking meeting the requirements of the Rule.

14. Governing Law. This Undertaking shall be governed by the laws of the State.

Dated: [Closing Date]

CITY OF AVONDALE, ARIZONA

By.....
Mayor

ATTEST:

.....
Clerk

APPROVED AS TO FORM:

.....
City Attorney

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

"Annual Financial Information" means financial information and operating data of the type contained in the Final Official Statement in TABLES _____ and "HISTORICAL AND BUDGETED PLEDGED REVENUES AND DEBT SERVICE COVERAGE" (in each case, actual results for most recently completed fiscal year only).

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted through EMMA or filed with the Commission. If the information included by reference is contained in a final official statement, the final official statement must be available from the MSRB. The City shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided through EMMA by February 1 of each year, commencing February 1, 2027. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements within 30 days after availability to the City.

Audited Financial Statements will be prepared according to GAAP.

If any change is made to the Annual Financial Information as permitted by Section 4 of this Undertaking, the City will disseminate a notice of such change as required by Section 4, including changes in fiscal year or GAAP.

EXHIBIT II

EVENTS FOR WHICH LISTED EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations, in each case, with respect to the tax status of the security, or other material events affecting the tax status of the security.
7. Modifications to the rights of security holders, if material.
8. Bond calls, if material, or tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the securities, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar events of the City, being if any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.
13. The consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

APPENDIX H

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Obligation certificate will be issued for each maturity of the Obligations, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and together with the Direct Participants, the "Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Obligation ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee

holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Obligations within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Obligations purchased or tendered, through its Participant, to a remarketing agent, and shall effect delivery of such Obligations by causing the Direct Participant to transfer the Participant's interest in the Obligations, on DTC's records, to a remarketing agent. The requirement for physical delivery of Obligations in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Obligations are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Obligations to a remarketing agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Obligations at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Obligation certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Obligation certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but none of the City, the Municipal Advisor, the Underwriter or their agents and counsel take responsibility for the accuracy thereof.

ORDINANCE NO. 2013-0526

ORDINANCE PROVIDING FOR THE SALE AND EXECUTION AND DELIVERY OF WATER SYSTEM REVENUE OBLIGATIONS, SERIES 2026, AND AUTHORIZING THE COMPLETION, EXECUTION AND DELIVERY WITH RESPECT THERETO OF AGREEMENTS NECESSARY OR APPROPRIATE AS PART OF FINANCING PART OF THE WATER PRODUCTION AND DISTRIBUTION SYSTEM OF THE CITY; DELEGATING TO THE MANAGER AND THE FINANCE AND BUDGET DIRECTOR OF THE CITY CERTAIN AUTHORITY WITH RESPECT TO THE PURPOSES HEREOF; AND DECLARING AN EMERGENCY

WHEREAS, the City Council of the City of Avondale, Arizona (the "City"), has determined to finance the capital costs of improvements (collectively, the "Projects") to the water production and distribution system of the City (the "Water System"); and

WHEREAS, it is necessary and in the best interests of the City that the hereinafter described Obligations be incurred and sold and the proceeds thereof used to finance the costs of the Projects; and

WHEREAS, therefore, the City Council has determined to cause the execution and delivery of a Series 2026 Water Revenue Purchase Agreement, to be dated as of the first day of the month of the dated date of the Obligations (the "Purchase Agreement"), in substantially the form presented at the meeting at which this Ordinance is being adopted, by which the City will agree to purchase the Projects; and

WHEREAS, the costs of the Projects will be financed through the sale and execution and delivery of certain proportionate interests (the "Obligations") in the Purchase Agreement pursuant to, and secured by, a Series 2026 Water Revenue Obligation Indenture, to be dated as of the date of the Purchase Agreement (the "Indenture"), from the City to U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), in substantially the form presented at the meeting at which this Ordinance is being adopted; and

WHEREAS, the City Council will receive a proposal from Raymond James & Associates, Inc., serving in the capacity of and designated as the underwriter (the "Underwriter"), and has determined that the Obligations will be sold through negotiation to the Underwriter on such terms as may hereafter be approved by the hereinafter defined Authorized Representatives; and

WHEREAS, the City will execute and deliver a Continuing Disclosure Undertaking, to be dated the date of the Obligations (the "Undertaking"), with respect to the Obligations, in substantially the form included as an appendix to the hereinafter described Preliminary Official Statement; and

WHEREAS, the City has the requisite power and authority to execute and deliver the Purchase Agreement and to cause the sale and execution and delivery of the Obligations, and all acts, conditions and things required by the Constitution and laws of the State of Arizona and the requirements of the City to happen, exist and be performed precedent to and as a condition to the adoption of this Ordinance have happened, exist and have been performed in the time and manner required to make the Purchase Agreement a valid and binding limited, special obligation of the City; and

WHEREAS, there have been presented to the City Council at the meeting at which this Ordinance is being adopted, and there are on file with the City Clerk, the proposed forms of: (1) the Purchase Agreement; (2) the Indenture; (3) the Undertaking; (4) an obligation purchase agreement, to be dated the date of the sale of the Obligations (the "Purchase Contract"), by and between the City and the Underwriter; and (5) a preliminary official statement, to be dated the date of the dissemination thereof (the "Preliminary Official Statement"), relating to the Obligations, which, as to be revised after the sale of the Obligations, shall constitute the Official Statement, to be dated the date of sale of the Obligations (the "Official Statement"), relating to the Obligations;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF AVONDALE, ARIZONA, as follows:

Section 1. (a) For the purpose of providing funds to finance the costs of the Projects and the related costs of the sale and execution and delivery of the Obligations, the Obligations shall be sold and executed and delivered. The Obligations shall be dated the date of their initial authentication and delivery, shall be issued in such form and denominations, shall be payable as to interest and principal on such dates, shall be executed in such manner and shall have such other provisions, including, without limitation, provisions with respect to redemption prior to maturity, as set forth in the form of the Indenture, with such additions, deletions and modifications consistent with this Ordinance as shall be approved by the Authorized Representatives executing and delivering the same on behalf of the City, the execution and delivery thereof to constitute conclusive evidence of their approval and of such additions, deletions or modifications. The series name and designation of the Obligations, the aggregate principal amount of the Obligations (which will not exceed $20,500,000 in aggregate principal amount), the period over which the Obligations shall mature (but not later than a final maturity in 2046), the provisions for redemption in advance of the Obligations, the date the Obligations are to be sold to the Underwriter, the dates on which interest on the Obligations is to be payable and the interest rates per annum the Obligations are to bear and the terms upon which the Obligations are to be sold to the Underwriter (including determinations of price, original issue discount and premium and underwriting compensation), so long as the arbitrage yield calculated for federal income tax purposes with respect to the Obligations is not more than six percent (6%), shall be determined by the Mayor, any other member of the Council, the Manager, the Finance and Budget Director of the City or the designees of any of them (collectively, the "Authorized Representatives") to which such authority is hereby delegated.

(b) The Authorized Representatives are hereby authorized to execute, and the Clerk is hereby authorized to attest (if necessary) and deliver, respectively, the Purchase Agreement, the Indenture, the Undertaking and the Purchase Contract, which are hereby approved

in substantially the form presented to the City Council at the time of adoption of this Ordinance, with such additions, deletions and modifications as shall be approved by those officers executing and delivering the same on behalf of the City, the execution and delivery thereof to constitute conclusive evidence of their approval, and of such additions, deletions and modifications.

(c) The Trustee (including in its capacity as Seller pursuant to the Purchase Agreement) is hereby requested to take any and all action necessary in connection with the execution and delivery of the Purchase Agreement and the Indenture and the sale and execution and delivery of the Obligations and is further authorized and directed to take such action as may be reasonable for the administration of the trusts so held by it.

(d) The Authorized Representatives are hereby authorized to cause the sale and execution and delivery of the Obligations and are hereby delegated the authority to complete any information missing in, or necessary for the consummation of the transactions contemplated by, the Purchase Agreement, the Indenture, the Undertaking and the Purchase Contract. The Authorized Representatives are authorized to select, and execute and deliver contracts with, appropriate professionals (including the City's municipal advisor and special counsel) to provide various professional services with respect to the sale and execution and delivery of the Obligations as well as to provide for such other matters (including credit enhancement providers if deemed advantageous by them) as are necessary in order to accomplish the purposes of this Ordinance. The Authorized Representatives are hereby further authorized to execute and deliver any instruments or documents necessary in connection with the purchase of any such credit enhancement, including those making provision for the repayment of amounts advanced for credit enhancement thereunder. The fees, costs and expenses with respect to the foregoing shall be paid from proceeds of the sale of the Obligations or any other legally available moneys. The Authorized Representatives are hereby authorized to receive and expend such funds as necessary to accomplish the purposes of this Ordinance, including payment of installment payments related to debt service on the Obligations.

(e) The City Council adopted Ordinance No. 2012-0526 (the "Wastewater Ordinance") at the meeting at which this Ordinance was adopted, authorizing the execution and delivery of the obligations described therein (the "Wastewater Obligations"), such obligations to be secured by the net revenues of the sewer collection and treatment system of the City (the "Wastewater System"). Notwithstanding anything herein or in the Wastewater Ordinance to the contrary, the Authorized Representatives are hereby authorized to cause the sale, execution and delivery of the Obligations and the Wastewater Obligations, in one or more series, pursuant to the same offering document, such obligations to be secured by a combined pledge of the net revenues of the Water System and the Wastewater System, so long as the aggregate principal amount of such obligations to finance the projects described in such ordinances does not exceed the combined aggregate principal amounts authorized by this Ordinance and the Wastewater Ordinance and the parameters set forth in such ordinances are otherwise satisfied. The Authorized Representatives are hereby delegated the authority to modify the documents authorized pursuant to this Ordinance and the Wastewater Ordinance to accomplish the foregoing.

Section 2. The Obligations are to be sold to the Underwriter pursuant to the terms of the Purchase Contract, as such terms are to be determined as provided hereinabove.

Section 3. The covenants and agreements contained in the Purchase Agreement as to the pledge of and the lien on the "Pledged Revenues" (as defined in the Purchase Agreement) and the restriction on the issuance of further parity obligations secured by the Pledged Revenues are approved and confirmed.

Section 4. The preparation, distribution and use of the Preliminary Official Statement relating to the Obligations in substantially the form presented to the City Council at the meeting at which this Ordinance was adopted, is in all respects hereby ratified, approved and confirmed, and the Authorized Representatives are hereby authorized to certify or otherwise represent that the Preliminary Official Statement, in original or revised form, is a "deemed final" official statement (except for permitted omissions) of the City as of a particular date for purposes of Rule 15c2-12 of the Securities and Exchange Commission. The Authorized Representatives are authorized and directed to approve, on behalf of the City Council, and to execute and deliver, the Official Statement in substantially the form of the Preliminary Official Statement, modified to reflect matters related to the sale of the Obligations, for distribution and use in connection with the offering and sale of the Obligations. The execution and delivery of the final Official Statement by the Authorized Representatives shall be conclusively deemed to evidence the approval of the status, form and contents thereof by the City Council.

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

Section 6. All actions of the officers, employees and agents of the City including the City Council that conform to the purposes and intent of this Ordinance and which further the actions contemplated by this Ordinance, whether taken before or after adoption of this Ordinance, are hereby ratified, confirmed and approved.

Section 7. The Authorized Representatives and other officers of the City, on behalf of the City, are authorized and directed, without further order of the Mayor and Council of the City, to do all such acts and things and to execute and deliver all such certificates, proceedings, agreements and other documents as may be necessary or convenient to be executed and delivered on behalf of the City, to evidence compliance with, or further the purposes of, all the terms and conditions of this Ordinance and the consummation of the transactions contemplated by this Ordinance.

Section 8. After any of the Obligations are delivered by the Trustee to the Underwriter and upon receipt of payment therefor, this Ordinance shall be and remain irrepealable until the Obligations and the interest and premium, if any, thereon shall have been fully paid, cancelled and discharged.

Section 9. The immediate operation of this Ordinance is necessary for the preservation of the public health and welfare, particularly to be able to finance the capital needs of the City on the most advantageous terms presently available, and an emergency is hereby declared to exist, and this Ordinance shall be in full force and effect from and after its passage and approval by the Council of the City, as required by law, and it is hereby exempt from the referendum provisions of the Charter of the City and the Constitution and laws of the State of Arizona.

PASSED AND ADOPTED by the Council of the City of Avondale, Arizona, May 4, 2026.

_____
Mike Pineda, Mayor

ATTEST:

_____
Marcella Sarmiento, City Clerk

APPROVED AS TO FORM:

_____
Nicholle Harris, City Attorney

CERTIFICATION

I hereby certify that the foregoing Ordinance No. 2013-0526 was duly passed and adopted by the Mayor and Council of the City of Avondale, Arizona, at a regular meeting held on the 4th day of May 2026, and the vote was ..... ayes and ..... nays and that the Mayor and ..... Councilmembers were present thereat.

_____

Marcella Sarmiento, City Clerk

CITY COUNCIL REPORT

ITEM NUMBER: 4.h.

SUBJECT: Ordinance 2014-0526 – Acceptance of an Exclusive Utility Easement from Rancho Santa Fe HOA

MEETING DATE: 5/4/2026

TO: Mayor and Council

FROM: Kimberly Moon, Director, Engineering Department

THROUGH: Katie Gregory, Assistant City Manager, (623) 333-1015

REVIEWED: Ron Corbin, City Manager, (623) 333-1011

STRATEGIC PLAN:

This agenda item supports the following Avondale Strategic Outcome Area: **Resilient Infrastructure & Transportation**

Avondale invests in safe and sustainable infrastructure, including water, roads, and utilities, and actively participates in regional planning and development.

PURPOSE:

City Council will consider a request to adopt Ordinance 2014-0526, authorizing the acceptance of an Exclusive Utility Easement from Rancho Santa Fe HOA and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

BACKGROUND:

The City is making upgrades to Wells 10, 11 and 12. The wells are generally located between Thomas Road and McDowell Road and west of the Agua Fria River. The City needs to install a fiber optic communications line from Well 12 for operations and maintenance purposes. This line will allow for monitoring and communication with other wells, water and sewer infrastructure within the City to make sure the systems are working properly. To install the fiber optic communications line, the City will need to cross a portion of property owned by Rancho Santa Fe HOA (HOA) and identified by Assessor's Parcel Number 501-88-167.

DISCUSSION:

The HOA has agreed to grant the City an exclusive utility easement at no cost. This easement would be exclusive to the City as no other utilities would be allowed within the easement. The proposed easement consists of an area containing 371 square feet.

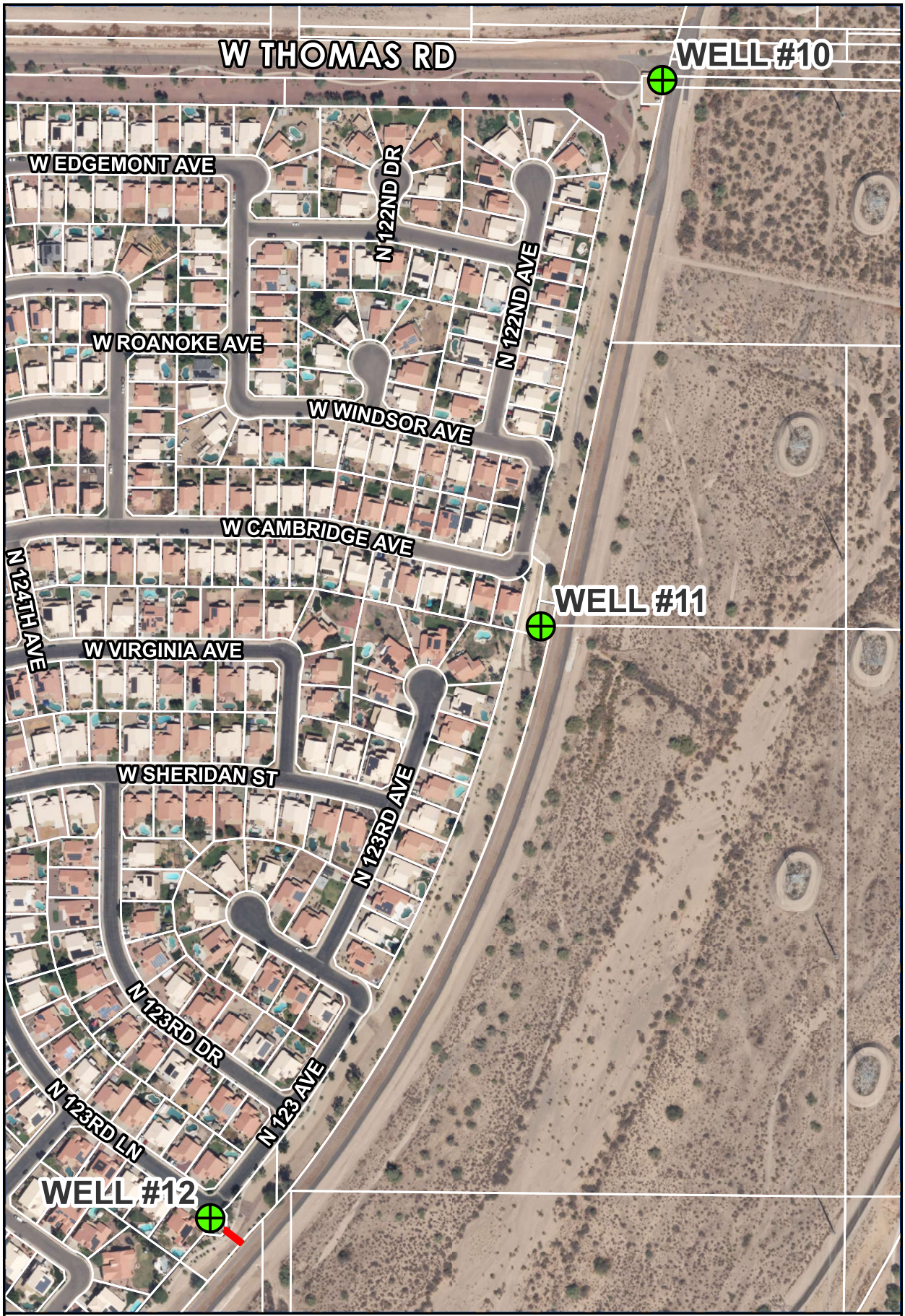
BUDGET IMPACT:

There is no impact to the budget for this action.

RECOMMENDATION:

Staff recommends City Council adopt an Ordinance authorizing the acceptance of an Exclusive Utility Easement from Rancho Santa Fe HOA and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents.

Contact person for document distribution: *Yulonda Moore*



501-88-167 Easement

Avondale

Well

Fiber Optic Easement

Not to Scale

N

Prepared on 3/2/2026 by the Geospatial Services Division of the Information Technology Department

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501-88-167 Easement

Avondale

Well

Fiber Optic Easement

Not to Scale

N

Prepared on 3/2/2026 by the Geospatial Services Division of the Information Technology Department

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EXHIBIT "A"
IN MARICOPA COUNTY, STATE OF ARIZONA

A Parcel of Land in the Southeast Quarter (SE 1/4) of Section Thirty-Five (35), Township Two (2) North, Range One (1) West, of the Gila & Salt River Meridian, Maricopa County, Arizona and being more particularly described as follows:

Commencing at a found brass cap in Hand Hole at the intersection of Dysart Road and McDowell Road also being the Southwest Corner (SW) of said Section Thirty-Five (35) from which a Bras Cap in Hand Hole at the intersection of Encanto Boulevard and Dysart Road and the West Quarter Corner (W 1/4 Cr) of said Section 35, bears North 00°15'58" East, a distance of 2642.12 feet.

THENCE along said line North 00 degrees 15 minutes 58 seconds East, a distance of 2482.80 feet;

THENCE Departing said line, South 89 degrees 44 minutes 02 seconds East, a distance of 5,147.64 feet, to the **Point of Beginning**;

THENCE North 52 degrees 00 minutes 25 seconds West a distance of 45.05 feet;

THENCE North 40 degrees 39 minutes 03 seconds East a distance of 2.29 feet;

THENCE North 06 degrees 43 minutes 07 seconds East a distance of 6.68 feet**;**

THENCE South 52 degrees 00 minutes 25 seconds East a distance of 48.78 feet;

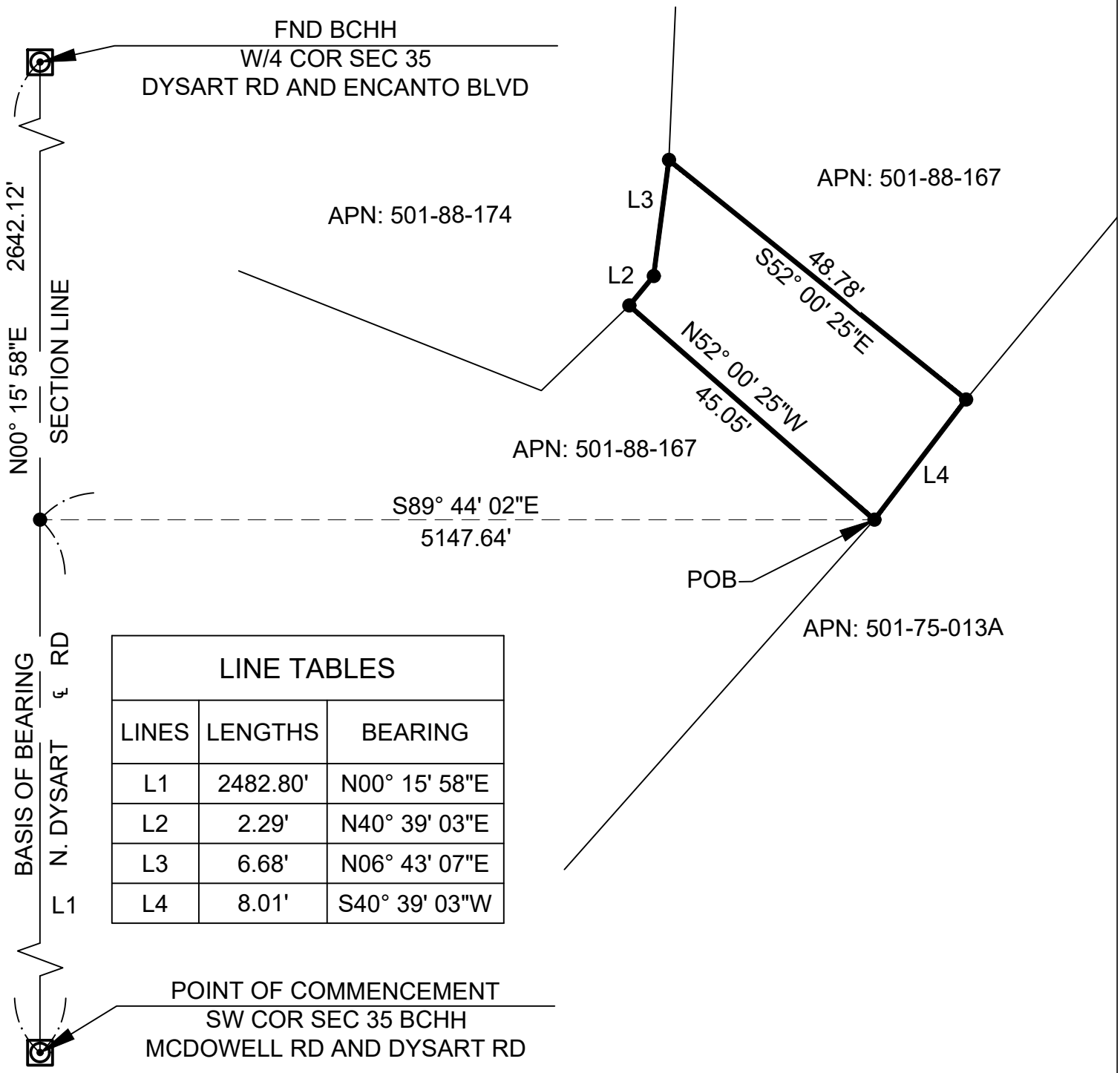
THENCE South 40 degrees 39 minutes 03 seconds West a distance of 8.01 feet to the **Point of Beginning**;

Containing 371 sqft or 0.00 acres more or less



Prepared by:
Thomas Lavalette, RLS.
AZ # 37258
Engineering Alliance, Inc.
1423 S. Higley Rd., Suite 121, Building 9
Mesa, Arizona 85206
Phone: (602) 757-6032
Email: tlavalette@eaincglobal.com

EXHIBIT "A"



LINE TABLES		
LINES	LENGTHS	BEARING
L1	2482.80'	N00° 15' 58"E
L2	2.29'	N40° 39' 03"E
L3	6.68'	N06° 43' 07"E
L4	8.01'	S40° 39' 03"W

NORTH

SCALE:
N.T.S.

T2N R1W S35

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
37258
THOMAS E.
LAVALETTE
Date Signed 9/26/2025
ARIZONA, U.S.A.
Expires 03/31/2026

ENGINEERING ALLIANCE
INC

PROJECT: 2025-M-025	
DATE: 09-26-2025	CHKD BY: TL
DRN BY: RW	SCALE:N.T.S.
TITLE: FIBER OPTIC EASEMENT	
SHEET NO: 1 OF 1	

ORDINANCE NO. 2014-0526

AN ORDINANCE OF THE COUNCIL OF THE CITY OF AVONDALE, ARIZONA, ACCEPTING AN EXCLUSIVE UTILITY EASEMENT FROM RANCHO SANTE FE HOMEOWNERS ASSOCIATION FOR THE INSTALLATION OF A FIBER OPTIC COMMUNICATIONS LINE, GENERALLY LOCATED SOUTH OF THOMAS ROAD AND WEST OF 123RD AVENUE.

WHEREAS, Article I, Section 3 of the Avondale City Charter authorizes the City of Avondale (the "City") to acquire real property in fee simple or any lesser interest, inside or outside its corporate limits for any City purpose, when the public convenience requires it and in accordance with the provisions of State law; and

WHEREAS, Rancho Santa Fe Homeowners Association ("R.S.F. HOA") is the owner of certain real property identified as Assessor's Parcel Number 501-88-167 generally located south of Thomas Road and west of 123rd Avenue, in Avondale, Arizona (the "Property"); and

WHEREAS, R.S.F. HOA desires to dedicate a portion of the Property totaling ± 371 square feet to the City for installation of a necessary fiber optics communication line ("the Easement"); and

WHEREAS, the Council of the City of Avondale (the "City Council") desires to accept the Easement generally located south of Thomas Road and west of 123rd Avenue, in Avondale, Arizona, from R.S.F. HOA for public use.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF AVONDALE as follows:

SECTION 1. The recitals above are hereby incorporated as if fully set forth herein.

SECTION 2. The dedication of real property totaling ± 371 square feet, generally located south of Thomas Road and west of 123rd Avenue, in Avondale, Arizona, as more particularly described and depicted in Exhibit A and Exhibit B of the Exclusive Utility Easement Agreement, attached hereto as Exhibit 1 and incorporated herein by reference, is hereby accepted by the City from R.S.F. HOA for public use.

SECTION 3. The Mayor, the City Manager, the City Clerk and the City Attorney are hereby authorized and directed to take all steps and to execute all documents necessary to carry out the purpose and intent of this Ordinance.

[SIGNATURES ON FOLLOWING PAGE]

PASSED AND ADOPTED by the Council of the City of Avondale, Arizona, May 4, 2026.

_____
Mike Pineda, Mayor

ATTEST:

_____
Marcella Sarmiento, City Clerk

APPROVED:

_____
Nicholle Harris, City Attorney

EXHIBIT 1
TO
ORDINANCE NO. 2014-0526

[Exclusive Utility Easement Agreement]

See following pages.

When Recorded Mail To:
City Clerk
City of Avondale
11465 West Civic Center Drive, Suite 200
Avondale, Arizona 85323

This Easement is exempt from recording fee and Affidavit of Property Value pursuant to A.R.S. §11-1134(A)(2)

EXCLUSIVE UTILITY EASEMENT AGREEMENT

GRANTOR: R. S. F. HOMEOWNERS' ASSOCIATION, a non-profit corporation

GRANTEE: CITY OF AVONDALE, an Arizona municipal corporation (the "City")

THIS EXCLUSIVE UTILITY EASEMENT AGREEMENT (this "Agreement") is entered into on _____, 20___, by and between the Grantor and the City for the purposes set forth below.

RECITALS

A. Grantor is the record fee owner of certain real property at the location identified on Exhibit A, attached hereto and incorporated herein by this reference (the "Easement Area").

B. The Grantor and the City desire to enter into this Agreement for Grantor to grant to the City a limited, exclusive, perpetual easement (the "Easement") together with the necessary right of access, ingress and egress over Grantor's land adjacent to the Easement Area, for purposes of designing, installing, operating, inspecting, using, maintaining, repairing, replacing, or removing aboveground and underground utility facilities (the "Facilities") located within the Easement Area, as described and depicted on Exhibit A and Exhibit B attached hereto and incorporated herein by reference.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated herein by reference and the mutual covenants set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant of Easement. Grantor hereby grants and conveys unto and for the benefit of the City the Easement for the purposes of accessing, operating, inspecting, using, maintaining, repairing, adding to, rebuilding, altering, replacing, or removing the Facilities. This easement is exclusive in that the Grantor agrees not to grant any other easement or right in conflict with the rights granted herein within the Easement Area without the prior written consent of the City. The Grantor may continue to use the property outside of the Easement Area so long as the Grantor's use does not interfere with the City's rights herein.

a. Grantor also grants the City the necessary rights to pass and repass along the Easement Area to, from, and along Grantor's adjoining lands, as is reasonable and necessary in order to exercise to the fullest extent this Easement.

b. From time to time, and with reasonable notice, no less than seventy-two (72) hours prior except in the event of an emergency therefore, Grantee may, but is not required to, clear and keep cleared, by physical, chemical, or other means, the Easement Area of any and all trees vegetation, root, aboveground or underground structures, improvements, or other obstructions and trim and/or remove other trees roots, and vegetation adjacent to the Easement Area that, in the reasonable opinion of Grantee may interfere with the construction, operation and maintenance of the Facilities.

2. Facilities Ownership. The Facilities shall remain the property of the Grantee, its successors and assigns.

3. Maintenance and Use of the Easement. Grantor shall not maintain the Easement Area in a manner that impairs the ability or capacity of the City to utilize the Easement. Grantor shall not construct, install or place, or permit to be constructed, installed or placed upon the Easement Area any fence, wall, structure or other improvement that interferes with or impedes the City's access to the Easement or the City's right to access, maintain, operate, repair or replace the Facilities in the Easement Area.

4. Restrictions on Grantor's Use of the Easement Area. No trees shall be grown, cultivated, or harvested, and no excavating, mining, or blasting shall be undertaken within the Easement Area without the prior written consent of the Grantee, it being the intent that the Easement herein conveyed is intended to prohibit the longitudinal or parallel use or occupancy of said Easement Area by surface or subsurface activities or structures that might damage or interfere with the Facilities. The present grade or ground level of the Easement Area will not be changed by excavation or filling.

5. Indemnification. To the fullest extent permitted by law, the City shall indemnify, defend and hold harmless the Grantor (the Grantor and any such person being herein called an "Indemnified Party"), for, from and against any and all losses, claims, damages, liabilities, costs and expenses (including, but not limited to, reasonable attorneys' fees, court costs and the costs of appellate proceedings) to which any such Indemnified Party may become subject, under any theory of liability whatsoever ("Claims"), insofar as such Claims (or actions in respect thereof) relate to, arise out of, or are caused by or based upon the negligent acts, intentional misconduct, errors, mistakes or omissions of the City, its council members, officers, employees, agents, or any tier of subcontractor related to City's use of the Easement Area.

6. Termination. This Agreement and the City's use of the Easement shall terminate 60 days after the City's permanent abandonment, decommissioning, or cessation of use of the Facilities. No such 60-day period shall begin until after written notice by Grantor to the City's Manager of Grantor's belief that the City has abandoned, decommissioned, or ceased use of the Facilities.

7. No Assignment. The City shall have no right or authority to assign, in whole or in part, any of its rights or obligations under this Agreement, or any portion of this Agreement to any third party without the prior, written consent of Grantor, which consent shall not be unreasonably delayed, conditioned or denied.

8. Liens and Encumbrances. The City represents and warrants that it will maintain the Easement Area free and clear from any liens or encumbrances of any nature whatsoever in connection with the City's use of the Easement Area.

9. Running of Benefits and Burdens. All provisions of this Agreement, including the benefits and burdens, run with the land and are binding upon and inure to the assigns and successors of the parties hereto.

10. Attorneys' Fees. Either party may enforce this instrument by appropriate legal action and the prevailing party in such litigation may recover as part of its costs in such action reasonable attorney's fees and court costs.

11. Additional Easements. Nothing contained in this Agreement shall prohibit Grantor from conveying additional easements for access, utility or other purposes through, over, under, upon, in, across and along the Easement Area; provided, however, that no such additional rights or easements shall impair the City's use of the Easement.

12. Counterparts. This Agreement may be executed in counterparts, all of which are identical, each of which shall be deemed an original, and all of which counterparts, when executed, taken together shall constitute one and the same instrument.

13. Entire Agreement. This instrument contains the entire agreement between the parties relating to the City's use of the Easement Area. Any oral representations or modifications concerning this instrument shall be of no force or effect, excepting a subsequent modification in writing, signed by the parties.

14. Cancellation by City. This Agreement may be cancelled by the City pursuant to ARIZ. REV. STAT. § 38-511 at which time, the Easement shall revert to the Grantor.

15. Governing Law. This Easement shall be governed and construed in accordance with the laws of the State of Arizona. Each party hereto agrees that all actions or proceedings arising in connection with this Easement and the transactions contemplated hereby shall be tried and litigated in the state or federal courts located in the State of Arizona.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first set forth above.

"**Grantor**"

R. S. F. HOMEOWNERS' ASSOCIATION,
a non-profit corporation

By: _____

Title: Rancho Santa Fe HOA President

(ACKNOWLEDGMENT)

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

This instrument was acknowledged before me on March 20, 2024 by Petra Adams.

NADIA HENNING
Notary Public - Arizona
Maricopa County
Commission # 687562
My Comm. Expires Jul 6, 2029

(affix notary seal here)

Nadia Henning
Notary Public in and for the State of Arizona

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

ACCEPTED:

"City"

CITY OF AVONDALE,
an Arizona municipal corporation

_____
Ron Corbin, City Manager

ATTEST:

_____
Marcella Sarmiento, City Clerk

(ACKNOWLEDGMENT)

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

This instrument was acknowledged before me on _____, 20__, by Ron Corbin, the City Manager of the CITY OF AVONDALE, an Arizona municipal corporation, on behalf of the City of Avondale.

_____
Notary Public in and for the State of Arizona

(affix notary seal here)

EXHIBIT A
TO
EXCLUSIVE UTILITY EASEMENT AGREEMENT
BETWEEN
THE CITY OF AVONDALE
AND
R. S. F. HOMEOWNERS' ASSOCIATION

[Legal Description]

See following page.

EXHIBIT "A"
IN MARICOPA COUNTY, STATE OF ARIZONA

A Parcel of Land in the Southeast Quarter (SE 1/4) of Section Thirty-Five (35), Township Two (2) North, Range One (1) West, of the Gila & Salt River Meridian, Maricopa County, Arizona and being more particularly described as follows:

Commencing at a found brass cap in Hand Hole at the intersection of Dysart Road and McDowell Road also being the Southwest Corner (SW) of said Section Thirty-Five (35) from which a Bras Cap in Hand Hole at the intersection of Encanto Boulevard and Dysart Road and the West Quarter Corner (W 1/4 Cr) of said Section 35, bears North 00°15'58" East, a distance of 2642.12 feet.

THENCE along said line North 00 degrees 15 minutes 58 seconds East, a distance of 2482.80 feet;

THENCE Departing said line, South 89 degrees 44 minutes 02 seconds East, a distance of 5,147.64 feet, to the **Point of Beginning**;

THENCE North 52 degrees 00 minutes 25 seconds West a distance of 45.05 feet;

THENCE North 40 degrees 39 minutes 03 seconds East a distance of 2.29 feet;

THENCE North 06 degrees 43 minutes 07 seconds East a distance of 6.68 feet;

THENCE South 52 degrees 00 minutes 25 seconds East a distance of 48.78 feet;

THENCE South 40 degrees 39 minutes 03 seconds West a distance of 8.01 feet to the **Point of Beginning**;

Containing 371 sqft or 0.00 acres more or less



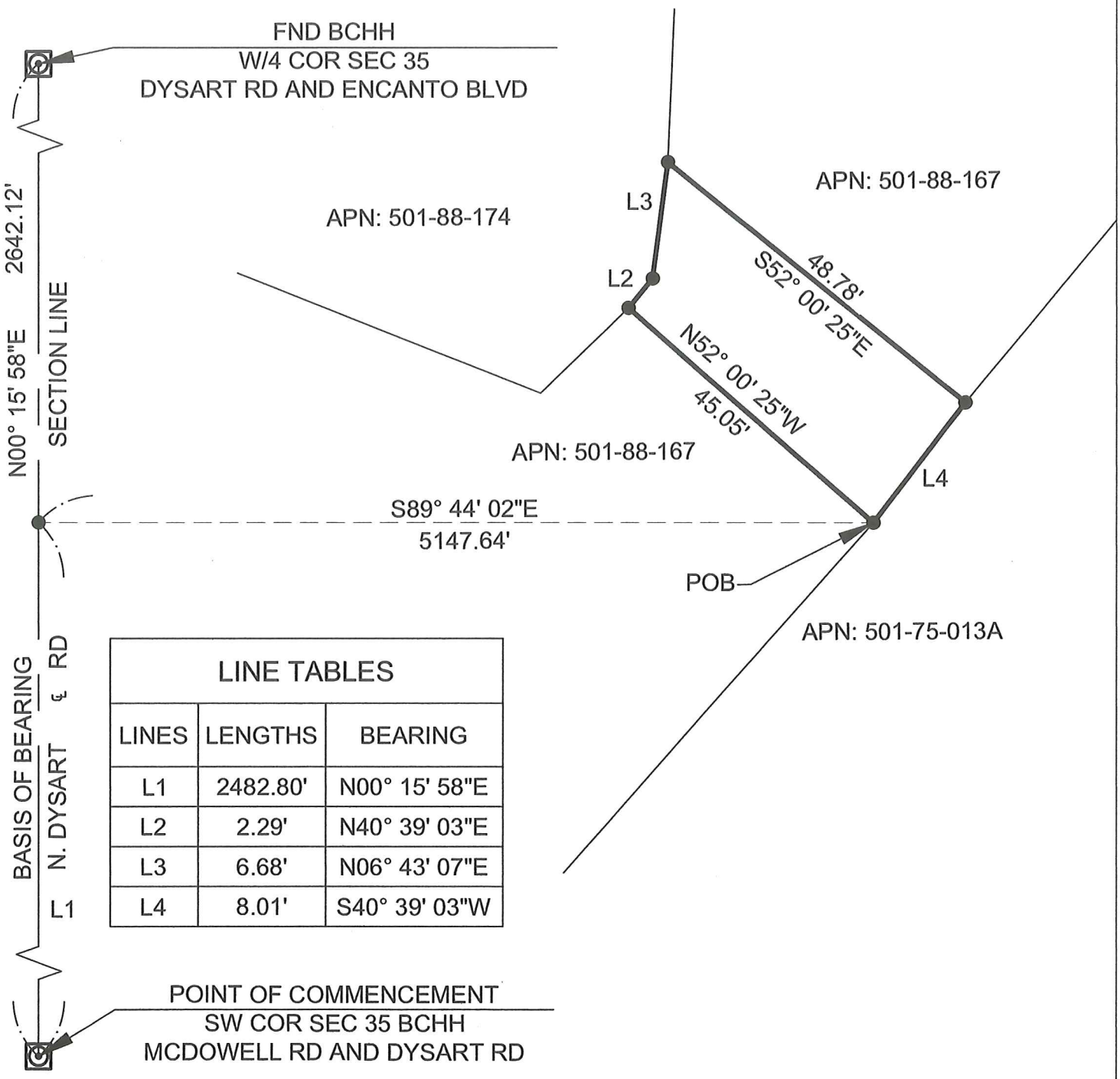
Prepared by:
Thomas Lavalette, RLS.
AZ # 37258
Engineering Alliance, Inc.
1423 S. Higley Rd., Suite 121, Building 9
Mesa, Arizona 85206
Phone: (602) 757-6032
Email: tlavalette@eaincglobal.com

EXHIBIT B
TO
EXCLUSIVE UTILITY EASEMENT AGREEMENT
BETWEEN
THE CITY OF AVONDALE
AND
R. S. F. HOMEOWNERS' ASSOCIATION

[Map]

See following page.

EXHIBIT "A"



LINE TABLES		
LINES	LENGTHS	BEARING
L1	2482.80'	N00° 15' 58"E
L2	2.29'	N40° 39' 03"E
L3	6.68'	N06° 43' 07"E
L4	8.01'	S40° 39' 03"W

NORTH

SCALE:
N.T.S.
T2N R1W S35

37258
THOMAS E. LAVALETTE
Expires 03/31/2026

ENGINEERING ALLIANCE
INC

PROJECT: 2025-M-025	
DATE: 09-26-2025	CHKD BY: TL
DRN BY: RW	SCALE:N.T.S.
TITLE: FIBER OPTIC EASEMENT	
SHEET NO: 1 OF 1	

CITY COUNCIL REPORT

ITEM NUMBER: 4.i.

SUBJECT: Ordinance 2015-0526 – Acceptance of Dedication of Real Property from Brookfield Lakin, LLC, for Public Right-of-Way and declaring said property as public right-of-way

MEETING DATE: 5/4/2026

TO: Mayor and Council

FROM: Kimberly Moon, Director, Engineering Department

THROUGH: Jennifer Stein, Assistant City Manager, (623) 333-1014

REVIEWED: Ron Corbin, City Manager, (623) 333-1011

STRATEGIC PLAN:

This agenda item supports the following Avondale Strategic Outcome Area: **Resilient Infrastructure & Transportation**

Avondale invests in safe and sustainable infrastructure, including water, roads, and utilities, and actively participates in regional planning and development.

PURPOSE:

City Council will consider a request to adopt Ordinance 2015-0526, authorizing the acceptance of dedication of real property generally located along the west side of Dysart Road and south of Vermeersch Road from Brookfield Lakin, LLC, and declaring said real property as public right-of-way and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

BACKGROUND:

Brookfield Lakin, LLC (Brookfield), owns a parcel identified by Assessor's Parcel Number (APN) 500-63-019 generally located along the west side of Dysart Road and south of Vermeersch Road. The parcel is triangular-shaped and is a remnant from the Alamar Phase 5 development. Brookfield has no future need for the parcel and wishes to dedicate it to the City. The City will require this parcel when Dysart Road is widened in the future. Staff has reviewed and recommends the City accept this parcel from Brookfield and declare it as public right-of-way.

DISCUSSION:

The parcel consists of an area containing 8,563 square feet (0.1967 acres).

BUDGET IMPACT:

There is no impact to the budget for this action.

RECOMMENDATION:

Staff recommends City Council adopt an Ordinance authorizing the acceptance of dedication of real property generally located along the west side of Dysart Road and south of Vermeersch Road from Brookfield Lakin, LLC, and declaring said real property as public right-of-way and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents.

Contact person for document distribution: *Yulonda Moore*

Aerial Exhibit



Proposed Right-Of-Way

Avondale

Subject Property

N
W E
S

Date: 4/7/2026

Wood, Patel & Associates, Inc.
602.335.8500
www.woodpatel.com

LEGAL DESCRIPTION
Alamar
Remnant Parcel

A portion of the south half of the southwest quarter of Section 23, Township 1 North, Range 1 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

COMMENCING at the west quarter corner of said Section 23, a 3 1/2-inch Salt River Project (SRP) brass cap flush, from which the southwest corner of said section, a 3-inch Maricopa County Department of Transportation (MCDOT) brass cap flush stamped T1N R1W S22 23 27 26 RLS 26411, bears South 00°48'19" East (basis of bearing), a distance of 2659.69 feet;
THENCE along the west line of said section, South 00°48'19" East, a distance of 1329.84 feet, to the northwest corner of said south half of the southwest quarter and the **POINT OF BEGINNING**;
THENCE leaving said west line, along the north line of said south half of the southwest quarter, South 89°56'32" East, a distance of 71.59 feet, to the centerline of Dysart Road and a point of intersection with a non-tangent curve;
THENCE leaving said north line, along said centerline, southerly along said non-tangent curve to the left, having a radius of 955.37 feet, concave easterly, whose radius bears South 68°29'03" East, through a central angle of 22°19'15", a distance of 372.19 feet, to said west line and the curves end;
THENCE leaving said centerline, along said west line, North 00°48'19" West, a distance of 363.92 feet, to the **POINT OF BEGINNING**.

Containing 8,563 square feet or 0.1966 acres, more or less.

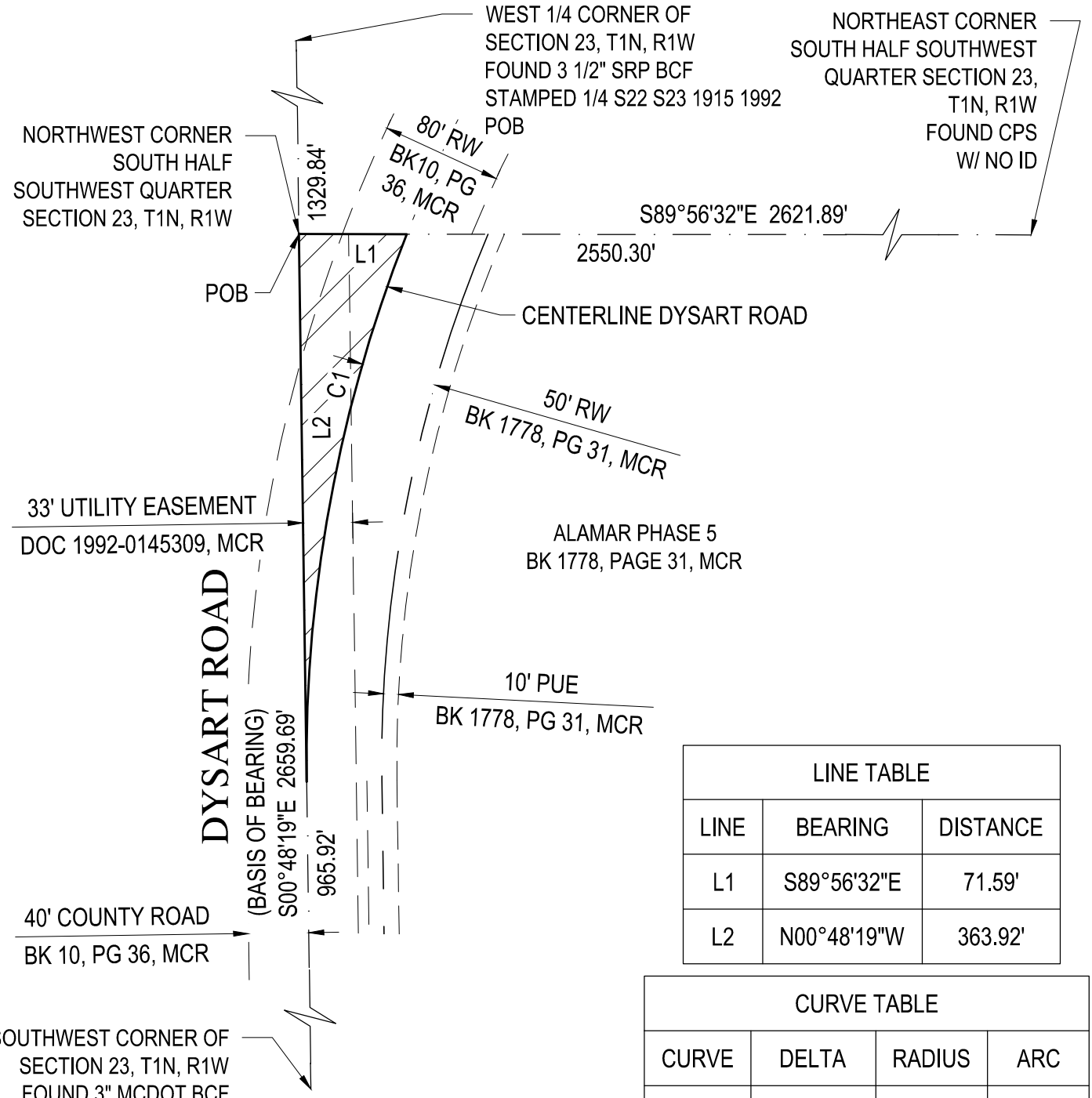
Subject to existing right-of-ways and easements.

This legal description is based on client provided information and is located within an area surveyed by Wood, Patel & Associates, Inc. during the month of July, 2018. Any monumentation noted in this legal description is within acceptable tolerance (as defined in Arizona Boundary Survey Minimum Standards dated 02/14/2002) of said positions based on said survey.

Y:\WP\Parcel Descriptions\2017\174612 Alamar Remnant Parcel L115 12-05-25.docx



EXPIRES 09-30-26



LINE TABLE		
LINE	BEARING	DISTANCE
L1	S89°56'32"E	71.59'
L2	N00°48'19"W	363.92'

CURVE TABLE			
CURVE	DELTA	RADIUS	ARC
C1	22°19'15"	955.37'	372.19'

WOOD PATEL

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
23945
BRIAN J.
DIEHL
Date Signed 12/5/25
ARIZONA, U.S.A.

EXPIRES 09-30-26

N

EXHIBIT "A"

ALAMAR
REMNANT PARCEL
12/05/2025
WP# 174612
PAGE 2 OF 2
NOT TO SCALE
Z:\2017\174612\Survey\Legal\4612-L115.dwg

ORDINANCE NO. 2015-0526

AN ORDINANCE OF THE COUNCIL OF THE CITY OF AVONDALE, ARIZONA, ACCEPTING THE DEDICATION OF REAL PROPERTY, GENERALLY LOCATED ALONG THE WEST SIDE OF DYSART ROAD AND SOUTH OF VERMEERSCH ROAD, FROM BROOKFIELD LAKIN, LLC AND DECLARING SAID REAL PROPERTY AS PUBLIC RIGHT-OF-WAY.

WHEREAS, Article I, Section 3 of the Avondale City Charter authorizes the City of Avondale (the "City") to acquire real property in fee simple or any lesser interest, inside or outside its corporate limits, for any City purpose, when the public convenience requires it, and in accordance with the provisions of State law; and

WHEREAS, Brookfield Lakin, LLC is the owner of certain real property totaling ± 0.197 acres and identified as Assessor's Parcel Number 500-63-019 generally located along the west side of Dysart Road and south of Vermeersch Road, in Avondale, Arizona (the "Property"); and

WHEREAS, Brookfield Lakin, LLC desires to dedicate the Property to the City for public use; and

WHEREAS, the Council of the City of Avondale (the "City Council") desires to accept the dedication of the Property from Brookfield Lakin, LLC and declare said real property as a public right-of-way.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF AVONDALE as follows:

SECTION 1. The recitals above are hereby incorporated as if fully set forth herein.

SECTION 2. The dedication of the Property totaling ± 0.197 acres, generally located along the west side of Dysart Road and south of Vermeersch Road, in Avondale, Arizona, as more particularly described and depicted in Exhibit A, attached hereto and incorporated herein by reference, is hereby accepted by the City as set forth in the Special Warranty Deed attached hereto as Exhibit B from Brookfield Lakin, LLC.

SECTION 3. The parcel described and depicted in Exhibit A is hereby declared to be public right-of-way.

SECTION 4. The Mayor, the City Manager, the City Clerk and the City Attorney are hereby authorized and directed to take all steps and to execute all documents necessary to carry out the purpose and intent of this Ordinance.

[SIGNATURES ON FOLLOWING PAGE]

PASSED AND ADOPTED by the Council of the City of Avondale, Arizona, May 4, 2026.

Mike Pineda, Mayor

ATTEST:

Marcella Sarmiento, City Clerk

APPROVED:

Nicholle Harris, City Attorney

EXHIBIT A
TO
ORDINANCE NO. 2015-0526

[Legal Description and Map]

See following pages.

Wood, Patel & Associates, Inc.
602.335.8500
www.woodpatel.com

LEGAL DESCRIPTION
Alamar
Remnant Parcel

A portion of the south half of the southwest quarter of Section 23, Township 1 North, Range 1 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

COMMENCING at the west quarter corner of said Section 23, a 3 1/2-inch Salt River Project (SRP) brass cap flush, from which the southwest corner of said section, a 3-inch Maricopa County Department of Transportation (MCDOT) brass cap flush stamped T1N R1W S22 23 27 26 RLS 26411, bears South 00°48’19” East (basis of bearing), a distance of 2659.69 feet;
THENCE along the west line of said section, South 00°48'19" East, a distance of 1329.84 feet, to the northwest corner of said south half of the southwest quarter and the **POINT OF BEGINNING**;
THENCE leaving said west line, along the north line of said south half of the southwest quarter, South 89°56'32" East, a distance of 71.59 feet, to the centerline of Dysart Road and a point of intersection with a non-tangent curve;
THENCE leaving said north line, along said centerline, southerly along said non-tangent curve to the left, having a radius of 955.37 feet, concave easterly, whose radius bears South 68°29'03" East, through a central angle of 22°19'15", a distance of 372.19 feet, to said west line and the curves end;
THENCE leaving said centerline, along said west line, North 00°48'19" West, a distance of 363.92 feet, to the **POINT OF BEGINNING**.

Containing 8,563 square feet or 0.1966 acres, more or less.

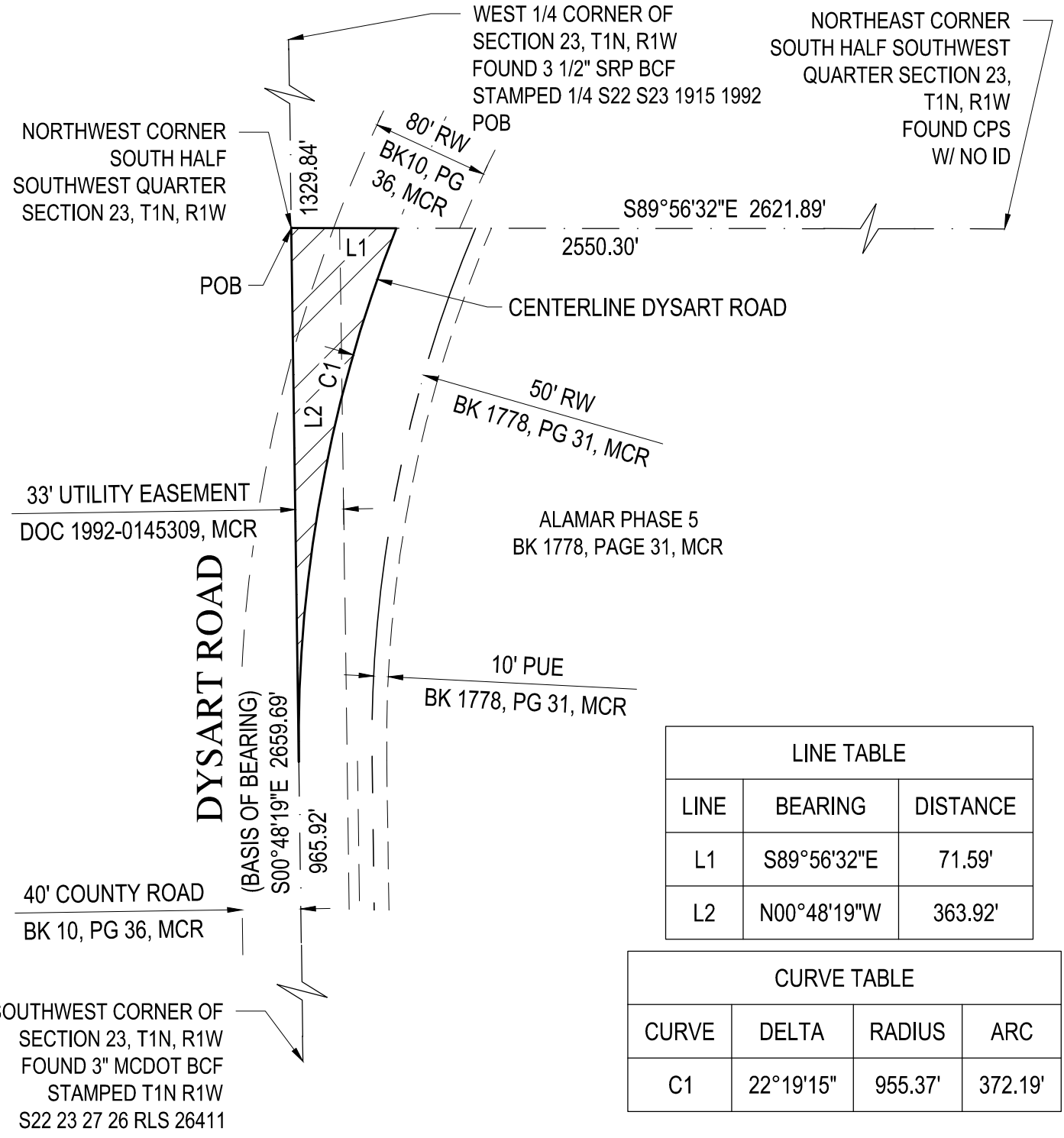
Subject to existing right-of-ways and easements.

This legal description is based on client provided information and is located within an area surveyed by Wood, Patel & Associates, Inc. during the month of July, 2018. Any monumentation noted in this legal description is within acceptable tolerance (as defined in Arizona Boundary Survey Minimum Standards dated 02/14/2002) of said positions based on said survey.

Y:\WP\Parcel Descriptions\2017\174612 Alamar Remnant Parcel L115 12-05-25.docx



EXPIRES 09-30-26



LINE TABLE		
LINE	BEARING	DISTANCE
L1	S89°56'32"E	71.59'
L2	N00°48'19"W	363.92'

CURVE TABLE			
CURVE	DELTA	RADIUS	ARC
C1	22°19'15"	955.37'	372.19'

WOOD PATEL

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
23945
BRIAN J.
DIEHL
Date Signed 12/5/25
ARIZONA, U.S.A.

EXPIRES 09-30-26

N

EXHIBIT "A"

ALAMAR
REMNANT PARCEL
12/05/2025
WP# 174612
PAGE 2 OF 2
NOT TO SCALE
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EXHIBIT B
TO
ORDINANCE NO. 2015-0526

[Special Warranty Deed]

See following pages.

When Recorded Mail To:

City Clerk
City of Avondale
11465 West Civic Center Drive, Suite 200
Avondale, Arizona 85323-6806

SPECIAL WARRANTY DEED

THIS DEED IS EXEMPT FROM THE REQUIREMENT OF FILING AN AFFIDAVIT OF VALUE PURSUANT TO ARIZ. REV. STAT. § 11-1134(A)(3).

GRANTOR: BROOKFIELD LAKIN LLC, a Delaware limited liability company

GRANTEE: CITY OF AVONDALE, an Arizona municipal corporation

For Ten Dollars ($10.00) and other good and valuable consideration, the Grantor hereby conveys to the Grantee all right, title and interest in the following real property situated in Maricopa County, Arizona, together with all rights and privileges appurtenant thereto:

See Exhibit A, attached hereto and incorporated herein by reference.

The Grantor hereby binds itself and its successors to warrant and defend the title as against all acts of Grantor herein and none other, subject to current taxes and assessments, reservations and all easements, rights of way, covenants, conditions, restrictions, liens and encumbrances as may appear of record and subject to the reservation set forth below:

RESERVATION

Notwithstanding the foregoing, Grantor hereby reserves all interest in and does not convey any interest in or to any "public infrastructure" as such term is defined in Section 48-701, Arizona Revised Statutes, as amended, which has been or will in the future be constructed on any of the real property described on Exhibit A. Except if released prior thereto as hereinafter described, such interest is to be acquired by a community facilities district to be established pursuant to the Development Agreement between Grantor and Grantee. Such interest is limited to one necessary to accommodate the financing of such public infrastructure (including of such interest in such real property pursuant to a development agreement among the Grantor, such district, and the Grantee). Such interest is to be released upon the acquisition of such public infrastructure only by such district pursuant to such Development Agreement.

[SIGNATURES ON FOLLOWING PAGES]

GRANTOR:

BROOKFIELD LAKIN LLC,
a Delaware limited liability company

By: _____
Name: Eric J. Tune
Its: Authorized Signatory

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me on March 2, 2026, by Eric Tune the Authorized Signatory, respectively, of BROOKFILED LAKIN LLC, a Delaware limited liability company, on behalf of the company.

Heather Anne Hawkins
Notary Public

My Commission Expires: 04/16/2027

HEATHER ANNE HAWKINS
Notary Public, State of Arizona
Maricopa County
Commission # 649573
My Commission Expires
April 16, 2027

[SIGNATURES CONTINUE ON FOLLOWING PAGES]

Accepted by: GRANTEE

CITY OF AVONDALE,
an Arizona municipal corporation

_____
Ron Corbin, City Manager

ATTEST:

_____
Marcella Sarmiento, City Clerk

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

This instrument was acknowledged before me on _____, 202__, by Ron Corbin, the City Manager of the City of Avondale, an Arizona municipal corporation, on behalf of the City.

_____
Notary Public in and for the State of Arizona

(Seal)

EXHIBIT A
TO
SPECIAL WARRANTY DEED

Legal Description

A portion of the south half of the southwest quarter of Section 23, Township 1 North, Range 1 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

COMMENCING at the west quarter corner of said Section 23, a 3 1/2-inch Salt River Project (SRP) brass cap flush, from which the southwest corner of said section, a 3-inch Maricopa County Department of Transportation (MCDOT) brass cap flush stamped T1N R1W S22 23 27 26 RLS 26411, bears South 00°48'19" East (basis of bearing), a distance of 2659.69 feet;

THENCE along the west line of said section, South 00°48'19" East, a distance of 1329.84 feet, to the northwest corner of said south half of the southwest quarter and the **POINT OF BEGINNING;**

THENCE leaving said west line, along the north line of said south half of the southwest quarter, South 89°56'32" East, a distance of 71.59 feet, to the centerline of Dysart Road and a point of intersection with a non-tangent curve;

THENCE leaving said north line, along said centerline, southerly along said non-tangent curve to the left, having a radius of 955.37 feet, concave easterly, whose radius bears South 68°29'03" East, through a central angle of 22°19'15", a distance of 372.19 feet, to said west line and the curves end;

THENCE leaving said centerline, along said west line, North 00°48'19" West, a distance of 363.92 feet, to the **POINT OF BEGINNING.**

CITY COUNCIL REPORT

ITEM NUMBER: 5.a.

SUBJECT: Resolution 1029-0526 - Adoption of the Fiscal Year 2027 Tentative Budget

MEETING DATE: 5/4/2026

TO: Mayor and Council

FROM: Renee Weatherless, Finance and Budget Director

THROUGH: Ron Corbin, City Manager, (623) 333-1011

REVIEWED: Ron Corbin, City Manager, (623) 333-1011

STRATEGIC PLAN:
This agenda item supports all Avondale Strategic Outcome Areas. The Strategic Plan guides the allocation of funding to the highest priorities.

PURPOSE:
City Council will consider a request to adopt Resolution 1029-0526, setting forth the fiscal year (FY) 2027 tentative budget and establishing the City's annual expenditure limitation and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

BACKGROUND:
Budget discussions informing the development and presentation of the recommended budget for FY2027 were held with Council on November 3, 2025, March 23, 2026, and April 20, 2026. Feedback from those discussions have been incorporated into the tentative budget. In conformance with state law and the City Charter, the tentative budget must be adopted prior to the third Monday in July. The adoption of the tentative budget will set the maximum limit of expenditures for FY2027. The total budget from tentative adoption may be reduced or reallocated but cannot be increased.

DISCUSSION:
A summary of the tentative budget and a notice of public hearing on the budget and property tax levy will be published as required by A.R.S. 42-17103. Additionally, the tentative budget will be posted to the City of Avondale website. The following list shows the proposed timeline for all actions required for formal adoption of the city's annual budget:

- May 4, 2026 - Adopt tentative budget
- May 15, 2026 - 1st publication of tentative budget and Truth in Taxation Notice
- May 22, 2026 - 2nd publication of tentative budget and Truth in Taxation Notice
- June 1, 2026 - Final Budget Hearing. Special meeting adopting final budget
- June 15, 2026 - Adopt property tax levy

BUDGET IMPACT:
This action will set the maximum expenditure limit for FY2027. Revisions can be made to decrease or reallocate, but not increase the total expenditure amount for the final budget.

RECOMMENDATION:
Staff recommends that Council adopt a Resolution setting forth the FY2027 tentative budget and annual expenditure limitation and authorizing staff to proceed with the required publication process.

Contact person for document distribution: *Renee Weatherless; Gregory Luethje*

FY2027
TENTATIVE BUDGET
Presented: May 4, 2026



Avondale

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RESOLUTION NO. 1029-0526

A RESOLUTION OF THE COUNCIL OF THE CITY OF AVONDALE, ARIZONA, SETTING FORTH THE TENTATIVE BUDGET AND ESTABLISHING THE EXPENDITURE LIMITATION FOR THE CITY OF AVONDALE FOR FISCAL YEAR 2026-2027.

WHEREAS, pursuant to the provisions of the laws of the State of Arizona and the City Charter, the Council of the City of Avondale (the "City Council") is required to adopt a budget; and

WHEREAS, in accordance with ARIZ. REV. STAT. § 42-17102, the City Manager has prepared and filed with the City Council the City Manager's Budget estimates for the fiscal year beginning July 1, 2026 and ending June 30, 2027; and

WHEREAS, pursuant to the Arizona Constitution Article IX, Section 20, the city's expenditure limitation for Fiscal Year 2026-2027 is $514,304,500; and

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF AVONDALE as follows:

SECTION 1. The recitals above are hereby incorporated as if fully set forth herein.

SECTION 2. The statements and schedules attached hereto as Exhibit A and incorporated herein by reference are hereby adopted as the City's official tentative budget for the fiscal year beginning July 1, 2026, and ending June 30, 2027.

SECTION 3. Upon approval of the City Council, the City Manager or designee shall publish in the official City newspaper once per week for two consecutive weeks (i) the official tentative budget and (ii) a notice of the public hearing of the City Council to hear taxpayers and make tax levies at designated times and places. The notice shall include the physical addresses of the Avondale Civic Center Library, the Sam Garcia Western Avenue Library and the Avondale City Hall, and the website where the tentative budget may be found. If a truth in taxation notice is required under ARIZ. REV. STAT. § 42-17107, it may be combined with such hearing notice.

SECTION 4. The City Manager or designee shall, no later than seven business days following consideration of this Resolution by the City Council, make available at the Avondale Civic Center Library, the Sam Garcia Western Avenue Library and the Avondale City Hall a complete copy of the tentative budget, and shall post the tentative budget on the City's website.

SECTION 5. The Mayor, the City Manager, the City Clerk and the City Attorney are hereby authorized and directed to execute all documents and take all steps necessary to carry out the purpose and intent of this Resolution.

PASSED AND ADOPTED by the Council of the City of Avondale, Arizona, May 4, 2026.

Mike Pineda, Mayor

ATTEST:

Marcella Sarmiento, City Clerk

APPROVED AS TO FORM:

Nicholle Harris, City Attorney

EXHIBIT A
TO
RESOLUTION NO. 1029-0526

[Statements and Schedules]

See following pages.

City of Avondale
Summary Schedule of Estimated Revenues and Expenditures/Expenses
Fiscal Year 2027

Fiscal Year		Sch		FUNDS						
				General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Enterprise Funds Available	Internal Service Funds	Total All Funds
2026	Adopted/Adjusted Budgeted Expenditures/Expenses*	E	1	200,505,760	116,073,293	8,896,000	17,609,514	114,979,678	26,595,200	484,659,445
2026	Actual Expenditures/Expenses**	E	2	170,841,360	115,578,293	8,896,000	17,609,514	114,979,678	26,595,200	454,500,045
2027	Beginning fund balance/(deficit) or net position/(deficit) at July 1***		3	110,313,054	43,598,379	161,088	53,248,091	149,778,868	6,163,710	363,263,191
2027	Primary Property Tax Levy	B	4	4,527,468						4,527,468
2027	Secondary Property Tax Levy	B	5			6,837,490				6,837,490
2027	Estimated Revenues Other than Property Taxes	C	6	118,390,000	69,411,200	65,000	6,155,000	61,833,100	29,494,800	285,349,100
2027	Other Financing Sources	D	7	0	0	0	31,050,000	69,750,000	0	100,800,000
2027	Other Financing (Uses)	D	8	0	0	0	0	0	0	0
2027	Interfund Transfers In	D	9	27,226,000	4,837,600	2,443,000	3,104,000	49,652,000	0	87,262,600
2027	Interfund Transfers (Out)	D	10	(31,550,600)	(4,522,000)	0	0	(51,190,000)	0	(87,262,600)
2027	Line 11: Reduction for fund balance reserved for future budget year expenditures		11							
LESS:	Maintained for future debt retirement									0
	Maintained for future capital projects									0
	Maintained for future financial stability			43,043,000	4,267,536			18,070,649		65,381,185
	Maintained for future retirement contributions									0
										0
2027	Total Financial Resources Available		12	228,905,922	113,325,179	9,506,578	93,557,091	279,823,968	35,658,510	760,777,249
2027	Budgeted Expenditures/Expenses	E	13	185,686,300	93,414,900	9,352,000	28,308,000	166,191,600	31,351,700	514,304,500

	EXPENDITURE LIMITATION COMPARISON	2026	2027
1	Budgeted expenditures/expenses	$ 486,614,500	$ 514,304,500
2	Add/subtract: estimated net reconciling items		
3	Budgeted expenditures/expenses adjusted for reconciling items	486,614,500	514,304,500
4	Less: estimated exclusions		130,219,000
5	Amount subject to the expenditure limitation	$ 486,614,500	$ 384,085,500
6	EEC expenditure limitation or voter-approved alternative expenditure limitatio	$ 628,793,800	$ 673,632,011

The city/town does not levy property taxes and does not have special assessment districts for which property taxes are levied. Therefore, Schedule B has been omitted.

* Includes expenditure/expense adjustments approved in the current year from Schedule E.
** Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.
*** Amounts on this line represent beginning fund balance/(deficit) or net position/(deficit) amounts except for nonspendable amounts (e.g., prepaids and inventories) or amounts legally or contractually required to be maintained intact (e.g., principal of a permanent fund). See the Instructions tab, cell C17 for more information about the amounts that should and should not be included on this line.

City of Avondale
Tax Levy and Tax Rate Information
Fiscal Year 2027

	2026	2027
1. Maximum allowable primary property tax levy. A.R.S. §42-17051(A)	$ 4,336,412	$ 4,527,468
2. Amount received from primary property taxation in the **current year** in excess of the sum of that year's maximum allowable primary property tax levy. A.R.S. §42-17102(A)(18)	$	
3. Property tax levy amounts		
A. Primary property taxes	$ 4,336,412	$ 4,527,468
Property tax judgment		
B. Secondary property taxes	6,045,322	6,837,490
Property tax judgment		
C. Total property tax levy amounts	$ 10,381,734	$ 11,364,958
4. Property taxes collected*		
A. Primary property taxes		
(1) **Current** year's levy	$ 4,336,412	
(2) Prior years' levies	59,816	
(3) Total primary property taxes	$ 4,396,228	
B. Secondary property taxes		
(1) **Current** year's levy	$ 6,045,322	
(2) Prior years' levies	0	
(3) Total secondary property taxes	$ 6,045,322	
C. Total property taxes collected	$ 10,441,550	
5. Property tax rates		
A. City/Town tax rate		
(1) Primary property tax rate	0.6095	0.5813
Property tax judgment		
(2) Secondary property tax rate	0.8497	0.8779
Property tax judgment		
(3) Total city/town tax rate	1.4592	1.4592

B. Special assessment district tax rates

Secondary property tax rates - As of the date the proposed budget was prepared, the city/town was operating 1 special assessment districts for which secondary property taxes are levied. For information pertaining to these special assessment districts and their tax rates, please contact the city/town.

* Includes actual property taxes collected as of the date the proposed budget was prepared, plus estimated property tax collections for the remainder of the fiscal year.

City of Avondale
Revenues Other Than Property Taxes
2027

SOURCE OF REVENUES	ESTIMATED REVENUES 2026	ACTUAL REVENUES* 2026	ESTIMATED REVENUES 2027
GENERAL FUND			
Local taxes			
Local Sales Tax	$ 56,329,000	$ 57,059,000	$ 58,172,000
SRP Payment in lieu of property tax	46,000	46,000	47,000
Licenses and permits			
Franchise Fees	1,496,000	1,582,500	1,520,000
Building & Development Permits	3,976,000	6,335,500	4,506,000
Licenses	57,000	70,600	58,500
Intergovernmental			
State Urban Revenue Sharing	18,614,000	18,830,800	20,069,500
Federal Sources	0	51,300	0
City's Share of St. Sales Tax	14,842,000	14,685,700	15,025,300
Auto Lieu Tax	4,892,000	4,830,500	5,000,000
State Reimbursements	0	0	0
Other State Sources	655,000	631,500	655,000
Other Cities & Towns	1,961,900	1,961,900	2,081,600
Other Governments	865,800	549,600	0
Charges for services			
Development Charges for Service	1,667,600	2,703,600	2,080,600
Other Charges for Service	468,500	315,900	503,500
Recreation Charges for Service	856,000	975,700	888,000
Fines and forfeits			
Court Fines	1,246,000	1,207,300	1,052,000
Other Fines	0	100	0
Interest on investments			
Interest	3,466,000	3,466,700	3,354,500
Miscellaneous			
Sale of Assets	0	4,800	0
Other Revenue	762,000	1,561,000	764,000
Donations	6,000	7,200	6,000
Operating Lease	1,200,500	1,298,600	1,225,500
	$ 113,407,300	$ 118,175,800	$ 117,009,000
Developer Contributions			
Development Charges for Service	$ 0	$ 300,000	$ 1,381,000
	$ 0	$ 300,000	$ 1,381,000
Total General Fund	$ 113,407,300	$ 118,475,800	$ 118,390,000

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

SPECIAL REVENUE FUNDS

Highway User Revenue Fund			
Highway User Revenue Fees	$ 7,202,000	$ 7,168,000	$ 7,082,800
Sale of Assets	0	800	0
Other Revenue	32,100	18,800	0
	7,234,100	7,187,600	7,082,800

City of Avondale
Revenues Other Than Property Taxes
2027

SOURCE OF REVENUES	ESTIMATED REVENUES 2026	ACTUAL REVENUES* 2026	ESTIMATED REVENUES 2027
Senior Nutrition			
Federal Sources	418,000	486,100	418,400
Other Revenue	44,500	36,300	26,000
	462,500	522,400	444,400
Community Action Program			
Federal Sources	364,400	377,500	297,000
Interest	0	0	0
Other Cities and Towns	25,000	14,600	0
	389,400	392,100	297,000
HOME Grant			
Federal Sources	1,429,200	1,276,900	1,218,000
	1,429,200	1,276,900	1,218,000
Other Grants			
Other State Sources	1,344,000	1,394,000	1,013,600
Other Federal Sources	6,408,900	6,562,401	5,041,200
Other Grants and Donations	1,576,700	1,576,700	1,847,700
Interest	0	0	6,000
Other Revenue	14,401,900	13,379,639	14,895,500
	23,731,500	22,912,740	22,804,000
Other Interest Bearing Grants			
Other Revenue	522,000	522,000	522,000
Interest	0	600	0
	522,000	522,600	522,000
Cemetery Maintenance Fund			
Interest	5,500	7,200	6,000
	5,500	7,200	6,000
Transit Fund			
Other Revenue	0	21,300	120,000
Other Grants and Donations	240,000	140,000	0
Arizona Lottery Fund	225,800	131,800	225,800
	465,800	293,100	345,800
State RICO			
State Sales Tax	0	0	439,000
	0	0	439,000
Federal RICO			
Federal Sources	0	0	200,000
	0	0	200,000
County RICO			
Seizure of Property	0	74,800	0
Other Grants and Donations	0	0	400,000
	0	74,800	400,000

City of Avondale
Revenues Other Than Property Taxes
2027

SOURCE OF REVENUES	ESTIMATED REVENUES 2026	ACTUAL REVENUES* 2026	ESTIMATED REVENUES 2027
Court Enhancements			
Court Fines	42,000	42,200	50,000
	42,000	42,200	50,000
Judicial Collection Enhancement			
Court Fines	18,000	19,600	18,600
	18,000	19,600	18,600
Fill the Gap			
Court Fines	8,000	4,700	8,000
	8,000	4,700	8,000
Regional Family Advocacy			
Federal Sources	515,600	1,452,900	0
Other State Sources	0	515,600	0
Other Cities and Towns	1,652,900	1,181,300	1,989,700
Interest	0	45,000	0
	2,168,500	3,194,800	1,989,700
0.5% Dedicated Sales Tax			
City Sales Tax	14,021,000	13,515,300	14,803,000
Interest	0	0	0
	14,021,000	13,515,300	14,803,000
Public Safety Dedicated Sales Tax			
City Sales Tax	14,021,000	13,515,300	14,803,000
	14,021,000	13,515,300	14,803,000
Public Arts			
Development Charges for Service	0	0	100,000
	0	0	100,000
Community Development Block Grant			
Other Federal Sources	1,736,100	1,736,100	962,100
	1,736,100	1,736,100	962,100
VOCA Crime Victim			
Other Federal Sources	0	167,600	360,000
	0	167,600	360,000
Emergency Response Deployment			
State Sales Tax	0	0	20,000
	0	0	20,000
Intergovernmental Services			
Intergovernmental Revenues	0	0	1,172,500
	0	0	1,172,500
Environmental Programs Fund			
Environmental Fee	340,000	340,100	340,000
Penalties on Utilities	0	1,000	1,300
	340,000	341,100	341,300
Wildland Fire Deployment			
Other State Sources	250,000	145,900	250,000
	250,000	145,900	250,000
Tow Impound Fund			
Other Fines	70,000	67,900	70,000
	70,000	67,900	70,000

City of Avondale
Revenues Other Than Property Taxes
2027

SOURCE OF REVENUES	ESTIMATED REVENUES 2026	ACTUAL REVENUES* 2026	ESTIMATED REVENUES 2027
American Rescue Plan Act			
Federal Sources	130,600	130,600	0
	130,600	130,600	0
Employee Assistance			
Interest	0	2,600	0
	0	2,600	0
One AZ Opioid Settlement			
Other State Sources	923,000	538,500	584,000
Interest	0	0	0
	923,000	538,500	584,000
Tourism Fund			
Other State Sources	120,000	0	120,000
	120,000	0	120,000
Total Special Revenue Funds	$ 68,088,200	$ 66,611,640	$ 69,411,200

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

DEBT SERVICE FUNDS			
General Obligation			
Interest	$ 3,000	$ 4,500	$ 65,000
	$ 3,000	$ 4,500	$ 65,000
Dysart Road MDC			
Interest	$ 17,000	$ 0	$ 0
	$ 17,000	$ 0	$ 0
Total Debt Service Funds	$ 20,000	$ 4,500	$ 65,000
CAPITAL PROJECTS FUNDS			
Landscaping Landfill Remediation			
Other Revenue	82,000	47,900	82,000
Interest	53,500	61,700	24,000
Franchise Fees	0	31,600	0
	135,500	141,200	106,000
Streets Development Impact Fee Fund			
Development Impact Fees	1,773,000	1,623,400	1,773,000
Interest	242,000	588,500	137,000
	2,015,000	2,211,900	1,910,000
Police Development Impact Fee Fund			
Development Impact Fees	1,364,000	1,242,900	1,364,000
Interest	312,000	288,400	130,000
	1,676,000	1,531,300	1,494,000
Fire Development Impact Fee Fund			
Development Impact Fees	2,223,000	1,758,700	1,400,000
Interest	259,000	251,600	101,000
	2,482,000	2,010,300	1,501,000

City of Avondale
Revenues Other Than Property Taxes
2027

SOURCE OF REVENUES	ESTIMATED REVENUES 2026	ACTUAL REVENUES* 2026	ESTIMATED REVENUES 2027
Parks Development Impact Fee Fund			
Development Impact Fees	1,073,000	978,100	898,000
Interest	105,000	73,600	53,000
	1,178,000	1,051,700	951,000
General Obligation Construction 2021			
Interest	0	400	0
	0	400	0
General Obligation Construction 2025			
Bond Proceeds	0	179,700	131,000
	0	179,700	131,000
Vehicle Replacement			
Sale of Assets	62,000	87,200	62,000
Interest	0	0	0
	62,000	$ 87,200	$ 62,000
Total Capital Projects Funds	$ 7,548,500	$ 7,213,700	$ 6,155,000

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

ENTERPRISE FUNDS

Water Fund			
Water Sales	$ 20,810,000	$ 20,567,900	$ 22,580,700
Interest	183,000	827,000	659,000
Operating Lease	41,400	43,000	41,400
Sale of Assets	0	6,000	0
Other Revenue	15,000	17,000	15,000
Other Fines	5,000	10,800	5,000
	$ 21,054,400	$ 21,471,700	$ 23,301,100
Water Resource Fund			
Water Sales	$ 0	$ 0	$ 1,350,000
	$ 0	$ 0	$ 1,350,000
Water Treatment Fund			
Water Sales	$ 0	$ 0	$ 1,630,000
Other Revenue	0	2,924,700	0
	$ 0	$ 2,924,700	$ 1,630,000
Sewer Operations			
Sewer Fees	$ 15,460,000	$ 15,050,034	$ 16,365,000
Penalties on Utilities	0	$ 34,400	$ 48,100
Interest	572,000	677,600	398,000
	$ 16,032,000	$ 15,762,034	$ 16,811,100
Solid Waste			
Sanitation Fees	9,094,000	9,088,900	9,984,000
Interest	248,500	258,300	107,000
Penalties on Utilities	0	21,500	29,900
	9,342,500	9,368,700	10,120,900
Water Equipment Replacement			

City of Avondale
Revenues Other Than Property Taxes
2027

SOURCE OF REVENUES	ESTIMATED REVENUES 2026	ACTUAL REVENUES* 2026	ESTIMATED REVENUES 2027
Sale of Assets	0	15,100	0
Interest	0	0	0
	0	15,100	0
Solid Waste Equipment Replacement			
Sale of Assets	0	22,400	0
Interest	0	0	0
	0	22,400	0
Water Development Impact Fees			
Development Fees	2,514,000	2,194,700	2,514,000
Interest	320,000	412,300	219,000
	2,834,000	2,607,000	2,733,000
Sewer Development Impact Fees			
Development Fees	1,908,000	1,685,300	5,500,000
Interest	756,000	757,400	387,000
	2,664,000	2,442,700	5,887,000
Total Enterprise Funds	$ 51,926,900	$ 54,614,334	$ 61,833,100

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

INTERNAL SERVICE FUNDS			
Risk Management			
Internal Service Charges	$ 5,075,000	$ 5,075,000	$ 5,302,000
Other Revenue	40,500	67,400	40,500
Interest	231,000	292,000	200,000
	$ 5,346,500	$ 5,434,400	$ 5,542,500
Fleet Services Management			
Internal Service Charges	$ 5,264,100	$ 4,481,400	$ 5,211,300
Other Cities and Towns	15,000	25,600	15,000
Sale of Assets	0	800	0
	0	4,900	0
	$ 5,279,100	$ 4,512,700	$ 5,226,300
Worker's Compensation			
Internal Service Charges	$ 1,154,000	$ 1,075,200	$ 1,240,000
Interest	62,500	77,100	55,000
	$ 1,216,500	$ 1,152,300	$ 1,295,000
Employee Benefit Trust			
Contributions	$ 12,371,000	9,875,300	$ 17,356,000
Interest	44,000	97,000	75,000
Other Revenue	300,000	328,300	0
	$ 12,715,000	$ 10,300,600	$ 17,431,000
Total Internal Service Funds	$ 24,557,100	$ 21,400,000	$ 29,494,800

City of Avondale
Revenues Other Than Property Taxes
2027

SOURCE OF REVENUES	ESTIMATED REVENUES 2026	ACTUAL REVENUES* 2026	ESTIMATED REVENUES 2027
TOTAL ALL FUNDS	$ 265,548,000	$ 268,319,974	$ 285,349,100

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

City of Avondale
Other Financing Sources/(Uses) and Interfund Transfers
Fiscal Year 2027

FUND	OTHER FINANCING 2027 SOURCES	OTHER FINANCING 2027 (USES)	INTERFUND TRANSFERS 2027 IN	INTERFUND TRANSFERS 2027 (OUT)
GENERAL FUND				
Operating Transfers	$	$	$ 1,135,000	$ (2,453,600)
Capital Transfers			0	(29,097,000)
General Fund Asset Replacement			4,694,000	0
General Fund Capital			19,590,000	0
Economic Opportunities - from General Fund			1,807,000	0
Total General Fund	$ 0	$ 0	$ 27,226,000	$ (31,550,600)
SPECIAL REVENUE FUNDS				
Dedicated Sales Tax - Debt	$	$	$ 0	$ (4,522,000)
Transit Fund			4,191,000	0
Regional Family Advocacy - Operating Transfers			596,600	0
Intergovernmental Services			0	$ 0
Public Arts Fund - Operating Transfers			50,000	$ 0
Total Special Revenue Funds	$ 0	$ 0	$ 4,837,600	$ (4,522,000)
DEBT SERVICE FUNDS				
2019 PRO Debt Service - Debt Transfer			952,000	0
2021 PRO Debt Service			1,491,000	0
Total Debt Service Funds	$ 0	$ 0	$ 2,443,000	$ 0
CAPITAL PROJECTS FUNDS				
General Obligation Bond Construction - Parks	31,050,000	0	0	0
Vehicle Replacement - Capital	0	0	3,104,000	0
Total Capital Projects Funds	$ 31,050,000	$ 0	$ 3,104,000	$ 0
ENTERPRISE FUNDS				
Water Fund - Operating Transfers	$	$ 0	$ 0	$ (646,000)
Sewer Fund - Operating Transfers			0	$ (489,000)
Water Fund - Capital Transfers			0	(26,350,000)
Sewer Fund - Capital Transfers			0	(17,692,000)
Water Construction			22,019,000	0
Water PRO Debt			1,532,000	0
Water Impact Fees			0	(403,000)
Water Equipment Replacement - Capital			2,799,000	0
Water Bond Construction	21,000,000		0	
Sewer Construction			13,854,000	0
Sewer Equipment Replacement - Capital			1,884,000	0
Sewer Dev Impact Fee			0	(2,068,000)
Sewer Bond Construction	48,750,000		0	
Sewer PRO Debt			4,022,000	
Solid Waste			0	(3,542,000)
Solid Waste Equipment Replacement - Capital			3,517,000	0
Solid Waste Fund - Capital Transfers			25,000	0
Total Enterprise Funds	$ 69,750,000	$ 0	$ 49,652,000	$ (51,190,000)
TOTAL ALL FUNDS	$ 100,800,000	$ 0	$ 87,262,600	$ (87,262,600)

City of Avondale
Expenditures/Expenses by Fund
Fiscal Year 2027

FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2026	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2026	ACTUAL EXPENDITURES/ EXPENSES* 2026	BUDGETED EXPENDITURES/ EXPENSES 2027
GENERAL FUND				
City Administration	$ 2,381,400	$ (12,800)	$ 2,368,600	$ 2,171,000
City Attorney	2,485,000	82,000	$ 2,567,000	$ 2,662,300
City Auditor	382,100	0	382,100	422,600
City Clerk	1,147,400	(14,700)	1,132,700	1,175,000
City Council	387,600	(19,000)	368,600	436,300
City Court	1,682,900	(17,800)	1,665,100	2,534,200
Contingency	28,147,000	1,517,400	0	35,000,000
Development Services	4,095,200	(190,600)	3,904,600	3,954,200
Economic Development	2,055,500	(27,000)	2,028,500	2,088,700
Engineering Services	4,432,900	(111,300)	4,321,600	3,682,300
Facilities	6,205,300	50,000	6,255,300	6,762,300
Finance & Budget	6,868,100	(45,700)	6,822,400	7,934,400
Fire and Medical	17,870,600	(428,800)	17,441,800	19,931,400
Human Resources	2,299,200	(37,700)	2,261,500	2,364,900
Indirect Costs	(5,904,900)	0	(5,904,900)	(6,527,800)
Information Technology	13,278,400	(77,600)	13,200,800	14,110,000
Marketing & Public Relations	1,411,200	(4,900)	1,406,300	1,424,700
Neighborhood and Family Services	4,191,600	66,000	4,257,600	4,406,700
Non-Departmental	3,590,600	(1,244,800)	2,345,800	4,179,600
Office of Public Safety	4,586,600	(147,000)	4,439,600	4,766,800
Parks & Recreation	12,182,700	(150,100)	12,032,600	11,862,600
Police	30,709,800	(7,600)	30,702,200	32,496,400
Public Works	381,700	0	381,700	375,700
Economic Opportunities Fund				
Economic Development	1,325,000	(82,000)	1,243,000	1,807,000
General Fund Capital				
City Administration	1,754,000	(1,693,213)	60,787	60,000
City Court	1,135,000	(75,798)	1,059,202	1,646,000
Engineering Services	3,990,000	(69,195)	3,920,805	1,552,000
Economic Development	0	0	0	125,000
Facilities	294,000	(23,071)	270,929	0
Fire and Medical	15,639,000	(2,762,468)	12,876,532	3,269,000
Human Resources	300,000	(10,438)	289,562	250,000
Information Technology	1,020,000	(428,109)	591,891	199,000
Office of Public Safety	1,864,000	(108,630)	1,755,370	829,000
Neighborhood and Family Services	2,659,000	0	2,659,000	52,000
Parks & Recreation	21,722,000	(1,896,515)	19,825,485	9,302,000
Police	8,273,000	(4,116,496)	4,156,504	857,000
Public Works	4,217,000	(1,977,700)	2,239,300	1,449,000
Developer Contributions				
Engineering Services	1,061,000	(49,048)	1,011,952	1,381,000
General Fund Asset Replacement				
Facilities	1,462,000	(202,212)	1,259,788	1,133,000
Fire and Medical	461,000	(27,984)	433,016	358,000
Information Technology	2,667,000	(329,356)	2,337,644	2,743,000
Parks & Recreation	676,000	(206,907)	469,093	248,000
Police	0	0	0	212,000
Total General Fund	$ 215,386,900	$ (14,881,140)	$ 170,841,360	$ 185,686,300
0.5% Dedicated Sales Tax				
City Administration	168,000	(70,076)	97,924	0
Contingency	0	0	0	300,000
Engineering Services	20,957,000	(1,890,297)	19,066,703	22,666,000
Information Technology	0	0	0	5,800

City of Avondale
Expenditures/Expenses by Fund
Fiscal Year 2027

FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2026	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2026	ACTUAL EXPENDITURES/ EXPENSES* 2026	BUDGETED EXPENDITURES/ EXPENSES 2027
Public Works	5,246,000	(1,606,294)	3,639,706	943,000
Public Safety Dedicated Sales Tax				
City Court	734,700	0	734,700	0
Contingency	495,000	0	0	70,000
Fire and Medical	8,497,000	(3,955,000)	4,542,000	4,660,700
Information Technology	1,348,000	(49,585)	1,298,415	1,127,000
Office of Public Safety	124,900	0	124,900	0
Police	10,961,600	96,573	11,058,173	11,605,300
Environmental Programs Fund				
Public Works	624,700	(8,000)	616,700	599,900
Public Arts Fund				
Parks & Recreation	681,900	(218,000)	463,900	408,800
Tow Impound Fund				
Police	53,100	0	53,100	56,200
Court Enhancements				
City Court	31,000	0	31,000	31,000
Cemetery Maintenance Fund				
Parks & Recreation	15,700	0	15,700	15,700
State RICO				
Information Technology	0	0	0	239,000
Police	0	0	0	200,000
Highway User Revenue Fund				
Engineering Services	6,988,000	(1,659,437)	5,328,563	3,721,300
Information Technology	225,000	(1,240)	223,760	299,000
Non-Departmental	227,000	0	227,000	234,000
Public Works	4,382,900	0	4,382,900	9,391,000
Transit Fund				
Public Works	4,589,500	120,000	4,709,500	4,535,200
Court Payments				
Judicial Collection Enhancement				
City Court	67,500	0	67,500	67,500
Contingency	0	0	0	200,000
Fill the Gap				
City Court	10,200	80,800	91,000	10,200
Contingency	0	0	0	100,000
Wildland Fire Deployment Fund				
Fire and Medical	250,000	0	250,000	250,000
Tourism Fund				
Economic Development	120,000	0	120,000	120,000
One AZ Opioid Settlement				
Office of Public Safety	923,000	(443,000)	480,000	584,000
Co. RICO With Mar. Co. Atty				
Police	0	79,360	79,360	400,000
Senior Nutrition				
Neighborhood and Family Services	517,200	12,000	529,200	444,400
Community Action Program				
Neighborhood and Family Services	389,400	80,400	469,800	297,000
Home Grants				
Neighborhood and Family Services	1,429,200	371,800	1,801,000	1,218,000
Federal RICO				
Police	0	0	0	200,000
VOCA Crime Victim				
Police	0	287,200	287,200	360,000
Emergency Response Deployment				
Office of Public Safety	0	0	0	20,000

City of Avondale
Expenditures/Expenses by Fund
Fiscal Year 2027

FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2026	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2026	ACTUAL EXPENDITURES/ EXPENSES* 2026	BUDGETED EXPENDITURES/ EXPENSES 2027
Intergovernmental Services				
Police	0	0	0	971,500
Neighborhood and Family Services	0	0	0	201,000
Community Development Block Grant				
Engineering Services	191,000	0	191,000	184,000
Neighborhood and Family Services	1,544,700	0	1,544,700	778,100
Parks & Recreation	0	0	0	0
American Rescue Plan Act				
Neighborhood and Family Services	110,600	(29,778)	80,822	0
Parks & Recreation	0	0	0	0
Other Grants				
Engineering Services	2,511,000	(442,982)	2,068,018	627,000
Fire and Medical	53,500	137,901	191,401	195,500
Neighborhood and Family Services	3,593,700	93,010	3,686,710	4,321,200
Non-Departmental	14,307,900	26,194,280	40,502,180	15,000,000
Parks & Recreation	146,000	(86,000)	60,000	100,000
Police	2,219,400	126,000	2,345,400	1,290,400
Public Works	900,000	43,458	943,458	1,257,900
Regional Family Advocacy				
Indirect Costs	168,200	0	168,200	222,100
Information Technology	0	0	0	175,000
Police	2,484,700	0	2,484,700	2,189,200
Other Interest Bearing Grants				
Neighborhood and Family Services	522,000	0	522,000	522,000
Total Special Revenue Funds	$ 98,810,200	$ 17,263,093	$ 115,578,293	$ 93,414,900
General Obligation				
Non-Departmental	$ 6,457,000	$ 0	6,457,000	6,909,000
2019 PRO Debt Service				
Non-Departmental	948,000	0	948,000	952,000
2021 PRO Debt Service				
Non-Departmental	1,491,000	0	1,491,000	1,491,000
Total Debt Service Funds	$ 8,896,000	$ 0	8,896,000	9,352,000
Streets Development Impact Fee				
Finance & Budget	0	0	0	46,000
Engineering Services	340,000	0	340,000	1,120,000
Police Development Impact Fee				
Finance & Budget	0	0	0	46,000
Fire Development Impact Fee				
Fire and Medical	38,000	0	38,000	7,000
Finance & Budget	0	0	0	46,000
Office of Public Safety	270,000	0	270,000	297,000
Parks Development Impact Fee				
Finance & Budget	0	0	0	46,000
Parks & Recreation	3,049,000	0	3,049,000	2,314,000
General Obligation Bond Construction 2024				
Public Works	10,613,000	(680,153)	9,932,847	8,633,000
General Obligation Bond Construction - Parks				
Parks & Recreation	0	0	0	7,424,000
Non-Departmental	0	0	0	2,000,000
Vehicle Replacement				

City of Avondale
Expenditures/Expenses by Fund
Fiscal Year 2027

FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2026	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2026	ACTUAL EXPENDITURES/ EXPENSES* 2026	BUDGETED EXPENDITURES/ EXPENSES 2027
Fire and Medical	1,291,000	600,000	1,891,000	3,413,000
Public Works	2,945,000	(856,333)	2,088,667	2,916,000
Total Capital Projects Funds	$ 18,546,000	$ (936,486)	$ 17,609,514	$ 28,308,000
Water Operations				
Information Technology	$ 83,300	$ 0	83,300	145,000
Non-Departmental	317,000	(52,000)	265,000	323,000
Public Works	16,472,600	(185,200)	16,287,400	17,191,200
Indirect Costs	2,354,500	0	2,354,500	2,480,800
Contingency	1,000,000	237,200	1,237,200	500,000
Water Treatment				
Public Works	0	4,206,304	4,206,304	2,057,000
Water Capital				
City Administration	25,000	0	25,000	25,000
Engineering Services	12,534,000	(2,153,525)	10,380,475	8,917,000
Public Works	14,552,000	(335,912)	14,216,088	13,077,000
Water Asset Replacement				
Information Technology	697,000	38,000	735,000	783,000
Public Works	2,603,000	(173,557)	2,429,443	2,016,000
Water Development Impact Fee				
Finance & Budget	0	0	0	46,000
Public Works	3,758,000	(13,131)	3,744,869	4,019,000
Water Bond Construction				
Non-Departmental	0	0	0	1,500,000
Public Works	20,044,000	(4,428,168)	15,615,832	19,794,000
Water PRO Debt Service				
Non-Departmental	0	0	0	1,532,000
Sewer Operations				
Information Technology	84,900	0	84,900	83,400
Non-Departmental	122,000	0	122,000	124,000
Public Works	7,945,300	0	7,945,300	8,046,800
Indirect Costs	1,545,400	0	1,545,400	1,754,100
Contingency	1,000,000	0	1,000,000	500,000
Sewer Capital				
City Administration	25,000	0	25,000	25,000
Engineering Services	261,000	(34,432)	226,568	288,000
Public Works	6,756,000	(215,302)	6,540,698	13,541,000
Sewer Asset Replacement				
Information Technology	101,000	24,000	125,000	203,000
Public Works	1,943,000	(310,404)	1,632,596	1,681,000
Sewer Development Impact Fee				
Finance & Budget	50,000	(4,395)	45,605	46,000
Sewer Bond Construction				
Non-Departmental	0	0	0	2,000,000
Public Works	11,750,000	0	11,750,000	46,750,000
Sewer PRO Debt Service				
Non-Departmental	590,000	0	590,000	4,021,000
Solid Waste Operations				
Information Technology	6,000	(6,000)	0	34,700
Non-Departmental	238,000	6,000	244,000	236,000
Public Works	7,290,800	0	7,290,800	7,465,200
Indirect Costs	1,245,400	0	1,245,400	1,344,400
Contingency	500,000	0	500,000	100,000
Solid Waste Capital				

City of Avondale
Expenditures/Expenses by Fund
Fiscal Year 2027

FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2026	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2026	ACTUAL EXPENDITURES/ EXPENSES* 2026	BUDGETED EXPENDITURES/ EXPENSES 2027
City Administration	25,000	0	25,000	25,000
Solid Waste Asset Replacement				
Information Technology	9,000	0	9,000	12,000
Public Works	2,452,000	0	2,452,000	3,505,000
Total Enterprise Funds	$ 118,380,200	$ (3,400,522)	114,979,678	$ 166,191,600
Risk Management Fund				
Human Resources	5,758,100	0	5,758,100	7,103,700
Information Technology	85,100	0	85,100	85,100
Indirect Costs	113,400	0	113,400	153,200
Fleet Services Fund				
Information Technology	0	0	0	117,000
Public Works	4,766,200	0	4,766,200	4,759,100
Indirect Costs	478,000	0	478,000	573,200
Workers' Compensation Fund				
Human Resources	2,301,600	0	2,301,600	2,299,700
Employee Benefit Trust				
Human Resources	$ 13,092,800	$ 0	13,092,800	16,260,700
Total Internal Service Funds	$ 26,595,200	$ 0	$ 26,595,200	$ 31,351,700
TOTAL ALL FUNDS	$ 486,614,500	$ (1,955,055)	$ 454,500,045	$ 514,304,500

* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

City of Avondale
Expenditures/Expenses by Department
Fiscal Year 2027

DEPARTMENT/FUND	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2026	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2026	ACTUAL EXPENDITURES/ EXPENSES* 2026	BUDGETED EXPENDITURES/ EXPENSES 2027
City Administration				
General Fund	$ 2,381,400	$ (12,800)	$ 2,368,600	$ 2,171,000
General Fund Capital	1,754,000	$ (1,693,213)	$ 60,787	$ 60,000
0.5% Dedicated Sales Tax	168,000	$ (70,076)	$ 97,924	$ 0
Water Capital	25,000	$ 0	$ 25,000	$ 25,000
Sewer Capital	25,000	$ 0	$ 25,000	$ 25,000
Solid Waste Capital	25,000	$ 0	$ 25,000	$ 25,000
Department Total	$ 4,378,400	$ (1,776,089)	$ 2,602,311	$ 2,306,000
List Department: City Attorney				
General Fund	$ 2,485,000	$ 82,000	$ 2,567,000	$ 2,662,300
Department Total	$ 2,485,000	$ 82,000	$ 2,567,000	$ 2,662,300
List Department: City Auditor				
General Fund	$ 382,100	$ 0	$ 382,100	$ 422,600
Department Total	$ 382,100	$ 0	$ 382,100	$ 422,600
List Department: City Clerk				
General Fund	$ 1,147,400	$ (14,700)	$ 1,132,700	$ 1,175,000
Department Total	$ 1,147,400	$ (14,700)	$ 1,132,700	$ 1,175,000
List Department: City Council				
General Fund	$ 387,600	$ (19,000)	$ 368,600	$ 436,300
Department Total	$ 387,600	$ (19,000)	$ 368,600	$ 436,300
List Department: City Court				
General Fund	$ 1,682,900	$ (17,800)	$ 1,665,100	$ 2,534,200
General Fund Capital	1,135,000	$ (75,798)	$ 1,059,202	$ 1,646,000
Public Safety Dedicated Sales Tax	734,700	$ 0	$ 734,700	$ 0
Court Enhancement	31,000	$ 0	$ 31,000	$ 31,000
Judicial Collection Enhancement	67,500	$ 0	$ 67,500	$ 67,500
Fill the Gap	10,200	$ 80,800	$ 91,000	$ 10,200
Department Total	$ 3,661,300	$ (12,798)	$ 3,648,502	$ 4,288,900
List Department: Development Services				
General Fund	$ 4,095,200	$ (190,600)	$ 3,904,600	$ 3,954,200
Department Total	$ 4,095,200	$ (190,600)	$ 3,904,600	$ 3,954,200
List Department: Economic Development				
General Fund	$ 2,055,500	$ (27,000)	$ 2,028,500	$ 2,088,700
General Fund Capital	$ 0	$ 0	$ 0	$ 125,000
Economic Opportunities Fund	1,325,000	$ (82,000)	$ 1,243,000	$ 1,807,000
Tourism Fund	120,000	$ 0	$ 120,000	$ 120,000
Department Total	$ 3,500,500	$ (109,000)	$ 3,391,500	$ 4,140,700
List Department: Engineering Services				
General Fund	4,432,900	$ (111,300)	$ 4,321,600	$ 3,682,300
General Fund Capital	3,990,000	$ (69,195)	$ 3,920,805	$ 1,552,000
Developer Contributions	1,061,000	$ (49,048)	$ 1,011,952	$ 1,381,000
General Fund Asset Replacement	0	$ 0	$ 0	$ 0
0.5% Dedicated Sales Tax	20,957,000	$ (1,890,297)	$ 19,066,703	$ 22,666,000
Highway User Revenue Fund	6,988,000	$ (1,659,437)	$ 5,328,563	$ 3,721,300

City of Avondale
Expenditures/Expenses by Department
Fiscal Year 2027

DEPARTMENT/FUND	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2026	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2026	ACTUAL EXPENDITURES/ EXPENSES* 2026	BUDGETED EXPENDITURES/ EXPENSES 2027
Community Development Block Grant	191,000	0	191,000	184,000
Other Grants	2,511,000	(442,982)	2,068,018	627,000
Streets Development Impact Fee	340,000	0	340,000	1,120,000
PRO Bond Construction 2019	0	0	0	0
Water Capital	12,534,000	(2,153,525)	10,380,475	8,917,000
Sewer Capital	261,000	(34,432)	226,568	288,000
Department Total	53,265,900	(6,410,216)	46,855,684	44,138,600
List Department: Facilities				
General Fund	6,205,300	50,000	6,255,300	6,762,300
General Fund Capital	294,000	(23,071)	270,929	0
General Fund Asset Replacement	1,462,000	(202,212)	1,259,788	1,133,000
Department Total	7,961,300	(175,283)	7,786,017	7,895,300
List Department: Finance & Budget				
General Fund	6,868,100	(45,700)	6,822,400	7,934,400
Streets Development Impact Fee	0	0	0	46,000
Police Development Impact Fee	0	0	0	46,000
Fire Development Impact Fee	0	0	0	46,000
Parks Development Impact Fee	0	0	0	46,000
Water Development Impact Fee	0	0	0	46,000
Sewer Development Impact Fee	50,000	(4,395)	45,605	46,000
Other Grants				
Department Total	6,918,100	(50,095)	6,868,005	8,210,400
List Department: Fire and Medical				
General Fund	17,870,600	(428,800)	17,441,800	19,931,400
General Fund Capital	15,639,000	(2,762,468)	12,876,532	3,269,000
General Fund Asset Replacement	461,000	(27,984)	433,016	358,000
Other Grants	53,500	137,901	191,401	195,500
Public Safety Dedicated Sales Tax	8,497,000	(3,955,000)	4,542,000	4,660,700
Wildland Fire Deployment Fund	250,000	0	250,000	250,000
Fire Development Impact Fee	38,000	0	38,000	7,000
Vehicle Replacement	1,291,000	600,000	1,891,000	3,413,000
Department Total	44,100,100	(6,436,351)	37,663,749	32,084,600
List Department: Human Resources				
General Fund	2,299,200	(37,700)	2,261,500	2,364,900
General Fund Capital	300,000	(10,438)	289,562	250,000
Employee Benefit Trust	13,092,800	0	13,092,800	16,260,700
Risk Management Fund	5,758,100	0	5,758,100	7,103,700
Workers' Compensation Fund	2,301,600	0	2,301,600	2,299,700
Department Total	23,751,700	(48,138)	23,703,562	28,279,000
List Department Indirect Costs				
General Fund	(5,904,900)	0	(5,904,900)	(6,527,800)
Regional Family Advocacy	168,200	0	168,200	222,100
Water Operations	2,354,500	0	2,354,500	2,480,800
Sewer Operations	1,545,400	0	1,545,400	1,754,100
Solid Waste Operations	1,245,400	0	1,245,400	1,344,400
Risk Management Fund	113,400	0	113,400	153,200
Employee Benefits	0	0	0	0
Fleet Services Fund	478,000	0	478,000	573,200
Department Total	0	0	0	0

City of Avondale
Expenditures/Expenses by Department
Fiscal Year 2027

DEPARTMENT/FUND	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2026	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2026	ACTUAL EXPENDITURES/ EXPENSES* 2026	BUDGETED EXPENDITURES/ EXPENSES 2027
List Department: Information Technology				
General Fund	$ 13,278,400	$ (77,600)	$ 13,200,800	$ 14,110,000
General Fund Capital	1,020,000	$ (428,109)	$ 591,891	$ 199,000
General Fund Asset Replacement	2,667,000	$ (329,356)	$ 2,337,644	$ 2,743,000
State RICO	0	$ 0	$ 0	$ 239,000
Highway User Revenue Fund	225,000	$ (1,240)	$ 223,760	$ 299,000
Dedicated Sales Tax	0	$ 0	$ 0	$ 5,800
Public Safety Dedicated Sales Tax	1,348,000	$ (49,585)	$ 1,298,415	$ 1,127,000
Community Development Block Grant	0	$ 0	$ 0	$ 0
Regional Family Advocacy	0	$ 0	$ 0	$ 175,000
Water Operations	83,300	$ 0	$ 83,300	$ 145,000
Sewer Operations	84,900	$ 0	$ 84,900	$ 83,400
Solid Waste Operations	6,000	$ (6,000)	$ 0	$ 34,700
Water Asset Replacement	697,000	$ 38,000	$ 735,000	$ 783,000
Sewer Asset Replacement	101,000	$ 24,000	$ 125,000	$ 203,000
Solid Waste Equipment Replacement	9,000	$ 0	$ 9,000	$ 12,000
Fleet Services Fund	0	$ 0	$ 0	$ 117,000
Risk Management Fund	85,100	$ 0	$ 85,100	$ 85,100
Department Total	$ 19,604,700	$ (829,890)	$ 18,774,810	$ 20,361,000
List Department: Marketing & Public Relations				
General Fund	$ 1,411,200	$ (4,900)	$ 1,406,300	$ 1,424,700
Department Total	$ 1,411,200	$ (4,900)	$ 1,406,300	$ 1,424,700
List Department: Neighborhood and Family Services				
General Fund	$ 4,191,600	$ 66,000	$ 4,257,600	$ 4,406,700
General Fund Capital	2,659,000	$ 0	$ 2,659,000	$ 52,000
General Fund Asset Replacement	0	$ 0	$ 0	$ 0
Senior Nutrition	517,200	$ 12,000	$ 529,200	$ 444,400
American Rescue Plan Act	110,600	$ (29,778)	$ 80,822	$ 0
Community Action Program	389,400	$ 80,400	$ 469,800	$ 297,000
Home Grants	1,429,200	$ 371,800	$ 1,801,000	$ 1,218,000
Other Grants	3,593,700	$ 93,010	$ 3,686,710	$ 4,321,200
Community Development Block Grant	1,544,700	$ 0	$ 1,544,700	$ 778,100
Intergovernmental Revenues	0	$ 0	$ 0	$ 201,000
Other Interest Bearing Grants	522,000	$ 0	$ 522,000	$ 522,000
Department Total	$ 14,957,400	$ 593,432	$ 15,550,832	$ 12,240,400
List Department: Non-Departmental				
General Fund	$ 3,590,600	$ (1,244,800)	$ 2,345,800	$ 4,179,600
Volunteer Firefighter's Pension	0	$ 0	$ 0	$ 0
Highway User Revenue Fund	227,000	$ 0	$ 227,000	$ 234,000
One AZ Opioid Settlement	0	$ 0	$ 0	$ 0
Other Grants	14,307,900	$ 26,194,280	$ 40,502,180	$ 15,000,000
Cemetery Maintenance Fund	0	$ 0	$ 0	$ 0
Regional Family Advocacy	0	$ 0	$ 0	$ 0
General Obligation	6,457,000	$ 0	$ 6,457,000	$ 6,909,000
General Obligation Bond Const 2024	0	0	0	0
General Obligation Bond Construction - Parks	0	0	0	2,000,000
Water Bond Construction	0	0	0	1,500,000
Water PRO Debt	0	0	0	1,532,000
Sewer Bond Construction	0	0	0	2,000,000
0.5% Dedicated Sales Tax Debt Service	0	$ 0	$ 0	$ 0
2019 PRO Debt Service	948,000	$ 0	$ 948,000	$ 952,000
2021 PRO Debt Service	1,491,000	$ 0	$ 1,491,000	$ 1,491,000
Water Operations	317,000	$ (52,000)	$ 265,000	$ 323,000

City of Avondale
Expenditures/Expenses by Department
Fiscal Year 2027

DEPARTMENT/FUND	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2026	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2026	ACTUAL EXPENDITURES/ EXPENSES* 2026	BUDGETED EXPENDITURES/ EXPENSES 2027
Sewer Operations	122,000	0	122,000	124,000
Solid Waste Operations	238,000	6,000	244,000	236,000
Sewer PRO Debt Service	590,000	0	590,000	4,021,000
Fleet Services Fund	0	0	0	0
Workers' Compensation Fund	0	0	0	0
Department Total	$ 28,288,500	$ 24,903,480	$ 53,191,980	$ 40,501,600
List Department: Office of Public Safety				
General Fund	$ 4,586,600	$ (147,000)	$ 4,439,600	$ 4,766,800
General Fund Capital	1,864,000	$ (108,630)	$ 1,755,370	$ 829,000
Public Safety Dedicated Sales Tax	124,900	$ 0	$ 124,900	$ 0
Emergency Response Deployment	0	$ 0	$ 0	$ 20,000
Fire Development Impact Fee	270,000	$ 0	$ 270,000	$ 297,000
One AZ Opioid Settlement	923,000	$ (443,000)	$ 480,000	$ 584,000
Department Total	$ 7,768,500	$ (698,630)	$ 7,069,870	$ 6,496,800
List Department: Parks & Recreation				
General Fund	$ 12,182,700	$ (150,100)	$ 12,032,600	$ 11,862,600
General Fund Capital	21,722,000	$ (1,896,515)	$ 19,825,485	$ 9,302,000
General Fund Asset Replacement	676,000	$ (206,907)	$ 469,093	$ 248,000
Cemetery Maintenance Fund	15,700	$ 0	$ 15,700	$ 15,700
American Rescue Plan Act	0	$ 0	$ 0	$ 0
Community Development Block Grant	0	$ 0	$ 0	$ 0
Public Arts	681,900	$ (218,000)	$ 463,900	$ 408,800
Other Grants	146,000	$ (86,000)	$ 60,000	$ 100,000
General Obligation Bond Construction - Parks	0	$ 0	$ 0	$ 7,424,000
Future General Obligation Bond Issuance	0	$ 0	$ 0	$ 0
2021 PRO Bond Construction	0	$ 0	$ 0	$ 0
Parks Development Impact Fee	3,049,000	$ 0	$ 3,049,000	$ 2,314,000
Department Total	$ 38,473,300	$ (2,557,522)	$ 35,915,778	$ 31,675,100
List Department: Police				
General Fund	$ 30,709,800	$ (7,600)	$ 30,702,200	$ 32,496,400
General Fund Capital	8,273,000	$ (4,116,496)	$ 4,156,504	$ 857,000
General Fund Asset Replacement	0	$ 0	$ 0	$ 212,000
State RICO	0	$ 0	$ 0	$ 200,000
Federal RICO	0	$ 0	$ 0	$ 200,000
VOCA Crime Victim	0	$ 287,200	$ 287,200	$ 360,000
American Rescue Plan Act	0	$ 0	$ 0	$ 0
Intergovernmental Services	0	$ 0	$ 0	$ 971,500
Regional Family Advocacy	2,484,700	$ 0	$ 2,484,700	$ 2,189,200
Public Safety Dedicated Sales Tax	10,961,600	$ 96,573	$ 11,058,173	$ 11,605,300
Other Grants	2,219,400	$ 126,000	$ 2,345,400	$ 1,290,400
Tow Impound Fund	53,100	$ 0	$ 53,100	$ 56,200
General Obligation Bond Construction 2021	0	$ 0	$ 0	$ 0
Other Interest Bearing Grants	0	$ 0	$ 0	$ 0
Co. RICO With Mar. Co. Atty	0	$ 79,360	$ 79,360	$ 400,000
Department Total	$ 54,701,600	$ (3,534,963)	$ 51,166,637	$ 50,838,000
List Department: Public Works				
General Fund	$ 381,700	$ 0	$ 381,700	$ 375,700
General Fund Capital	4,217,000	$ (1,977,700)	$ 2,239,300	$ 1,449,000
Dedicated Sales Tax	5,246,000	$ (1,606,294)	$ 3,639,706	$ 943,000
Environmental Programs	624,700	$ (8,000)	$ 616,700	$ 599,900
Highway User Revenue Fund	4,382,900	$ 0	$ 4,382,900	$ 9,391,000
Transit Fund	4,589,500	$ 120,000	$ 4,709,500	$ 4,535,200

City of Avondale
Expenditures/Expenses by Department
Fiscal Year 2027

DEPARTMENT/FUND	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2026	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2026	ACTUAL EXPENDITURES/ EXPENSES* 2026	BUDGETED EXPENDITURES/ EXPENSES 2027
Other Grants	900,000	$ 43,458	$ 943,458	$ 1,257,900
Police Development Impact Fee	0	$ 0	$ 0	$ 0
General Obligation Bond Construction 2024	10,613,000	$ (680,153)	$ 9,932,847	$ 8,633,000
Vehicle Replacement	2,945,000	$ (856,333)	$ 2,088,667	$ 2,916,000
Water Operations	16,472,600	$ (185,200)	$ 16,287,400	$ 17,191,200
Water Resources	0	$ 0	$ 0	$ 0
Water Treatment	0	$ 4,206,304	$ 4,206,304	$ 2,057,000
Water Capital	14,552,000	$ (335,912)	$ 14,216,088	$ 13,077,000
Water Asset Replacement	2,603,000	$ (173,557)	$ 2,429,443	$ 2,016,000
Water Development Impact Fee	3,758,000	$ (13,131)	$ 3,744,869	$ 4,019,000
Water Bond Construction	20,044,000	$ (4,428,168)	$ 15,615,832	$ 19,794,000
Sewer Operations	7,945,300	$ 0	$ 7,945,300	$ 8,046,800
Sewer Capital	6,756,000	$ (215,302)	$ 6,540,698	$ 13,541,000
Sewer Asset Replacement	1,943,000	$ (310,404)	$ 1,632,596	$ 1,681,000
Sewer Bond Construction	11,750,000	$ 0	$ 11,750,000	$ 46,750,000
Solid Waste Operations	7,290,800	$ 0	$ 7,290,800	$ 7,465,200
Solid Waste Capital	0	$ 0	$ 0	$ 0
Solid Waste Asset Replacement	2,452,000	$ 0	$ 2,452,000	$ 3,505,000
Fleet Services Fund	4,766,200	$ 0	$ 4,766,200	$ 4,759,100
Department Total	$ 134,232,700	$ (6,420,392)	$ 127,812,308	$ 174,003,000
List Department: Contingency				
General Fund	$ 28,147,000	1,517,400	0	35,000,000
Dedicated Sales Tax	0	0	0	300,000
Public Safety Dedicated Sales Tax	495,000	0	0	70,000
Judicial Collection Enhancement	0	0	0	200,000
Fill the Gap	0	0	0	100,000
Water Operations	1,000,000	237,200	1,237,200	500,000
Sewer Operations	1,000,000	0	1,000,000	500,000
Solid Waste Operations	500,000	0	500,000	100,000
Department Total	$ 31,142,000	$ 1,754,600	$ 2,737,200	$ 36,770,000
TOTAL ALL DEPARTMENTS	$ 486,614,500	$ (1,955,055)	$ 454,500,045	$ 514,304,500

* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

City of Avondale
Full-Time Employees and Personnel Compensation
Fiscal Year 2027

FUND	Full-Time Equivalent (FTE) 2027	Employee Salaries and Hourly Costs 2027	Retirement Costs 2027	Healthcare Costs 2027	Other Benefit Costs 2027	Total Estimated Personnel Compensation 2027
GENERAL FUND	578.31	$ 62,401,900	$ 15,874,200	$ 10,352,700	$ 2,755,000	$ 91,383,800
SPECIAL REVENUE FUNDS						
Highway User Revenue Fund	27.80	$ 2,585,100	$ 482,500	$ 615,900	$ 96,200	$ 3,779,700
Senior Nutrition	4.57	228,500	$ 45,200	$ 27,200	$ 8,800	309,700
Community Action Program	1.00	79,900	$ 15,800	$ 32,800	$ 100	128,600
Other Grants	6.00	500,600	$ 81,400	$ 115,700	$ 7,500	705,200
American Rescue Plan Act	0.00	0	$ 0	$ 0	$ 0	0
Regional Family Advocacy	9.00	880,000	$ 173,700	$ 158,300	$ 8,200	1,220,200
Intergovernmental Services	0.00	591,700	$ 227,800	$ 128,600	$ 23,400	971,500
Public Safety Dedicated Sales Tax	86.00	9,584,500	$ 3,291,300	$ 1,780,200	$ 776,700	15,432,700
Community Development Block Grant	1.91	180,500	$ 35,700	$ 38,200	$ 1,900	256,300
Environmental Programs Fund	1.45	136,200	$ 26,600	$ 18,800	$ 3,600	185,200
Wildland Fire Deployment	0.00	217,500	$ 0	$ 0	$ 0	217,500
Transit Fund	1.50	219,300	$ 43,200	$ 45,300	$ 2,100	309,900
Tow Impound Fund	0.41	39,400	$ 7,900	$ 4,600	$ 2,300	54,200
One AZ Opioid Settlement	0.00	20,000	$ 0	$ 0	$ 0	20,000
Total Special Revenue Funds	139.64	$ 15,263,200	$ 4,431,100	$ 2,965,600	$ 930,800	$ 23,590,700
ENTERPRISE FUNDS						
Water Operations	42.70	$ 3,958,900	$ 763,700	$ 852,900	$ 113,000	$ 5,688,500
Sewer Operations	26.20	2,524,300	$ 490,700	$ 557,900	$ 61,000	3,633,900
Sanitation	30.50	2,584,000	$ 485,300	$ 579,000	$ 106,300	3,754,600
Total Enterprise Funds	99.40	$ 9,067,200	$ 1,739,700	$ 1,989,800	$ 280,300	$ 13,077,000
INTERNAL SERVICE FUND						
Fleet Services Fund	12.35	$ 1,193,300	$ 233,100	$ 229,200	$ 25,200	$ 1,680,800
Worker's Compensation Fund	1.20	138,300	$ 27,400	$ 24,000	$ 1,700	191,400
Employee Benefit Trust	2.00	170,200	$ 33,700	$ 31,900	$ 1,700	237,500
Risk Management Fund	0.80	100,000	$ 19,700	$ 6,300	$ 900	126,900
Total Internal Service Fund	16.35	$ 1,601,800	$ 313,900	$ 291,400	$ 29,500	$ 2,236,600
TOTAL ALL FUNDS	833.70	$ 88,334,100	$ 22,358,900	$ 15,599,500	$ 3,995,600	$ 130,288,100

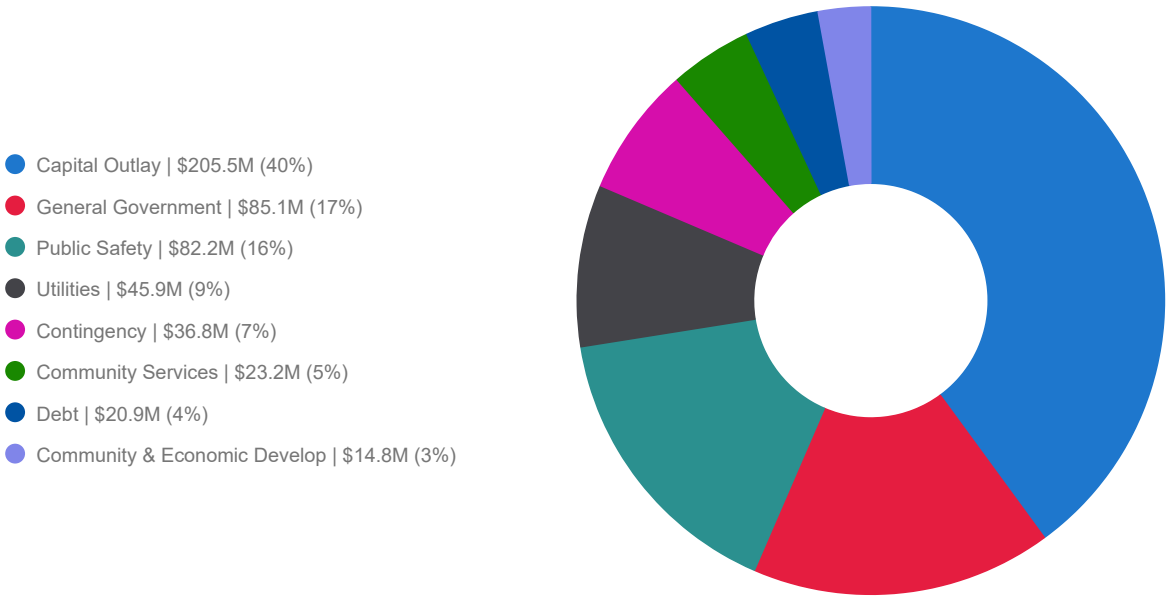
Tentative Budget Summary

The FY2027 Tentative Budget continues to show the City of Avondale's commitment to providing high-quality services to residents, businesses, and visitors in a fiscally sustainable manner. The FY2027 Tentative Budget is balanced, with revenues and resources greater than planned expenditures. The General Fund, which provides the funding for the majority of services and employees in the city, is structurally balanced in FY2027, with ongoing revenues greater than ongoing expenses.

Per State Statute, the Tentative Budget sets the expenditure limit for FY2027. The budget may be reduced or reallocated, but the total budget adopted by City Council cannot be increased from the adopted Tentative Budget.

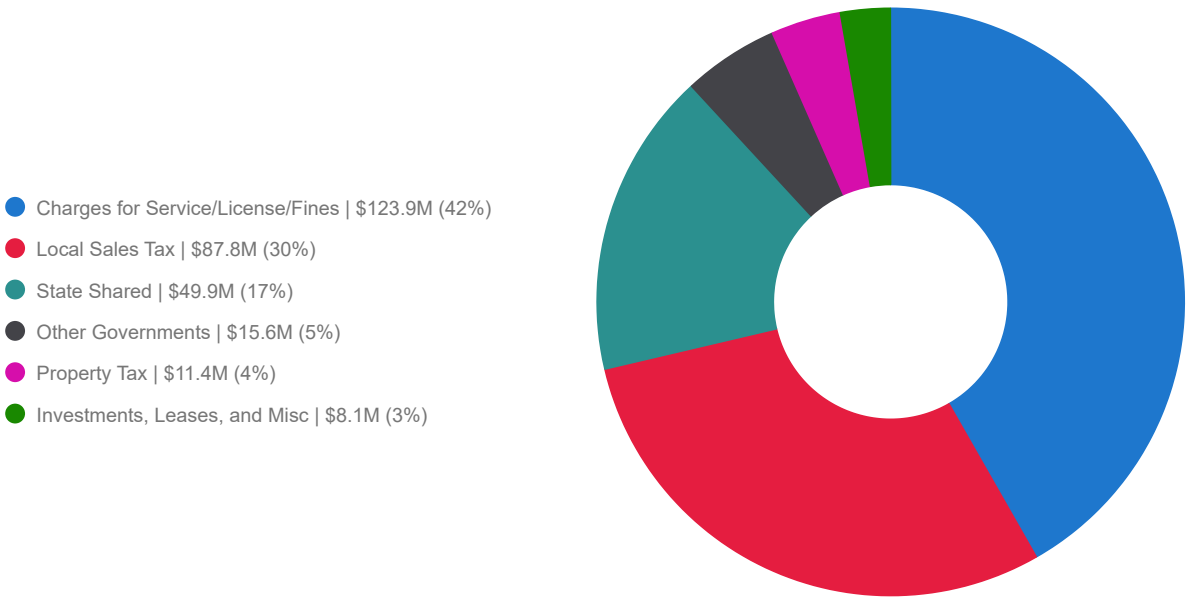
The following graphs show the composition of theFY2027 Tentative Budget. Capital Outlay continues to be the largest category of expenditures at $205.5 million followed by $85.1 million in General Government expenditures.

FY2027 Budget Expenses - All Funds- $514.3M



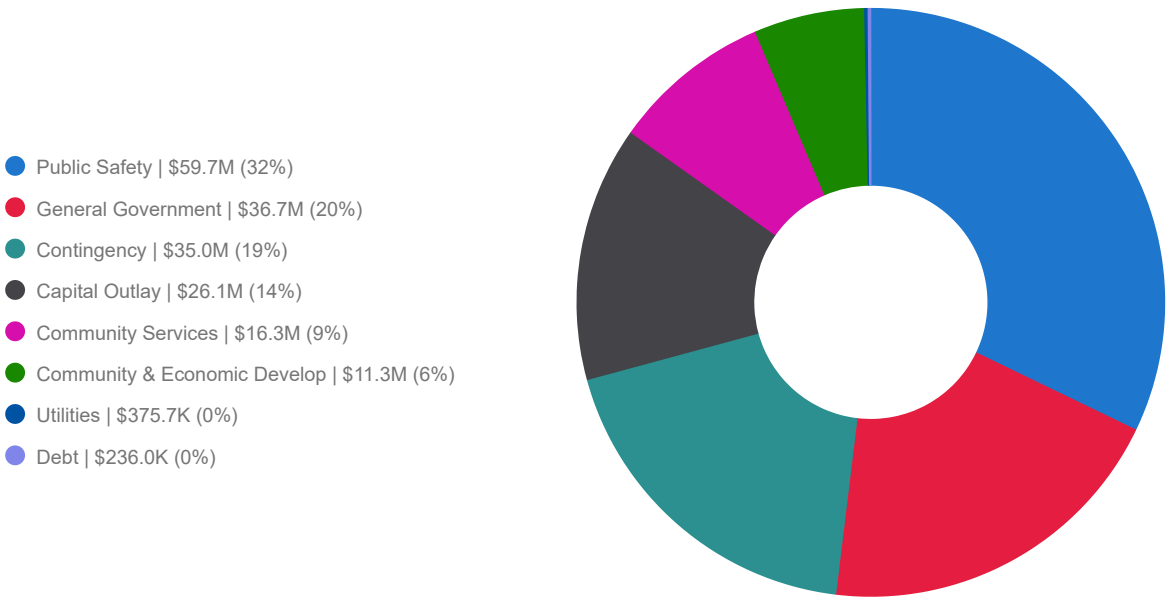
The graph above shows the $514.3 million proposed FY2027 Tentative Budget by function. The largest portion of the FY2027 budget is Capital Improvement at $205.5 million. $112..6 million of that budget is carryover of projects from the FY2026 budget. The City's operating budget is $251.2 million in total, not including contingency, debt service, or transfers.

FY2027 Budget Revenues - All Funds - $296.7M



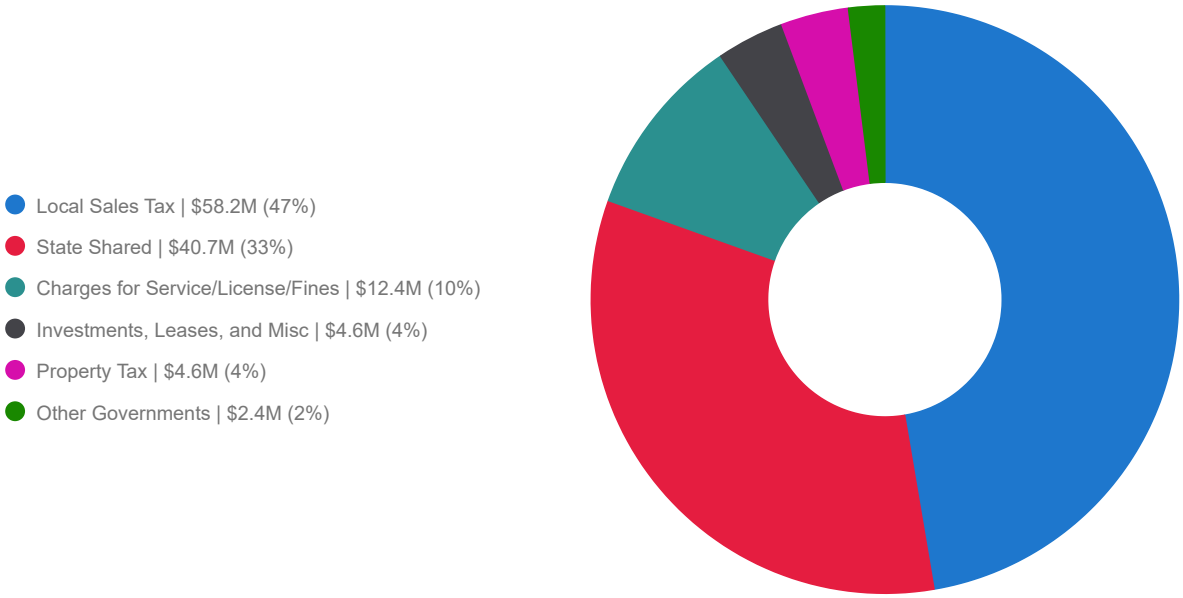
This graph shows the $296.7 million budgeted revenues in the proposed FY2027 Tentative Budget. The largest sources of revenue for the city are local sales tax and charges for services. The largest portions of charges for services are water, sewer, and solid waste utility revenues; planning and permitting fees; and development impact fees. The revenue budget is less than the expenditure budget, due to the carryover of one-time capital improvement projects which are utilizing the city's fund balance. This chart excludes transfers.

FY2027 Budget Expenses - General Fund - $185.7M



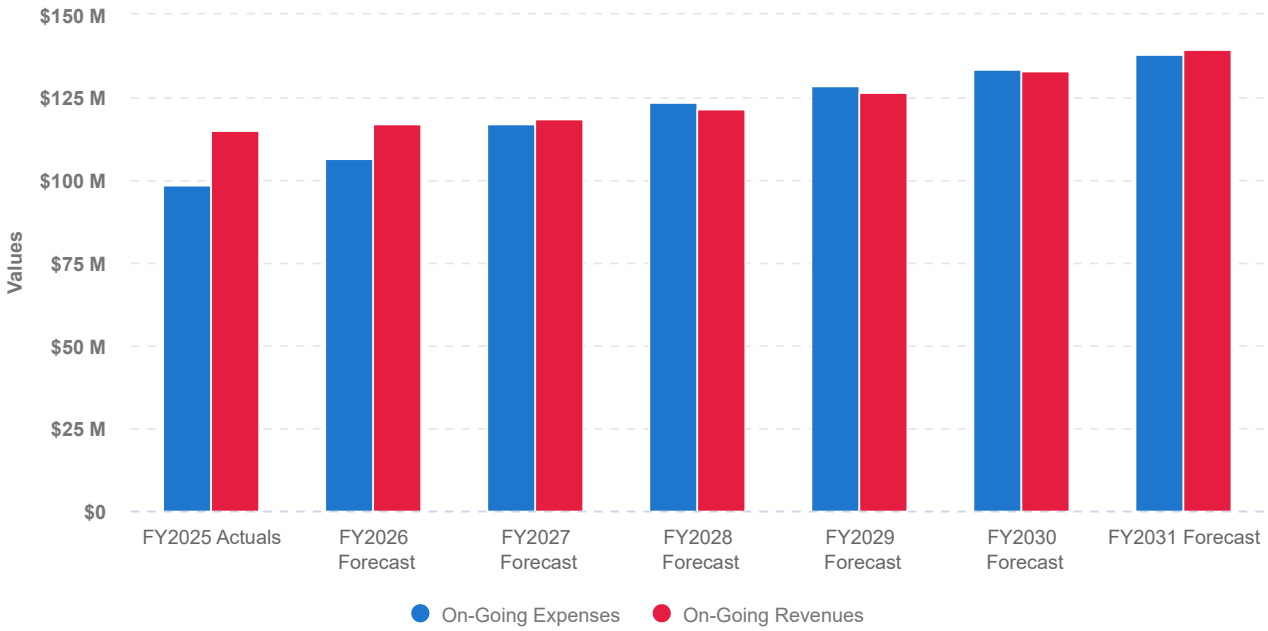
This graph shows the proposed $185.7 million proposed General Fund budget. The General Fund is the largest fund in the city. The General Fund consists of the resources available to the city that have the least restrictions on their use. The majority of employees are budgeted in the General Fund. The largest category of usage in the General Fund is Public Safety at $59.7 million followed by General Government expenditures at $36.7 million. This chart excludes transfers.

FY2027 Budget Revenues - General Fund - $122.9M



This graph shows the proposed $122.9 million revenues in the proposed General Fund Budget. The two largest sources of revenue for the General Fund are Local Sales Tax and State Shared Revenues. The revenue budget is less than the expenditure budget due to the carryover of one-time capital improvement projects which are utilizing the city's General Fund fund balance. This chart excludes transfers.

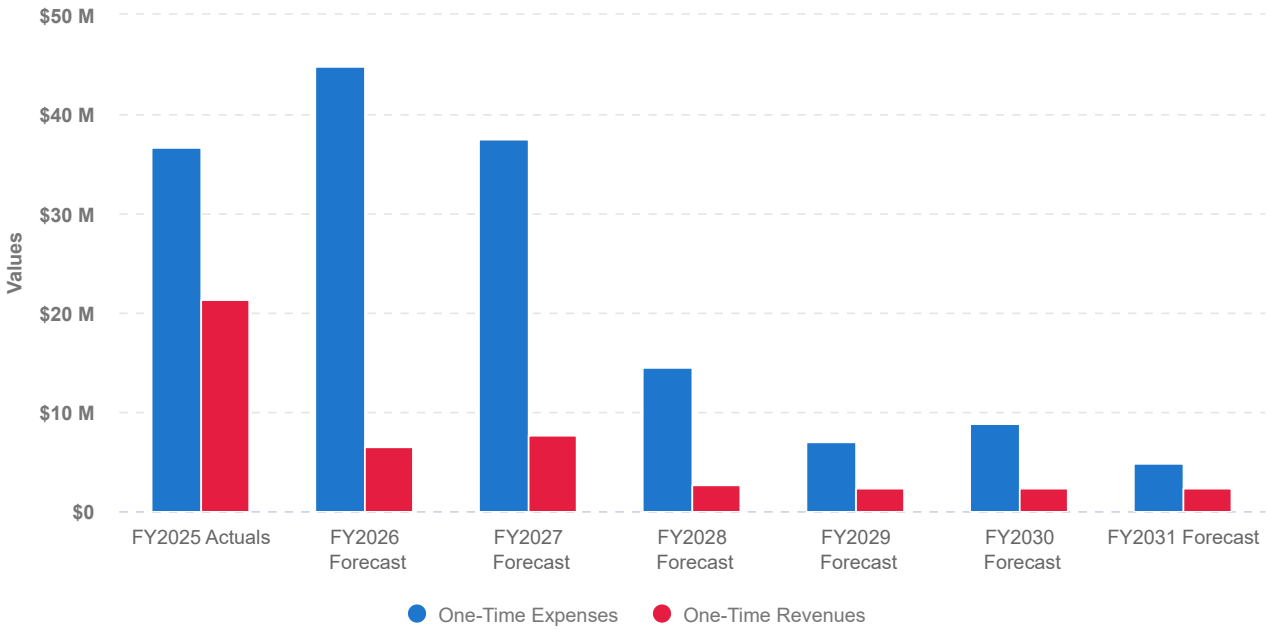
General Fund On-Going Revenue & Expenses



The graph above shows the projected on-going balance for the General Fund. On-going revenues are projected to be equal to or greater than on-going expenses in FY2027. The on-going balance is considered when staff recommends supplemental requests for funding. A full list of recommended Supplemental Requests can be found in Appendix A. The Financial Policies of the city state that the city should maintain a structural balance, where on-going revenues are equal to or greater than on-going expenses in the General Fund.

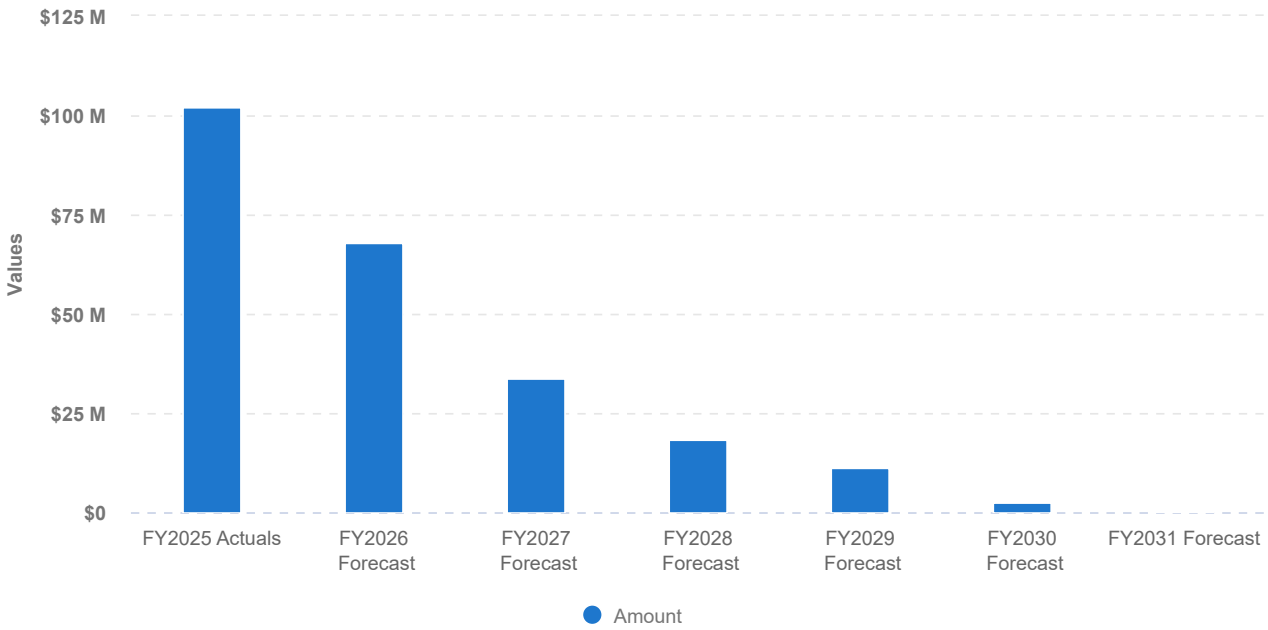
Ongoing expenses are currently projected to exceed ongoing revenues in FY2028 by $2.4 million, FY2029 by $2.3 million, and FY2030 by $370,000 due to the loss of ongoing Residential Rental Sales Tax revenues, which began in January 2025, and the implementation of the state's flat income tax. The flat income tax reduces Urban Revenue Sharing revenues. The General Fund is expected to recover in FY2031 with ongoing revenues once again exceeding ongoing revenues due to expected increases in Sales Tax (TPT) revenues from the expected opening of multiple data centers in the City. The City will continue to monitor the projected forecast and will work towards balancing FY2028, FY2029, and FY2030.

General Fund One-Time Revenue & Expenses



The next graph shows the one-time expenses versus one-time revenues in the General Fund. One-time expenses in the General Fund mostly consist of transfers for one-time capital improvement projects. A full list of included capital projects in the Tentative Budget can be found in Appendix B. One-time revenues include sales tax above the on-going baseline, planning and permitting revenues above the on-going baseline, leases of city property, and land sales. One-time expenses are higher than one-time revenues in the FY2027 Tentative Budget and through the forecast. When expenses are higher than revenues, the city utilizes fund balance to bridge the difference.

General Fund Balance Above Stabilization



The next graph shows the General Fund balance above the stabilization and capital reserve amounts. The stabilization amount is equal to 35% of adopted budgeted General Fund expenditures from the prior year, excluding interfund transfers and contingency appropriation. This reserve amount can be utilized to mitigate the impact of disasters, address emergency situations, and sudden or unexpected declines of revenues. The Capital Reserve amount is equal to $5 million and is available for unexpected increases in the costs of capital projects. The city is planning to spend the accumulated balance over these reserve amounts on capital projects, reinvesting the city's resources into the city. A full list of included capital projects in the Tentative Budget can be found in Appendix B.

Appendix A - Recommended Supplemental Requests

Supplemental Requests Review

City Administration

	FTE	Ongoing	One Time	Grand Total
Avondale Ambassador Program	0.0	0	6,000	6,000
Marvin Andrews - Jane Morris Fellowship Inflation Increase	0.0	3,000	0	3,000
Grand Total	**0.0**	**3,000**	**6,000**	**9,000**

City Attorney

	FTE	Ongoing	One Time	Grand Total
Increase in flat fee contract	0.0	46,600	0	46,600
Legal Research - Ongoing	0.0	15,300	0	15,300
Legal Services One-time	0.0	0	340,400	340,400
Grand Total	**0.0**	**61,900**	**340,400**	**402,300**

City Auditor

	FTE	Ongoing	One Time	Grand Total
Consultant Assisted Audits	0.0	0	60,000	60,000
Consultant Assisted Audits - Possible Additional Expense	0.0	0	40,000	40,000
Grand Total	**0.0**	**0**	**100,000**	**100,000**

City Clerk

	FTE	Ongoing	One Time	Grand Total
2026 Election	0.0	0	60,000	60,000
Grand Total	**0.0**	**0**	**60,000**	**60,000**

City Court

	FTE	Ongoing	One Time	Grand Total
Reclass - Court Clerk II - Photo Speed Specialist to a Court Clerk Specialist	0.0	6,100	0	6,100
Reclass - Vacant Court Clerk II - Photo Speed Specialist to an Administrative Specialist - Court	0.0	6,900	0	6,900
Grand Total	**0.0**	**13,000**	**0**	**13,000**

Development Services

	FTE	Ongoing	One Time	Grand Total
Permitting Software Operational Professional Support Services	0.0	0	20,000	20,000
Reclass - Building Inspector to Senior Building Inspector	0.0	9,700	0	9,700
Relay Selectron SelecTXT add-on from 50,000 to 200,000 Incoming Text Messages	0.0	0	10,000	10,000
Relay Web-Based Selectron Single Sign-On Security Feature	0.0	4,500	0	4,500
Grand Total	**0.0**	**14,200**	**30,000**	**44,200**

Economic Development

	FTE	Ongoing	One Time	Grand Total
Economic Development Opportunities Fund	0.0	0	1,335,000	1,335,000
Memberships, Sponsorships, and Marketing On-going Request	0.0	0	98,000	98,000
Grand Total	**0.0**	**0**	**1,433,000**	**1,433,000**

Engineering Services

	FTE	Ongoing	One Time	Grand Total
Contracted Construction Inspections Budget	0.0	0	300,000	300,000
Grand Total	**0.0**	**0**	**300,000**	**300,000**

Facilities

	FTE	Ongoing	One Time	Grand Total
Keep the BLVD Clean	0.0	0	32,000	32,000
Supplemental Overtime for on call and event staffing	0.0	0	59,900	59,900
Grand Total	**0.0**	**0**	**91,900**	**91,900**

Finance & Budget

	FTE	Ongoing	One Time	Grand Total
ADA Compliant Budget Book Software	0.0	35,000	0	35,000
Armored car collection increase for Litchfield Park Court Operations	0.0	13,000	0	13,000
Bank Check Printing	0.0	5,000	0	5,000
Financial Audit Contractual Increase	0.0	25,000	0	25,000
GFOA Membership Tier Increase	0.0	2,000	0	2,000
Vacation Sell Back	0.0	0	360,000	360,000
Grand Total	**0.0**	**80,000**	**360,000**	**440,000**

Fire and Medical

	FTE	Ongoing	One Time	Grand Total
CAD Fee Increases	0.0	50,000	0	50,000
Reclassification of Fire and Maintenance Fleet Program Manager	0.0	5,200	0	5,200
Training Center Operating Expenses	0.0	0	100,000	100,000
Grand Total	**0.0**	**55,200**	**100,000**	**155,200**

Human Resources

	FTE	Ongoing	One Time	Grand Total
Agua Fria Internship	0.0	0	4,000	4,000
Americans with Disabilities Act (ADA) Transition Plan	0.0	0	120,000	120,000
Hearing Conservation Program	0.0	10,000	0	10,000
Human Resources Information System Implementation	0.0	500,000	1,000,000	1,500,000
Inflationary Increase Benefit Consulting Services	0.0	7,300	0	7,300
Inflationary Increase Brokerage Services	0.0	8,700	0	8,700
Inflationary Increase Employee Assistance Program (EAP)	0.0	5,800	0	5,800
Inflationary Increase Risk Insurance Premiums	0.0	325,000	0	325,000
Inflationary Increase Worker's Compensation Management	0.0	1,000	0	1,000
Public Safety Retention Pay	0.0	0	250,500	250,500
Grand Total	**0.0**	**857,800**	**1,374,500**	**2,232,300**

Information Technology

	FTE	Ongoing	One Time	Grand Total
5% Operational Inflationary increase	0.0	455,000	0	455,000
Managed Services Permitting and Licensing Application	0.0	0	130,000	130,000
Grand Total	**0.0**	**455,000**	**130,000**	**585,000**

Marketing & Public Relations

	FTE	Ongoing	One Time	Grand Total
ADA Accessibility - PDF Remediation	0.0	21,000	0	21,000
Grand Total	**0.0**	**21,000**	**0**	**21,000**

Neighborhood and Family Services

	FTE	Ongoing	One Time	Grand Total
Contributions Assistance Program	0.0	0	50,000	50,000
Education Support Funding	0.0	0	50,000	50,000
Public Safety Homebuyer Program	0.0	0	100,000	100,000
Grand Total	**0.0**	**0**	**200,000**	**200,000**

Office of Public Safety

	FTE	Ongoing	One Time	Grand Total
One AZ Opioid Settlement Annual Budget	0.0	0	584,000	584,000
Public Safety Training Center	0.0	33,000	136,100	169,100
Grand Total	**0.0**	**33,000**	**720,100**	**753,100**

Parks, Recreation & Libraries

	FTE	Ongoing	One Time	Grand Total
Event and Program Data Tracking Software	0.0	0	18,100	18,100
Event Sponsorship Restricted Use Budget	0.0	60,000	0	60,000
Holiday Lights and Decor	0.0	0	40,000	40,000
Invasive Plant Species Treatment	0.0	0	15,000	15,000
Irrigation Mainline Repairs	0.0	0	200,000	200,000
Library Materials - Civic Center Complex	0.0	0	90,000	90,000
Parks Field Maintenance Equipment	0.0	2,000	35,000	37,000
Parks Specialist (0.5 FTE)	0.5	34,300	0	34,300
Reclass - Customer Service Representative to Sr. Customer Service Representative	0.0	3,500	0	3,500
Reclass - Park Maintenance Worker to Parks Maintenance Lead	0.0	8,300	0	8,300
Reclass - Recreation Programmer Grade Adjustment	0.0	18,600	0	18,600
Reclass - Six Pooled Part-Time Lead Lifeguard positions (3.0 FTE)	3.0	0	0	0
Summer Camp Program	0.0	0	77,400	77,400
Grand Total	**3.5**	**126,700**	**475,500**	**602,200**

Police

	FTE	Ongoing	One Time	Grand Total
58 License Plate Reader Cameras	0.0	239,000	0	239,000
Annual Racketeering Influenced and Corrupt Organizations (RICO) Fund Appropriations	0.0	0	800,000	800,000
Computer Aided Dispatch (CAD) Mobile App	0.0	12,000	31,500	43,500
Officer Safety Bundle for Police Officers	0.0	48,000	0	48,000
Police Data Sharing	0.0	75,000	28,000	103,000
Public Safety Drone Program	0.0	0	120,000	120,000
Redaction Software for Body Worn Cameras (BWC)	0.0	25,000	0	25,000
Grand Total	**0.0**	**399,000**	**979,500**	**1,378,500**

Public Works

	FTE	Ongoing	One Time	Grand Total
Admin Other Supplies	0.0	1,000	0	1,000
Fleet Services Other Equipment/Supplies	0.0	10,000	0	10,000
Fleet Services Subscriptions & Books	0.0	2,000	0	2,000
Fleet Services Uniform Rentals	0.0	1,300	0	1,300
General Fund Street Maintenance Non-HURF Allocation (One-Time)	0.0	0	60,000	60,000
General Fund Street Maintenance Pooled Employee Salaries (One-Time)	0.0	0	40,000	40,000
PW Overtime and On Call Budget	0.0	296,800	0	296,800
Reclass - Water Production and Treatment Operator - Senior Water Production & Treatment Operator	0.0	8,700	0	8,700
Solid Waste 1.0 FTE - Solid Waste Equipment Operator - G8 (1 of 2)	1.0	109,600	0	109,600
Solid Waste Landfill	0.0	0	105,000	105,000
Solid Waste Taxes, Licenses, and Fees	0.0	1,000	0	1,000
Street Maintenance 1.0 FTE - Street Maintenance Worker I - G7 (1 of 2)	1.0	100,600	0	100,600
Street Maintenance 1.0 FTE - Street Maintenance Worker I -	1.0	100,600	0	100,600

	FTE	Ongoing	One Time	Grand Total
G7 (2 of 2)				
Street Maintenance Contract Maintenance Building & Grounds	0.0	10,700	0	10,700
Street Maintenance Landfill	0.0	3,000	0	3,000
Street Maintenance Repair & Maintenance	0.0	1,200	0	1,200
Street Maintenance Repair and Maintenance (One-Time)	0.0	0	30,000	30,000
Street Maintenance Street Supplies (One-Time)	0.0	0	30,000	30,000
Street Maintenance Water	0.0	3,000	0	3,000
Sustainability Repair & Maintenance	0.0	30,000	0	30,000
Transit Operations Contract Maintenance & Grounds	0.0	50,000	0	50,000
Transit Operations Trip Reduction	0.0	160,000	0	160,000
Wastewater Collections Uniforms	0.0	12,300	0	12,300
Water Conservation Memberships	0.0	5,400	0	5,400
Water Distribution Taxes, Licenses, and Fees	0.0	2,000	0	2,000
Water Distribution Water & Sewer Supplies	0.0	90,000	0	90,000
Water Metering & Locating 1.0 FTE - Lead Metering & Location Technician - G11	1.0	131,000	60,000	191,000
Water Metering & Locating Meters	0.0	17,000	0	17,000

	FTE	Ongoing	One Time	Grand Total
Water Reclamation Facility Landfill	0.0	100,000	0	100,000
Water Resources Memberships	0.0	8,500	0	8,500
Water Resources Other Professional Services	0.0	280,000	0	280,000
Water Resources Taxes, Licenses, and Fees	0.0	84,500	0	84,500
Water Resources Water Purchase	0.0	74,300	0	74,300
Wetlands Other Equipment/Supplies	0.0	4,500	0	4,500
Grand Total	**4.0**	**1,699,000**	**325,000**	**2,024,000**

Appendix B - Recommended Capital Projects

Capital Improvement Plan

Capital Improvement Plan Project Summary

Project Funding by Project Type

	Carryover	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-31 Total	FY32-36 Total
Asset Replacement	17,143,000	24,591,000	10,305,000	13,701,000	14,105,000	12,440,000	75,142,000	67,993,000
BLVD	14,000	139,000	1,175,000	0	0	0	1,314,000	0
General Government	1,677,000	2,506,000	1,002,000	24,000	0	24,000	3,556,000	48,000
Parks and Recreation	8,669,000	19,040,000	21,726,000	12,450,000	5,987,000	11,570,000	70,773,000	15,130,000
Public Safety	6,705,000	7,409,000	11,855,000	12,377,000	325,000	0	31,966,000	0
Transportation	24,627,000	42,038,000	29,861,000	7,170,000	7,400,000	5,420,000	91,889,000	43,527,000
Utilities	57,145,000	108,531,000	77,750,000	43,500,000	21,067,000	8,500,000	259,348,000	26,650,000
Grand Total	**115,980,000**	**204,254,000**	**153,674,000**	**89,222,000**	**48,884,000**	**37,954,000**	**533,988,000**	**153,348,000**

Asset Replacement

	Total Project Budget	Carryover	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-31 Total
A0268 - Facilities Asset Replacement FY2028 and Beyond	571,000	0	0	305,000	116,000	110,000	40,000	571,000
A0270 - Fire Equipment and Asset Replacement FY2028 and Beyond	1,181,000	0	0	350,000	120,000	162,000	549,000	1,181,000
A0272 - Lift Station Rehabilitation Program FY2028 and Beyond	975,000	0	0	200,000	250,000	250,000	275,000	975,000
A0274 - Parks and Recreation Asset Replacement Plan 2028 and Beyond	283,000	0	0	0	248,000	35,000	0	283,000
A0276 - Police Asset Replacement Program FY2028 and Beyond	737,000	0	0	231,000	266,000	133,000	107,000	737,000
A0278 - SCADA Security Asset Replacement FY2028 and Beyond	1,104,000	0	0	152,000	152,000	400,000	400,000	1,104,000
A0280 - Streets Asset Replacement FY2028 and Beyond	5,272,000	0	0	1,293,000	1,293,000	1,368,000	1,318,000	5,272,000
A0282 - Vehicle Replacement	22,943,000	0	0	5,723,000	5,618,000	6,622,000	4,980,000	22,943,000

	Total Project Budget	Carryover	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-31 Total
FY2028 and Beyond								
A0284 - Water Meter Replacement FY2028 and Beyond	2,550,000	0	0	625,000	625,000	650,000	650,000	2,550,000
A0286 - Computer and Equipment Asset Replacement FY2028 and Beyond	2,569,000	0	0	376,000	947,000	598,000	648,000	2,569,000
A0290 - Library Asset Replacement FY2028 and Beyond	289,000	0	0	50,000	109,000	89,000	41,000	289,000
A0291 - Randall McDaniel Sports Complex Asset Replacement	176,000	2,000	2,000	0	0	0	0	2,000
A0292 - Randall McDaniel Sports Complex Asset Replacement FY2028 and Beyond	336,000	0	0	0	150,000	150,000	36,000	336,000
A0324 - Water Asset Replacement FY2028 and Beyond	2,025,000	0	0	500,000	500,000	500,000	525,000	2,025,000
A0328 - Avondale Campus Painting Project	500,000	55,000	145,000	0	0	0	0	145,000
A0329 - American Sports Center Painting and Surfacing	330,000	0	0	0	246,000	0	0	246,000

	Total Project Budget	Carryover	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-31 Total
A0351 - City Hall Interior Paint	214,000	67,000	67,000	0	0	0	0	67,000
A0359 - Vehicle Replacement	4,058,000	0	52,000	0	0	0	0	52,000
A0394 - Communication Systems and Data Center Asset Replacement	1,186,000	165,000	165,000	0	0	0	0	165,000
A0395 - Computer and Equipment Asset Replacement	3,188,000	264,000	264,000	0	0	0	0	264,000
A0397 - 2 Fire Engine Replacements	2,804,000	243,000	347,000	0	0	0	0	347,000
A0400 - Fire Equipment and Asset Replacement	276,000	16,000	16,000	0	0	0	0	16,000
A0403 - Facilities Asset Replacement	693,000	188,000	188,000	0	0	0	0	188,000
A0426 - Streets Asset Replacement	1,043,000	24,000	24,000	0	0	0	0	24,000
A0441 - WRF Asset Replacement	150,000	20,000	20,000	0	0	0	0	20,000
A0442 - Lift Station Rehabilitation Program	200,000	120,000	120,000	0	0	0	0	120,000
A0443 - Vehicle Replacement	5,758,000	2,703,000	3,956,000	0	0	0	0	3,956,000
A0444 - Water Meter Replacement	600,000	106,000	106,000	0	0	0	0	106,000
A0446 - SCADA Security Asset Replacement	176,000	100,000	100,000	0	0	0	0	100,000
A0447 - Fleet Reincorporation	512,000	382,000	467,000	0	0	0	0	467,000

	Total Project Budget	Carryover	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-31 Total
of Replaced Vehicles								
A0448 - Police Asset Replacement Program	209,000	45,000	45,000	0	0	0	0	45,000
A0451 - Computer and Equipment Asset Replacement	1,804,000	1,378,000	1,378,000	0	0	0	0	1,378,000
A0452 - Communication Systems and Data Center Asset Replacement	1,339,000	1,268,000	1,268,000	0	0	0	0	1,268,000
A0453 - Fire Equipment and Asset Replacement	311,000	237,000	237,000	0	0	0	0	237,000
A0454 - Ladder Tender Replacement	1,500,000	1,499,000	1,499,000	0	0	0	0	1,499,000
A0455 - Facilities Asset Replacement	34,000	7,000	7,000	0	0	0	0	7,000
A0456 - Randall McDaniel Sports Complex Asset Replacement	286,000	286,000	286,000	0	0	0	0	286,000
A0457 - Streets Asset Replacement	1,293,000	778,000	778,000	0	0	0	0	778,000
A0496 - WRF Asset Replacement FY2028 and Beyond	750,000	0	0	175,000	175,000	200,000	200,000	750,000
A0512 - Vehicle Replacement FY2027	5,543,000	4,925,000	5,543,000	0	0	0	0	5,543,000
A0518 - Police Asset Replacement	212,000	0	212,000	0	0	0	0	212,000

	Total Project Budget	Carryover	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-31 Total
Program FY2027								
A0519 - Lift Station Rehabilitation FY2027	200,000	200,000	200,000	0	0	0	0	200,000
A0520 - SCADA Security Asset Replacement FY2027	176,000	176,000	176,000	0	0	0	0	176,000
A0521 - Water Meter Replacement FY2027	625,000	625,000	625,000	0	0	0	0	625,000
A0522 - Water Asset Replacement FY2027	500,000	500,000	500,000	0	0	0	0	500,000
A0523 - WRF Asset Replacement FY2027	150,000	150,000	150,000	0	0	0	0	150,000
A0524 - Parks & Recreation Asset Replacement FY2027	110,000	0	110,000	0	0	0	0	110,000
A0525 - Library Asset Replacement FY2027	138,000	0	138,000	0	0	0	0	138,000
A0526 - Computer and Equipment Asset Replacement FY2027	514,000	0	514,000	0	0	0	0	514,000
A0527 - Communication Systems and Data Center Asset Replacement FY2027	1,166,000	0	1,166,000	0	0	0	0	1,166,000
A0528 - Fire Equipment and Asset	105,000	0	105,000	0	0	0	0	105,000

	Total Project Budget	Carryover	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-31 Total
Replacement FY2027								
A0529 - Fire Apparatus Replacement FY2027	1,520,000	0	1,520,000	0	0	0	0	1,520,000
A0530 - Facilities Asset Replacement FY2027	149,000	0	149,000	0	0	0	0	149,000
A0531 - Randall McDaniel Sports Complex Asset Replacement FY2027	289,000	0	289,000	0	0	0	0	289,000
A0532 - Streets Asset Replacement FY2027	1,043,000	0	1,043,000	0	0	0	0	1,043,000
M0297 - Communication Systems and Data Center Asset Replacements	608,000	567,000	567,000	0	0	0	0	567,000
M0298 - Communication Systems and Data Center Asset Replacements FY2028 and Beyond	3,620,000	0	0	325,000	1,386,000	1,038,000	871,000	3,620,000
S0225 - Fire Apparatus Replacement	3,738,000	47,000	47,000	0	0	0	0	47,000
S0302 - Fire Apparatus Replacement FY2028 and Beyond	5,100,000	0	0	0	1,500,000	1,800,000	1,800,000	5,100,000
Grand Total	**95,731,000**	**17,143,000**	**24,591,000**	**10,305,000**	**13,701,000**	**14,105,000**	**12,440,000**	**75,142,000**

BLVD

	Total Project Budget	Carryover	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-31 Total
B0191 - New Park & Ride at BLVD Parking Garage	764,000	14,000	14,000	0	0	0	0	14,000
B0515 - New BLVD Parking Lot	1,300,000	0	125,000	1,175,000	0	0	0	1,300,000
Grand Total	**2,064,000**	**14,000**	**139,000**	**1,175,000**	**0**	**0**	**0**	**1,314,000**

General Government

	Total Project Budget	Carryover	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-31 Total
M0176 - Bridge Housing	2,989,061	962,000	962,000	0	0	0	0	962,000
M0177 - City Fiber Backbone - Sam Garcia Library to MOSC	700,000	22,000	22,000	0	0	0	0	22,000
M0425 - Design Concept for New Operational Warehouse	500,000	41,000	41,000	0	0	0	0	41,000
M0458 - Fleet Shop Office Remodel	275,000	223,000	223,000	0	0	0	0	223,000
M0459 - Multiple Site Cellular Connectivity Booster Project	331,000	108,000	108,000	0	0	0	0	108,000
M0460 - ADA Transition Plan	150,000	150,000	150,000	0	0	0	0	150,000
M0461 - Las Ligas Veteran Housing	50,000	8,000	8,000	0	0	0	0	8,000
M0462 - New Operations Warehouse	500,000	13,000	13,000	0	0	0	0	13,000
M0463 - Municipal Operations Center Study	100,000	81,000	81,000	0	0	0	0	81,000
M0498 - Conference	140,000	69,000	69,000	0	0	0	0	69,000

	Total Project Budget	Carryover	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-31 Total
Room Redesigns and Upgrades								
M0504 - New Vehicles	813,000	0	453,000	0	0	0	0	453,000
M0536 - ADA Transition Plan FY2027	100,000	0	100,000	0	0	0	0	100,000
M0541 - Land Use Assumptions / Infrastructure Improvement Plan Update	402,000	0	252,000	150,000	0	0	0	402,000
M0545 - Bi-annual Impact Fee Audit FY2028 and Beyond	48,000	0	0	0	24,000	0	24,000	48,000
M0546 - Bi-annual Impact Fee Audit	24,000	0	24,000	0	0	0	0	24,000
M0553 - Resource Center Generator	852,000	0	0	852,000	0	0	0	852,000
Grand Total	**7,974,061**	**1,677,000**	**2,506,000**	**1,002,000**	**24,000**	**0**	**24,000**	**3,556,000**

Parks and Recreation

	Total Project Budget	Carryover	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-31 Total
P0012 - Agua Fria Pedestrian Bridge to Friendship Park	7,956,000	182,000	2,182,000	5,500,000	0	0	0	7,682,000
P0015 - Agua Fria Trailhead at Friendship Park and McDowell Rd (Formerly Recharge Park)	585,000	39,000	39,000	0	0	0	0	39,000
P0120 - Sport Field Lighting Friendship Park	1,564,000	168,000	168,000	0	0	0	0	168,000
P0327 - Sport Field Lighting Festival Fields Park	919,000	465,000	465,000	0	0	0	0	465,000
P0330 - Donatela Park	5,594,000	2,843,000	5,363,000	0	0	0	0	5,363,000
P0331 - Cashion Land for Single Family Home	80,000	67,000	67,000	0	0	0	0	67,000
P0334 - Softball Field Enhancements at Friendship Park	442,000	414,000	414,000	0	0	0	0	414,000
P0335 - Festival Fields Disc Golf and Trailhead	1,984,000	22,000	1,922,000	0	0	0	0	1,922,000
P0383 - Trail Improvements in the BLVD Area	1,409,000	1,343,000	1,343,000	0	0	0	0	1,343,000
P0384 - Agua Fria Multi-Use	3,342,000	200,000	200,000	0	3,050,000	0	0	3,250,000

	Total Project Budget	Carryover	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-31 Total
Path - Buckeye Rd/MC 85 Crossing								
P0385 - Agua Fria Multi-Use Path - Lower Buckeye Rd Crossing	3,330,000	200,000	200,000	0	0	3,037,000	0	3,237,000
P0386 - Old Town Plaza (Formerly Dysart & Western Ave Pocket Park)	1,052,000	859,000	911,000	0	0	0	0	911,000
P0387 - Base and Meridian Wildlife Area Restoration	1,300,000	4,000	4,000	0	0	0	0	4,000
P0389 - Dessie Lorenz Park Improvements	1,415,000	1,336,000	1,336,000	0	0	0	0	1,336,000
P0466 - Trailhead - Agua Fria & MC85	6,030,000	2,000	2,000	0	0	500,000	5,000,000	5,502,000
P0468 - Friendship Park Entry/Exit and Parking Improvements	2,170,000	125,000	1,339,000	806,000	0	0	0	2,145,000
P0469 - Fred Campbell Park Renovation	3,460,000	0	310,000	3,150,000	0	0	0	3,460,000
P0472 - Trail at Van Buren to I-10 Underpass	200,000	200,000	200,000	0	0	0	0	200,000
P0473 - Las Ligas Park Improvements	14,000,000	0	0	1,000,000	2,000,000	0	5,500,000	8,500,000
P0499 - Development of Trail - Agua Fria West Thomas to Indian School	1,520,000	0	0	170,000	1,350,000	0	0	1,520,000

	Total Project Budget	Carryover	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-31 Total
P0501 - Shade Expansion at City Parks	3,000,000	0	0	600,000	800,000	800,000	800,000	3,000,000
P0509 - Agua Fria Trail Pedestrian Bridge North Landing	170,000	0	170,000	0	0	0	0	170,000
P0511 - Friendship Park Soccer Field Restoration	200,000	200,000	200,000	0	0	0	0	200,000
P0516 - Civic Center Library Renovation	5,500,000	0	0	500,000	5,000,000	0	0	5,500,000
P0537 - Festival Fields Park Shade Expansion	900,000	0	900,000	0	0	0	0	900,000
P0539 - New Splash Pad at Donnie Hale Park	150,000	0	150,000	0	0	0	0	150,000
P0548 - Trailhead - Avondale Boulevard and Base & Meridian North	1,400,000	0	0	0	0	0	270,000	270,000
P0549 - Sports Court Shade Study - Friendship and Festival Fields Parks	55,000	0	55,000	0	0	0	0	55,000
P0550 - Development of Agua Fria Trail, East Levee Thomas to Roosevelt Canal, cross at Roosevelt and back up	1,900,000	0	0	0	250,000	1,650,000	0	1,900,000
P0552 - Park Land Purchase	10,000,000	0	0	10,000,000	0	0	0	10,000,000

	Total Project Budget	Carryover	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-31 Total
P0554 - Friendship Park Playground Replacement	1,100,000	0	1,100,000	0	0	0	0	1,100,000
Grand Total	**82,727,000**	**8,669,000**	**19,040,000**	**21,726,000**	**12,450,000**	**5,987,000**	**11,570,000**	**70,773,000**

Public Safety

	Total Project Budget	Carryover	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-31 Total
S0013 - Southern Avondale Fire/Police Station	25,000,000	946,000	998,000	11,755,000	11,752,000	0	0	24,505,000
S0056 - Additional Fire Apparatus	986,000	7,000	7,000	0	0	0	0	7,000
S0104 - Fire Station #171 Replacement	15,839,000	1,803,000	1,803,000	0	0	0	0	1,803,000
S0392 - Regional Wireless Cooperative (RWC) Tower	250,000	32,000	32,000	0	0	0	0	32,000
S0398 - Training Tower	5,427,000	1,708,000	1,708,000	0	0	0	0	1,708,000
S0399 - New Fire Engine (Formerly New Fire Apparatus)	1,402,000	146,000	198,000	0	0	0	0	198,000
S0428 - Courtroom Audio/Video System Refresh	400,000	0	400,000	0	0	0	0	400,000
S0430 - City Court Expansion Phase 2 - City Court Training/Conference Room	1,350,000	1,046,000	1,246,000	0	0	0	0	1,246,000
S0434 - Agua Fria River Bottom Controls	500,000	472,000	472,000	0	0	0	0	472,000
S0464 - Raceway Building Additional Restrooms	249,500	64,000	64,000	0	0	0	0	64,000
S0497 - Agua Fria River Bottom Controls Phase 2	400,000	385,000	385,000	0	0	0	0	385,000
S0508 - I-10 Underpass Fencing	100,000	96,000	96,000	0	0	0	0	96,000
S0513 - Assessment of Existing Public Safety Buildings	300,000	0	0	0	300,000	0	0	300,000
S0514 - 4 Additional Communications	650,000	0	0	0	325,000	325,000	0	650,000

	Total Project Budget	Carryover	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-31 Total
Consoles								
S0540 - Feasibility Study for Expansion of Courts Office Areas	100,000	0	0	100,000	0	0	0	100,000
Grand Total	**52,953,500**	**6,705,000**	**7,409,000**	**11,855,000**	**12,377,000**	**325,000**	**0**	**31,966,000**

Transportation

	Total Project Budget	Carryover	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-31 Total
T0163 - Western Avenue Pedestrian Streetlights	713,000	61,000	(122,000)	0	0	0	0	(122,000)
T0200 - Old Town Avondale Phase III Improvement	9,752,121	40,000	240,000	0	0	0	0	240,000
T0201 - Old Town Avondale Phase IV Improvement	11,138,000	9,080,000	9,080,000	0	0	0	0	9,080,000
T0203 - Old Town Avondale Phase V Improvement	6,718,000	4,523,000	4,523,000	0	0	0	0	4,523,000
T0206 - Traffic Signal - 99th Avenue and Encanto Boulevard	710,000	321,000	321,000	0	0	0	0	321,000
T0210 - Van Buren Street Widening & Improvements - 107th Avenue to Avondale Boulevard	7,903,000	0	0	0	0	0	550,000	550,000
T0213 - Traffic Signal - 107th Avenue and Roosevelt Street	750,000	750,000	750,000	0	0	0	0	750,000
T0240 - Old Town Avondale Phase VI Improvement	5,078,000	1,749,000	4,787,000	0	0	0	0	4,787,000
T0248 - Traffic Signal - Fairway Drive and Corporate Drive	1,000,000	0	0	0	100,000	900,000	0	1,000,000

	Total Project Budget	Carryover	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-31 Total
T0249 - Traffic Signal - Avondale Boulevard and Miami Avenue	1,400,000	195,000	1,195,000	0	0	0	0	1,195,000
T0251 - Traffic Signal - Roosevelt Parkway and Van Buren Street	710,000	0	50,000	660,000	0	0	0	710,000
T0253 - Traffic Signal - 111th Avenue and Van Buren Street	150,000	14,000	114,000	0	0	0	0	114,000
T0305 - Bridge Repairs FY2028 and Beyond	300,000	0	0	0	100,000	0	200,000	300,000
T0306 - Communication Conduit and Fiber Backbone Program	450,000	276,000	276,000	0	0	0	0	276,000
T0311 - Pavement Management Program FY2028 and Beyond	24,170,000	0	0	6,500,000	6,500,000	6,500,000	4,670,000	24,170,000
T0312 - Drainage Improvements at 113th Avenue and Durango Street (Formerly Street Drainage Issues FY2024)	300,000	282,000	282,000	0	0	0	0	282,000
T0336 - HAWK Signal on Avondale Boulevard at Palm Lane	280,000	7,000	7,000	0	0	0	0	7,000
T0338 - HAWK Signal on El	315,000	1,000	1,000	0	0	0	0	1,000

	Total Project Budget	Carryover	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-31 Total
Mirage Road at Pima Street								
T0339 - HAWK Signal on Coldwater Springs Boulevard on the west side of 118th Avenue	290,000	1,000	1,000	0	0	0	0	1,000
T0341 - HAWK Signal on Central Avenue at Holly Lane	275,000	39,000	39,000	0	0	0	0	39,000
T0342 - HAWK Signal on El Mirage Road at the Northern Alamar Park Access	280,000	11,000	11,000	0	0	0	0	11,000
T0343 - Transportation Master Plan Update	200,000	163,000	163,000	0	0	0	0	163,000
T0365 - New Transit Shelters	500,000	296,000	296,000	0	0	0	0	296,000
T0375 - Sidewalk Inventory and Condition Assessment	250,000	51,000	51,000	0	0	0	0	51,000
T0376 - Lower Buckeye Road Widening: Litchfield Road to 107th Avenue (formerly Lower Buckeye Corridor Study)	18,152,000	1,000	1,183,000	16,570,000	0	0	0	17,753,000
T0378 - Citywide Sidewalk Expansion and Gap Improvement Program	215,000	170,000	170,000	0	0	0	0	170,000
T0404 - El Mirage Road	5,000,000	300,000	800,000	4,150,000	0	0	0	4,950,000

	Total Project Budget	Carryover	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-31 Total
Widening & Improvements - Calle Hermosa to Illini								
T0405 - Dysart Road/McDowell Road Intersection	3,540,000	289,000	3,289,000	0	0	0	0	3,289,000
T0407 - Communication Conduit and Fiber Backbone Program	450,000	410,000	410,000	0	0	0	0	410,000
T0408 - Traffic Signal - 116th Ave and McDowell	1,200,000	803,000	803,000	0	0	0	0	803,000
T0409 - Wayfinding Signage	200,000	50,000	50,000	0	0	0	0	50,000
T0412 - Gateway Program	300,000	289,000	289,000	0	0	0	0	289,000
T0416 - Safety Action and Demonstration Plan	700,000	700,000	700,000	0	0	0	0	700,000
T0417 - Cellular Communication Equipment and CCTV Intersection Cameras	427,000	283,000	283,000	0	0	0	0	283,000
T0418 - Improvements at Western Avenue and Central Avenue	985,000	944,000	944,000	0	0	0	0	944,000
T0419 - Traffic Signal - Thomas Road and 111th Avenue	710,000	475,000	509,000	0	0	0	0	509,000
T0438 - Las Ligas ADA Sidewalk Ramps	195,000	184,000	184,000	0	0	0	0	184,000

	Total Project Budget	Carryover	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-31 Total
T0486 - Pavement Management Program	3,000,000	392,000	392,000	0	0	0	0	392,000
T0487 - Street Maintenance New Concrete Mixer Truck	300,000	300,000	300,000	0	0	0	0	300,000
T0489 - Sidewalk Accessibility Improvements at Avondale Boulevard & McDowell Road	200,000	200,000	200,000	0	0	0	0	200,000
T0490 - Communication Conduit Improvements - Sam Garcia Library to Van Buren & Central Signal	450,000	444,000	444,000	0	0	0	0	444,000
T0492 - Gateway Monument Sign SW Corner of 99th Avenue & Indian School Road	228,000	228,000	228,000	0	0	0	0	228,000
T0507 - McDowell Bridge Lighting	375,000	105,000	405,000	0	0	0	0	405,000
T0510 - Roosevelt Street 1/2 Street Improvements - Avondale Boulevard to Park Avenue	1,345,000	200,000	1,470,000	0	0	0	0	1,470,000
T0517 - New Transit Shelters Phase II	500,000	0	500,000	0	0	0	0	500,000
T0533 - Pavement Management	5,270,000	0	5,270,000	0	0	0	0	5,270,000

	Total Project Budget	Carryover	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-31 Total
Program FY2027								
T0535 - Citywide Sidewalk Expansion, Gap or Accessibility Improvements	200,000	0	200,000	0	0	0	0	200,000
T0542 - Intersection Improvements at Van Buren Street and Dysart Road	950,000	0	450,000	500,000	0	0	0	950,000
T0543 - Street Drainage Improvements at Durango St. & 107th Ave.	650,000	0	0	180,000	470,000	0	0	650,000
T0544 - Dysart Road Intersection Improvements at I-10 to Rancho Santa Fe	880,000	0	350,000	530,000	0	0	0	880,000
T0547 - City Fiber Program: Indian School & Dysart Backbone Expansion Project	500,000	0	50,000	450,000	0	0	0	500,000
T0551 - City Owned Parking Lot Resurfacing	321,000	0	0	321,000	0	0	0	321,000
T0555 - Bridge Repairs FY2027	100,000	0	100,000	0	0	0	0	100,000
Grand Total	**120,975,121**	**24,627,000**	**42,038,000**	**29,861,000**	**7,170,000**	**7,400,000**	**5,420,000**	**91,889,000**

Utilities

	Total Project Budget	Carryover	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-31 Total
U0044 - Dysart Road Sewer Replacement - Corral Street to Lower Buckeye Road	3,470,000	2,050,000	2,550,000	0	0	0	0	2,550,000
U0062 - Garden Lakes Nitrate Equipment Replacement	4,680,000	0	480,000	400,000	0	0	0	880,000
U0153 - Holly Acres Water System Improvements	6,671,000	3,487,000	7,487,000	0	0	0	0	7,487,000
U0156 - Well 22	5,855,000	73,000	728,000	2,000,000	3,100,000	0	0	5,828,000
U0157 - Well 7 Site Development	2,200,000	2,008,000	2,008,000	0	0	0	0	2,008,000
U0159 - Well at 107th Avenue & Encanto Boulevard - Shared Well	2,296,000	899,000	1,019,000	0	0	0	0	1,019,000
U0164 - White Mountain Apache Tribe Water Settlement	3,100,000	3,000,000	3,100,000	0	0	0	0	3,100,000
U0218 - Well #26 Replacement	3,170,000	2,349,000	1,794,000	0	0	0	0	1,794,000
U0219 - Water Reclamation Facility - Phase II Expansion	155,750,000	20,383,000	55,383,000	70,000,000	27,000,000	0	0	152,383,000
U0238 - Site Security at Well and	66,000	43,000	3,000	0	0	0	0	3,000

	Total Project Budget	Carryover	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-31 Total
Booster Stations								
U0257 - New Well #25	4,480,000	2,306,000	2,861,000	0	0	0	0	2,861,000
U0262 - Small Diameter Sewer Line Repair FY2028 and Beyond (formerly City Wide Sewer Improvements)	910,000	0	0	200,000	220,000	240,000	250,000	910,000
U0264 - Water System Line Replacements and Expansions FY2028 and Beyond	1,250,000	0	0	0	0	0	1,250,000	1,250,000
U0322 - Large Diameter Sewer Line Repair FY2028 and Beyond	6,800,000	0	0	1,400,000	1,600,000	1,800,000	2,000,000	6,800,000
U0340 - Sediment Removal - Crystal Gardens & McDowell Recharge Basins	2,050,000	350,000	350,000	0	0	0	0	350,000
U0350 - Update the Integrated Utility Master Plan	500,000	140,000	140,000	0	0	0	0	140,000
U0360 - Nitrate Removal System for Coldwater Booster Station	6,000,000	0	0	0	500,000	5,500,000	0	6,000,000
U0361 - Dysart Road	730,000	0	0	0	730,000	0	0	730,000

	Total Project Budget	Carryover	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-31 Total
Waterline ? Whyman to Lower Buckeye								
U0362 - Land Purchase - Water Treatment & Storage Sites	600,000	600,000	600,000	0	0	0	0	600,000
U0363 - Garden Lakes Site - Construct 2nd Reservoir & Improve Booster Capacity	10,750,000	0	0	0	750,000	5,000,000	5,000,000	10,750,000
U0366 - Harrison Drive Sewer Reversal	1,000,000	0	1,000,000	0	0	0	0	1,000,000
U0367 - 7th Street Sewer Replacement	2,000,000	0	2,000,000	0	0	0	0	2,000,000
U0368 - Northside Booster Station BW Tank Rehabilitation	750,000	750,000	750,000	0	0	0	0	750,000
U0369 - 10th Street Lift Station Rehabilitation	4,500,000	58,000	4,158,000	0	0	0	0	4,158,000
U0370 - Gateway Booster Station Electrical and Control Updates	2,050,000	0	0	0	300,000	1,750,000	0	2,050,000
U0372 - City Wide Sewer Improvements	500,000	188,000	188,000	0	0	0	0	188,000
U0373 - Large Diameter Sewer Line Repair	1,000,000	5,000	5,000	0	0	0	0	5,000

	Total Project Budget	Carryover	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-31 Total
U0475 - Future Well	4,827,000	0	0	0	1,800,000	3,027,000	0	4,827,000
U0476 - Small Diameter Sewer Line Repair (formerly City Wide Sewer Improvements)	270,000	270,000	270,000	0	0	0	0	270,000
U0477 - Large Diameter Sewer Line Repair	1,500,000	729,000	729,000	0	0	0	0	729,000
U0479 - Well Electrical Equipment Upgrades	1,250,000	225,000	1,225,000	0	0	0	0	1,225,000
U0480 - New Modular Building at Coldwater Booster Station	375,000	342,000	342,000	0	0	0	0	342,000
U0481 - Bartlett Dam Project	15,000,000	0	0	3,750,000	7,500,000	3,750,000	0	15,000,000
U0482 - Lift Station Flow Meter Purchase and Installation	500,000	439,000	439,000	0	0	0	0	439,000
U0483 - New Water Distribution Valve Exerciser	210,000	0	210,000	0	0	0	0	210,000
U0484 - PFAS Treatment Facility - Land & Design	18,000,000	15,851,000	15,851,000	0	0	0	0	15,851,000
U0485 - Contributions for Dysart Road Water Line	519,000	600,000	800,000	0	0	0	0	800,000
U0534 - Small Diameter Sewer Line	180,000	0	180,000	0	0	0	0	180,000

	Total Project Budget	Carryover	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-31 Total
Repair FY2027								
U0538 - Large Diameter Sewer Line Repair FY2027	1,300,000	0	1,881,000	0	0	0	0	1,881,000
Grand Total	**277,059,000**	**57,145,000**	**108,531,000**	**77,750,000**	**43,500,000**	**21,067,000**	**8,500,000**	**259,348,000**

RESOLUTION NO. 1029-0526

A RESOLUTION OF THE COUNCIL OF THE CITY OF AVONDALE, ARIZONA, SETTING FORTH THE TENTATIVE BUDGET AND ESTABLISHING THE EXPENDITURE LIMITATION FOR THE CITY OF AVONDALE FOR FISCAL YEAR 2026-2027.

WHEREAS, pursuant to the provisions of the laws of the State of Arizona and the City Charter, the Council of the City of Avondale (the "City Council") is required to adopt a budget; and

WHEREAS, in accordance with ARIZ. REV. STAT. § 42-17102, the City Manager has prepared and filed with the City Council the City Manager's Budget estimates for the fiscal year beginning July 1, 2026 and ending June 30, 2027; and

WHEREAS, pursuant to the Arizona Constitution Article IX, Section 20, the city's expenditure limitation for Fiscal Year 2026-2027 is $514,304,500; and

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF AVONDALE as follows:

SECTION 1. The recitals above are hereby incorporated as if fully set forth herein.

SECTION 2. The statements and schedules attached hereto as Exhibit A and incorporated herein by reference are hereby adopted as the City's official tentative budget for the fiscal year beginning July 1, 2026, and ending June 30, 2027.

SECTION 3. Upon approval of the City Council, the City Manager or designee shall publish in the official City newspaper once per week for two consecutive weeks (i) the official tentative budget and (ii) a notice of the public hearing of the City Council to hear taxpayers and make tax levies at designated times and places. The notice shall include the physical addresses of the Avondale Civic Center Library, the Sam Garcia Western Avenue Library and the Avondale City Hall, and the website where the tentative budget may be found. If a truth in taxation notice is required under ARIZ. REV. STAT. § 42-17107, it may be combined with such hearing notice.

SECTION 4. The City Manager or designee shall, no later than seven business days following consideration of this Resolution by the City Council, make available at the Avondale Civic Center Library, the Sam Garcia Western Avenue Library and the Avondale City Hall a complete copy of the tentative budget, and shall post the tentative budget on the City's website.

SECTION 5. The Mayor, the City Manager, the City Clerk and the City Attorney are hereby authorized and directed to execute all documents and take all steps necessary to carry out the purpose and intent of this Resolution.

PASSED AND ADOPTED by the Council of the City of Avondale, Arizona, May 4, 2026.

Mike Pineda, Mayor

ATTEST:

Marcella Sarmiento, City Clerk

APPROVED AS TO FORM:

Nicholle Harris, City Attorney

EXHIBIT A
TO
RESOLUTION NO. 1029-0526

[Statements and Schedules]

See following pages.

City of Avondale
Summary Schedule of Estimated Revenues and Expenditures/Expenses
Fiscal Year 2027

Fiscal Year		Sch		FUNDS						
				General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Enterprise Funds Available	Internal Service Funds	Total All Funds
2026	Adopted/Adjusted Budgeted Expenditures/Expenses*	E	1	200,505,760	116,073,293	8,896,000	17,609,514	114,979,678	26,595,200	484,659,445
2026	Actual Expenditures/Expenses**	E	2	170,841,360	115,578,293	8,896,000	17,609,514	114,979,678	26,595,200	454,500,045
2027	Beginning fund balance/(deficit) or net position/(deficit) at July 1***		3	110,313,054	43,598,379	161,088	53,248,091	149,778,868	6,163,710	363,263,191
2027	Primary Property Tax Levy	B	4	4,527,468						4,527,468
2027	Secondary Property Tax Levy	B	5			6,837,490				6,837,490
2027	Estimated Revenues Other than Property Taxes	C	6	118,390,000	69,411,200	65,000	6,155,000	61,833,100	29,494,800	285,349,100
2027	Other Financing Sources	D	7	0	0	0	31,050,000	69,750,000	0	100,800,000
2027	Other Financing (Uses)	D	8	0	0	0	0	0	0	0
2027	Interfund Transfers In	D	9	27,226,000	4,837,600	2,443,000	3,104,000	49,652,000	0	87,262,600
2027	Interfund Transfers (Out)	D	10	(31,550,600)	(4,522,000)	0	0	(51,190,000)	0	(87,262,600)
2027	Line 11: Reduction for fund balance reserved for future budget year expenditures		11							
LESS:	Maintained for future debt retirement									0
	Maintained for future capital projects									0
	Maintained for future financial stability			43,043,000	4,267,536			18,070,649		65,381,185
	Maintained for future retirement contributions									0
										0
2027	Total Financial Resources Available		12	228,905,922	113,325,179	9,506,578	93,557,091	279,823,968	35,658,510	760,777,249
2027	Budgeted Expenditures/Expenses	E	13	185,686,300	93,414,900	9,352,000	28,308,000	166,191,600	31,351,700	514,304,500

	EXPENDITURE LIMITATION COMPARISON	2026	2027
1	Budgeted expenditures/expenses	$ 486,614,500	$ 514,304,500
2	Add/subtract: estimated net reconciling items		
3	Budgeted expenditures/expenses adjusted for reconciling items	486,614,500	514,304,500
4	Less: estimated exclusions		130,219,000
5	Amount subject to the expenditure limitation	$ 486,614,500	$ 384,085,500
6	EEC expenditure limitation or voter-approved alternative expenditure limitatio	$ 628,793,800	$ 673,632,011

The city/town does not levy property taxes and does not have special assessment districts for which property taxes are levied. Therefore, Schedule B has been omitted.

* Includes expenditure/expense adjustments approved in the current year from Schedule E.

** Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.

*** Amounts on this line represent beginning fund balance/(deficit) or net position/(deficit) amounts except for nonspendable amounts (e.g., prepaids and inventories) or amounts legally or contractually required to be maintained intact (e.g., principal of a permanent fund). See the Instructions tab, cell C17 for more information about the amounts that should and should not be included on this line.

City of Avondale
Tax Levy and Tax Rate Information
Fiscal Year 2027

	2026	2027
1. Maximum allowable primary property tax levy. A.R.S. §42-17051(A)	$ 4,336,412	$ 4,527,468
2. Amount received from primary property taxation in the **current year** in excess of the sum of that year's maximum allowable primary property tax levy. A.R.S. §42-17102(A)(18)	$	
3. Property tax levy amounts		
A. Primary property taxes	$ 4,336,412	$ 4,527,468
Property tax judgment		
B. Secondary property taxes	6,045,322	6,837,490
Property tax judgment		
C. Total property tax levy amounts	$ 10,381,734	$ 11,364,958
4. Property taxes collected*		
A. Primary property taxes		
(1) **Current** year's levy	$ 4,336,412	
(2) Prior years' levies	59,816	
(3) Total primary property taxes	$ 4,396,228	
B. Secondary property taxes		
(1) **Current** year's levy	$ 6,045,322	
(2) Prior years' levies	0	
(3) Total secondary property taxes	$ 6,045,322	
C. Total property taxes collected	$ 10,441,550	
5. Property tax rates		
A. City/Town tax rate		
(1) Primary property tax rate	0.6095	0.5813
Property tax judgment		
(2) Secondary property tax rate	0.8497	0.8779
Property tax judgment		
(3) Total city/town tax rate	1.4592	1.4592

B. Special assessment district tax rates

Secondary property tax rates - As of the date the proposed budget was prepared, the city/town was operating 1 special assessment districts for which secondary property taxes are levied. For information pertaining to these special assessment districts and their tax rates, please contact the city/town.

* Includes actual property taxes collected as of the date the proposed budget was prepared, plus estimated property tax collections for the remainder of the fiscal year.

City of Avondale
Revenues Other Than Property Taxes
2027

SOURCE OF REVENUES	ESTIMATED REVENUES 2026	ACTUAL REVENUES* 2026	ESTIMATED REVENUES 2027
GENERAL FUND			
Local taxes			
Local Sales Tax	$ 56,329,000	$ 57,059,000	$ 58,172,000
SRP Payment in lieu of property tax	46,000	46,000	47,000
Licenses and permits			
Franchise Fees	1,496,000	1,582,500	1,520,000
Building & Development Permits	3,976,000	6,335,500	4,506,000
Licenses	57,000	70,600	58,500
Intergovernmental			
State Urban Revenue Sharing	18,614,000	18,830,800	20,069,500
Federal Sources	0	51,300	0
City's Share of St. Sales Tax	14,842,000	14,685,700	15,025,300
Auto Lieu Tax	4,892,000	4,830,500	5,000,000
State Reimbursements	0	0	0
Other State Sources	655,000	631,500	655,000
Other Cities & Towns	1,961,900	1,961,900	2,081,600
Other Governments	865,800	549,600	0
Charges for services			
Development Charges for Service	1,667,600	2,703,600	2,080,600
Other Charges for Service	468,500	315,900	503,500
Recreation Charges for Service	856,000	975,700	888,000
Fines and forfeits			
Court Fines	1,246,000	1,207,300	1,052,000
Other Fines	0	100	0
Interest on investments			
Interest	3,466,000	3,466,700	3,354,500
Miscellaneous			
Sale of Assets	0	4,800	0
Other Revenue	762,000	1,561,000	764,000
Donations	6,000	7,200	6,000
Operating Lease	1,200,500	1,298,600	1,225,500
	$ 113,407,300	$ 118,175,800	$ 117,009,000
Developer Contributions			
Development Charges for Service	$ 0	$ 300,000	$ 1,381,000
	$ 0	$ 300,000	$ 1,381,000
Total General Fund	$ 113,407,300	$ 118,475,800	$ 118,390,000

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

SPECIAL REVENUE FUNDS

Highway User Revenue Fund			
Highway User Revenue Fees	$ 7,202,000	$ 7,168,000	$ 7,082,800
Sale of Assets	0	800	0
Other Revenue	32,100	18,800	0
	7,234,100	7,187,600	7,082,800

City of Avondale
Revenues Other Than Property Taxes
2027

SOURCE OF REVENUES	ESTIMATED REVENUES 2026	ACTUAL REVENUES* 2026	ESTIMATED REVENUES 2027
Senior Nutrition			
Federal Sources	418,000	486,100	418,400
Other Revenue	44,500	36,300	26,000
	462,500	522,400	444,400
Community Action Program			
Federal Sources	364,400	377,500	297,000
Interest	0	0	0
Other Cities and Towns	25,000	14,600	0
	389,400	392,100	297,000
HOME Grant			
Federal Sources	1,429,200	1,276,900	1,218,000
	1,429,200	1,276,900	1,218,000
Other Grants			
Other State Sources	1,344,000	1,394,000	1,013,600
Other Federal Sources	6,408,900	6,562,401	5,041,200
Other Grants and Donations	1,576,700	1,576,700	1,847,700
Interest	0	0	6,000
Other Revenue	14,401,900	13,379,639	14,895,500
	23,731,500	22,912,740	22,804,000
Other Interest Bearing Grants			
Other Revenue	522,000	522,000	522,000
Interest	0	600	0
	522,000	522,600	522,000
Cemetery Maintenance Fund			
Interest	5,500	7,200	6,000
	5,500	7,200	6,000
Transit Fund			
Other Revenue	0	21,300	120,000
Other Grants and Donations	240,000	140,000	0
Arizona Lottery Fund	225,800	131,800	225,800
	465,800	293,100	345,800
State RICO			
State Sales Tax	0	0	439,000
	0	0	439,000
Federal RICO			
Federal Sources	0	0	200,000
	0	0	200,000
County RICO			
Seizure of Property	0	74,800	0
Other Grants and Donations	0	0	400,000
	0	74,800	400,000

City of Avondale
Revenues Other Than Property Taxes
2027

SOURCE OF REVENUES	ESTIMATED REVENUES 2026	ACTUAL REVENUES* 2026	ESTIMATED REVENUES 2027
Court Enhancements			
Court Fines	42,000	42,200	50,000
	42,000	42,200	50,000
Judicial Collection Enhancement			
Court Fines	18,000	19,600	18,600
	18,000	19,600	18,600
Fill the Gap			
Court Fines	8,000	4,700	8,000
	8,000	4,700	8,000
Regional Family Advocacy			
Federal Sources	515,600	1,452,900	0
Other State Sources	0	515,600	0
Other Cities and Towns	1,652,900	1,181,300	1,989,700
Interest	0	45,000	0
	2,168,500	3,194,800	1,989,700
0.5% Dedicated Sales Tax			
City Sales Tax	14,021,000	13,515,300	14,803,000
Interest	0	0	0
	14,021,000	13,515,300	14,803,000
Public Safety Dedicated Sales Tax			
City Sales Tax	14,021,000	13,515,300	14,803,000
	14,021,000	13,515,300	14,803,000
Public Arts			
Development Charges for Service	0	0	100,000
	0	0	100,000
Community Development Block Grant			
Other Federal Sources	1,736,100	1,736,100	962,100
	1,736,100	1,736,100	962,100
VOCA Crime Victim			
Other Federal Sources	0	167,600	360,000
	0	167,600	360,000
Emergency Response Deployment			
State Sales Tax	0	0	20,000
	0	0	20,000
Intergovernmental Services			
Intergovernmental Revenues	0	0	1,172,500
	0	0	1,172,500
Environmental Programs Fund			
Environmental Fee	340,000	340,100	340,000
Penalties on Utilities	0	1,000	1,300
	340,000	341,100	341,300
Wildland Fire Deployment			
Other State Sources	250,000	145,900	250,000
	250,000	145,900	250,000
Tow Impound Fund			
Other Fines	70,000	67,900	70,000
	70,000	67,900	70,000

City of Avondale
Revenues Other Than Property Taxes
2027

SOURCE OF REVENUES	ESTIMATED REVENUES 2026	ACTUAL REVENUES* 2026	ESTIMATED REVENUES 2027
American Rescue Plan Act			
Federal Sources	130,600	130,600	0
	130,600	130,600	0
Employee Assistance			
Interest	0	2,600	0
	0	2,600	0
One AZ Opioid Settlement			
Other State Sources	923,000	538,500	584,000
Interest	0	0	0
	923,000	538,500	584,000
Tourism Fund			
Other State Sources	120,000	0	120,000
	120,000	0	120,000
Total Special Revenue Funds	$ 68,088,200	$ 66,611,640	$ 69,411,200

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

DEBT SERVICE FUNDS			
General Obligation			
Interest	$ 3,000	$ 4,500	$ 65,000
	$ 3,000	$ 4,500	$ 65,000
Dysart Road MDC			
Interest	$ 17,000	$ 0	$ 0
	$ 17,000	$ 0	$ 0
Total Debt Service Funds	$ 20,000	$ 4,500	$ 65,000
CAPITAL PROJECTS FUNDS			
Landscaping Landfill Remediation			
Other Revenue	82,000	47,900	82,000
Interest	53,500	61,700	24,000
Franchise Fees	0	31,600	0
	135,500	141,200	106,000
Streets Development Impact Fee Fund			
Development Impact Fees	1,773,000	1,623,400	1,773,000
Interest	242,000	588,500	137,000
	2,015,000	2,211,900	1,910,000
Police Development Impact Fee Fund			
Development Impact Fees	1,364,000	1,242,900	1,364,000
Interest	312,000	288,400	130,000
	1,676,000	1,531,300	1,494,000
Fire Development Impact Fee Fund			
Development Impact Fees	2,223,000	1,758,700	1,400,000
Interest	259,000	251,600	101,000
	2,482,000	2,010,300	1,501,000

City of Avondale
Revenues Other Than Property Taxes
2027

SOURCE OF REVENUES	ESTIMATED REVENUES 2026	ACTUAL REVENUES* 2026	ESTIMATED REVENUES 2027
Parks Development Impact Fee Fund			
Development Impact Fees	1,073,000	978,100	898,000
Interest	105,000	73,600	53,000
	1,178,000	1,051,700	951,000
General Obligation Construction 2021			
Interest	0	400	0
	0	400	0
General Obligation Construction 2025			
Bond Proceeds	0	179,700	131,000
	0	179,700	131,000
Vehicle Replacement			
Sale of Assets	62,000	87,200	62,000
Interest	0	0	0
	62,000	$ 87,200	$ 62,000
Total Capital Projects Funds	$ 7,548,500	$ 7,213,700	$ 6,155,000

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

ENTERPRISE FUNDS

Water Fund			
Water Sales	$ 20,810,000	$ 20,567,900	$ 22,580,700
Interest	183,000	827,000	659,000
Operating Lease	41,400	43,000	41,400
Sale of Assets	0	6,000	0
Other Revenue	15,000	17,000	15,000
Other Fines	5,000	10,800	5,000
	$ 21,054,400	$ 21,471,700	$ 23,301,100
Water Resource Fund			
Water Sales	$ 0	$ 0	$ 1,350,000
	$ 0	$ 0	$ 1,350,000
Water Treatment Fund			
Water Sales	$ 0	$ 0	$ 1,630,000
Other Revenue	0	2,924,700	0
	$ 0	$ 2,924,700	$ 1,630,000
Sewer Operations			
Sewer Fees	$ 15,460,000	$ 15,050,034	$ 16,365,000
Penalties on Utilities	0	$ 34,400	$ 48,100
Interest	572,000	677,600	398,000
	$ 16,032,000	$ 15,762,034	$ 16,811,100
Solid Waste			
Sanitation Fees	9,094,000	9,088,900	9,984,000
Interest	248,500	258,300	107,000
Penalties on Utilities	0	21,500	29,900
	9,342,500	9,368,700	10,120,900
Water Equipment Replacement			

City of Avondale
Revenues Other Than Property Taxes
2027

SOURCE OF REVENUES	ESTIMATED REVENUES 2026	ACTUAL REVENUES* 2026	ESTIMATED REVENUES 2027
Sale of Assets	0	15,100	0
Interest	0	0	0
	0	15,100	0
Solid Waste Equipment Replacement			
Sale of Assets	0	22,400	0
Interest	0	0	0
	0	22,400	0
Water Development Impact Fees			
Development Fees	2,514,000	2,194,700	2,514,000
Interest	320,000	412,300	219,000
	2,834,000	2,607,000	2,733,000
Sewer Development Impact Fees			
Development Fees	1,908,000	1,685,300	5,500,000
Interest	756,000	757,400	387,000
	2,664,000	2,442,700	5,887,000
Total Enterprise Funds	$ 51,926,900	$ 54,614,334	$ 61,833,100

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

INTERNAL SERVICE FUNDS

Risk Management			
Internal Service Charges	$ 5,075,000	$ 5,075,000	$ 5,302,000
Other Revenue	40,500	67,400	40,500
Interest	231,000	292,000	200,000
	$ 5,346,500	$ 5,434,400	$ 5,542,500
Fleet Services Management			
Internal Service Charges	$ 5,264,100	$ 4,481,400	$ 5,211,300
Other Cities and Towns	15,000	25,600	15,000
Sale of Assets	0	800	0
	0	4,900	0
	$ 5,279,100	$ 4,512,700	$ 5,226,300
Worker's Compensation			
Internal Service Charges	$ 1,154,000	$ 1,075,200	$ 1,240,000
Interest	62,500	77,100	55,000
	$ 1,216,500	$ 1,152,300	$ 1,295,000
Employee Benefit Trust			
Contributions	$ 12,371,000	9,875,300	$ 17,356,000
Interest	44,000	97,000	75,000
Other Revenue	300,000	328,300	0
	$ 12,715,000	$ 10,300,600	$ 17,431,000
Total Internal Service Funds	$ 24,557,100	$ 21,400,000	$ 29,494,800

City of Avondale
Revenues Other Than Property Taxes
2027

SOURCE OF REVENUES	ESTIMATED REVENUES 2026	ACTUAL REVENUES* 2026	ESTIMATED REVENUES 2027
TOTAL ALL FUNDS	$ 265,548,000	$ 268,319,974	$ 285,349,100

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

City of Avondale
Other Financing Sources/(Uses) and Interfund Transfers
Fiscal Year 2027

FUND	OTHER FINANCING 2027 SOURCES	OTHER FINANCING 2027 (USES)	INTERFUND TRANSFERS 2027 IN	INTERFUND TRANSFERS 2027 (OUT)
GENERAL FUND				
Operating Transfers	$	$	$ 1,135,000	$ (2,453,600)
Capital Transfers			0	(29,097,000)
General Fund Asset Replacement			4,694,000	0
General Fund Capital			19,590,000	0
Economic Opportunities - from General Fund			1,807,000	0
Total General Fund	$ 0	$ 0	$ 27,226,000	$ (31,550,600)
SPECIAL REVENUE FUNDS				
Dedicated Sales Tax - Debt	$	$	$ 0	$ (4,522,000)
Transit Fund			4,191,000	0
Regional Family Advocacy - Operating Transfers			596,600	0
Intergovernmental Services			0	$ 0
Public Arts Fund - Operating Transfers			50,000	$ 0
Total Special Revenue Funds	$ 0	$ 0	$ 4,837,600	$ (4,522,000)
DEBT SERVICE FUNDS				
2019 PRO Debt Service - Debt Transfer			952,000	0
2021 PRO Debt Service			1,491,000	0
Total Debt Service Funds	$ 0	$ 0	$ 2,443,000	$ 0
CAPITAL PROJECTS FUNDS				
General Obligation Bond Construction - Parks	31,050,000	0	0	0
Vehicle Replacement - Capital	0	0	3,104,000	0
Total Capital Projects Funds	$ 31,050,000	$ 0	$ 3,104,000	$ 0
ENTERPRISE FUNDS				
Water Fund - Operating Transfers	$	$ 0	$ 0	$ (646,000)
Sewer Fund - Operating Transfers			0	$ (489,000)
Water Fund - Capital Transfers			0	(26,350,000)
Sewer Fund - Capital Transfers			0	(17,692,000)
Water Construction			22,019,000	0
Water PRO Debt			1,532,000	0
Water Impact Fees			0	(403,000)
Water Equipment Replacement - Capital			2,799,000	0
Water Bond Construction	21,000,000		0	
Sewer Construction			13,854,000	0
Sewer Equipment Replacement - Capital			1,884,000	0
Sewer Dev Impact Fee			0	(2,068,000)
Sewer Bond Construction	48,750,000		0	
Sewer PRO Debt			4,022,000	
Solid Waste			0	(3,542,000)
Solid Waste Equipment Replacement - Capital			3,517,000	0
Solid Waste Fund - Capital Transfers			25,000	0
Total Enterprise Funds	$ 69,750,000	$ 0	$ 49,652,000	$ (51,190,000)
TOTAL ALL FUNDS	$ 100,800,000	$ 0	$ 87,262,600	$ (87,262,600)

City of Avondale
Expenditures/Expenses by Fund
Fiscal Year 2027

FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2026	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2026	ACTUAL EXPENDITURES/ EXPENSES* 2026	BUDGETED EXPENDITURES/ EXPENSES 2027
GENERAL FUND				
City Administration	$ 2,381,400	$ (12,800)	$ 2,368,600	$ 2,171,000
City Attorney	2,485,000	82,000	$ 2,567,000	$ 2,662,300
City Auditor	382,100	0	382,100	422,600
City Clerk	1,147,400	(14,700)	1,132,700	1,175,000
City Council	387,600	(19,000)	368,600	436,300
City Court	1,682,900	(17,800)	1,665,100	2,534,200
Contingency	28,147,000	1,517,400	0	35,000,000
Development Services	4,095,200	(190,600)	3,904,600	3,954,200
Economic Development	2,055,500	(27,000)	2,028,500	2,088,700
Engineering Services	4,432,900	(111,300)	4,321,600	3,682,300
Facilities	6,205,300	50,000	6,255,300	6,762,300
Finance & Budget	6,868,100	(45,700)	6,822,400	7,934,400
Fire and Medical	17,870,600	(428,800)	17,441,800	19,931,400
Human Resources	2,299,200	(37,700)	2,261,500	2,364,900
Indirect Costs	(5,904,900)	0	(5,904,900)	(6,527,800)
Information Technology	13,278,400	(77,600)	13,200,800	14,110,000
Marketing & Public Relations	1,411,200	(4,900)	1,406,300	1,424,700
Neighborhood and Family Services	4,191,600	66,000	4,257,600	4,406,700
Non-Departmental	3,590,600	(1,244,800)	2,345,800	4,179,600
Office of Public Safety	4,586,600	(147,000)	4,439,600	4,766,800
Parks & Recreation	12,182,700	(150,100)	12,032,600	11,862,600
Police	30,709,800	(7,600)	30,702,200	32,496,400
Public Works	381,700	0	381,700	375,700
Economic Opportunities Fund				
Economic Development	1,325,000	(82,000)	1,243,000	1,807,000
General Fund Capital				
City Administration	1,754,000	(1,693,213)	60,787	60,000
City Court	1,135,000	(75,798)	1,059,202	1,646,000
Engineering Services	3,990,000	(69,195)	3,920,805	1,552,000
Economic Development	0	0	0	125,000
Facilities	294,000	(23,071)	270,929	0
Fire and Medical	15,639,000	(2,762,468)	12,876,532	3,269,000
Human Resources	300,000	(10,438)	289,562	250,000
Information Technology	1,020,000	(428,109)	591,891	199,000
Office of Public Safety	1,864,000	(108,630)	1,755,370	829,000
Neighborhood and Family Services	2,659,000	0	2,659,000	52,000
Parks & Recreation	21,722,000	(1,896,515)	19,825,485	9,302,000
Police	8,273,000	(4,116,496)	4,156,504	857,000
Public Works	4,217,000	(1,977,700)	2,239,300	1,449,000
Developer Contributions				
Engineering Services	1,061,000	(49,048)	1,011,952	1,381,000
General Fund Asset Replacement				
Facilities	1,462,000	(202,212)	1,259,788	1,133,000
Fire and Medical	461,000	(27,984)	433,016	358,000
Information Technology	2,667,000	(329,356)	2,337,644	2,743,000
Parks & Recreation	676,000	(206,907)	469,093	248,000
Police	0	0	0	212,000
Total General Fund	$ 215,386,900	$ (14,881,140)	$ 170,841,360	$ 185,686,300
0.5% Dedicated Sales Tax				
City Administration	168,000	(70,076)	97,924	0
Contingency	0	0	0	300,000
Engineering Services	20,957,000	(1,890,297)	19,066,703	22,666,000
Information Technology	0	0	0	5,800

City of Avondale
Expenditures/Expenses by Fund
Fiscal Year 2027

FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2026	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2026	ACTUAL EXPENDITURES/ EXPENSES* 2026	BUDGETED EXPENDITURES/ EXPENSES 2027
Public Works	5,246,000	(1,606,294)	3,639,706	943,000
Public Safety Dedicated Sales Tax				
City Court	734,700	0	734,700	0
Contingency	495,000	0	0	70,000
Fire and Medical	8,497,000	(3,955,000)	4,542,000	4,660,700
Information Technology	1,348,000	(49,585)	1,298,415	1,127,000
Office of Public Safety	124,900	0	124,900	0
Police	10,961,600	96,573	11,058,173	11,605,300
Environmental Programs Fund				
Public Works	624,700	(8,000)	616,700	599,900
Public Arts Fund				
Parks & Recreation	681,900	(218,000)	463,900	408,800
Tow Impound Fund				
Police	53,100	0	53,100	56,200
Court Enhancements				
City Court	31,000	0	31,000	31,000
Cemetery Maintenance Fund				
Parks & Recreation	15,700	0	15,700	15,700
State RICO				
Information Technology	0	0	0	239,000
Police	0	0	0	200,000
Highway User Revenue Fund				
Engineering Services	6,988,000	(1,659,437)	5,328,563	3,721,300
Information Technology	225,000	(1,240)	223,760	299,000
Non-Departmental	227,000	0	227,000	234,000
Public Works	4,382,900	0	4,382,900	9,391,000
Transit Fund				
Public Works	4,589,500	120,000	4,709,500	4,535,200
Court Payments				
Judicial Collection Enhancement				
City Court	67,500	0	67,500	67,500
Contingency	0	0	0	200,000
Fill the Gap				
City Court	10,200	80,800	91,000	10,200
Contingency	0	0	0	100,000
Wildland Fire Deployment Fund				
Fire and Medical	250,000	0	250,000	250,000
Tourism Fund				
Economic Development	120,000	0	120,000	120,000
One AZ Opioid Settlement				
Office of Public Safety	923,000	(443,000)	480,000	584,000
Co. RICO With Mar. Co. Atty				
Police	0	79,360	79,360	400,000
Senior Nutrition				
Neighborhood and Family Services	517,200	12,000	529,200	444,400
Community Action Program				
Neighborhood and Family Services	389,400	80,400	469,800	297,000
Home Grants				
Neighborhood and Family Services	1,429,200	371,800	1,801,000	1,218,000
Federal RICO				
Police	0	0	0	200,000
VOCA Crime Victim				
Police	0	287,200	287,200	360,000
Emergency Response Deployment				
Office of Public Safety	0	0	0	20,000

City of Avondale
Expenditures/Expenses by Fund
Fiscal Year 2027

FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2026	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2026	ACTUAL EXPENDITURES/ EXPENSES* 2026	BUDGETED EXPENDITURES/ EXPENSES 2027
Intergovernmental Services				
Police	0	0	0	971,500
Neighborhood and Family Services	0	0	0	201,000
Community Development Block Grant				
Engineering Services	191,000	0	191,000	184,000
Neighborhood and Family Services	1,544,700	0	1,544,700	778,100
Parks & Recreation	0	0	0	0
American Rescue Plan Act				
Neighborhood and Family Services	110,600	(29,778)	80,822	0
Parks & Recreation	0	0	0	0
Other Grants				
Engineering Services	2,511,000	(442,982)	2,068,018	627,000
Fire and Medical	53,500	137,901	191,401	195,500
Neighborhood and Family Services	3,593,700	93,010	3,686,710	4,321,200
Non-Departmental	14,307,900	26,194,280	40,502,180	15,000,000
Parks & Recreation	146,000	(86,000)	60,000	100,000
Police	2,219,400	126,000	2,345,400	1,290,400
Public Works	900,000	43,458	943,458	1,257,900
Regional Family Advocacy				
Indirect Costs	168,200	0	168,200	222,100
Information Technology	0	0	0	175,000
Police	2,484,700	0	2,484,700	2,189,200
Other Interest Bearing Grants				
Neighborhood and Family Services	522,000	0	522,000	522,000
Total Special Revenue Funds	$ 98,810,200	$ 17,263,093	$ 115,578,293	$ 93,414,900
General Obligation				
Non-Departmental	$ 6,457,000	$ 0	6,457,000	6,909,000
2019 PRO Debt Service				
Non-Departmental	948,000	0	948,000	952,000
2021 PRO Debt Service				
Non-Departmental	1,491,000	0	1,491,000	1,491,000
Total Debt Service Funds	$ 8,896,000	$ 0	8,896,000	9,352,000
Streets Development Impact Fee				
Finance & Budget	0	0	0	46,000
Engineering Services	340,000	0	340,000	1,120,000
Police Development Impact Fee				
Finance & Budget	0	0	0	46,000
Fire Development Impact Fee				
Fire and Medical	38,000	0	38,000	7,000
Finance & Budget	0	0	0	46,000
Office of Public Safety	270,000	0	270,000	297,000
Parks Development Impact Fee				
Finance & Budget	0	0	0	46,000
Parks & Recreation	3,049,000	0	3,049,000	2,314,000
General Obligation Bond Construction 2024				
Public Works	10,613,000	(680,153)	9,932,847	8,633,000
General Obligation Bond Construction - Parks				
Parks & Recreation	0	0	0	7,424,000
Non-Departmental	0	0	0	2,000,000
Vehicle Replacement				

City of Avondale
Expenditures/Expenses by Fund
Fiscal Year 2027

FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2026	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2026	ACTUAL EXPENDITURES/ EXPENSES* 2026	BUDGETED EXPENDITURES/ EXPENSES 2027
Fire and Medical	1,291,000	600,000	1,891,000	3,413,000
Public Works	2,945,000	(856,333)	2,088,667	2,916,000
Total Capital Projects Funds	$ 18,546,000	$ (936,486)	$ 17,609,514	$ 28,308,000
Water Operations				
Information Technology	$ 83,300	$ 0	83,300	145,000
Non-Departmental	317,000	(52,000)	265,000	323,000
Public Works	16,472,600	(185,200)	16,287,400	17,191,200
Indirect Costs	2,354,500	0	2,354,500	2,480,800
Contingency	1,000,000	237,200	1,237,200	500,000
Water Treatment				
Public Works	0	4,206,304	4,206,304	2,057,000
Water Capital				
City Administration	25,000	0	25,000	25,000
Engineering Services	12,534,000	(2,153,525)	10,380,475	8,917,000
Public Works	14,552,000	(335,912)	14,216,088	13,077,000
Water Asset Replacement				
Information Technology	697,000	38,000	735,000	783,000
Public Works	2,603,000	(173,557)	2,429,443	2,016,000
Water Development Impact Fee				
Finance & Budget	0	0	0	46,000
Public Works	3,758,000	(13,131)	3,744,869	4,019,000
Water Bond Construction				
Non-Departmental	0	0	0	1,500,000
Public Works	20,044,000	(4,428,168)	15,615,832	19,794,000
Water PRO Debt Service				
Non-Departmental	0	0	0	1,532,000
Sewer Operations				
Information Technology	84,900	0	84,900	83,400
Non-Departmental	122,000	0	122,000	124,000
Public Works	7,945,300	0	7,945,300	8,046,800
Indirect Costs	1,545,400	0	1,545,400	1,754,100
Contingency	1,000,000	0	1,000,000	500,000
Sewer Capital				
City Administration	25,000	0	25,000	25,000
Engineering Services	261,000	(34,432)	226,568	288,000
Public Works	6,756,000	(215,302)	6,540,698	13,541,000
Sewer Asset Replacement				
Information Technology	101,000	24,000	125,000	203,000
Public Works	1,943,000	(310,404)	1,632,596	1,681,000
Sewer Development Impact Fee				
Finance & Budget	50,000	(4,395)	45,605	46,000
Sewer Bond Construction				
Non-Departmental	0	0	0	2,000,000
Public Works	11,750,000	0	11,750,000	46,750,000
Sewer PRO Debt Service				
Non-Departmental	590,000	0	590,000	4,021,000
Solid Waste Operations				
Information Technology	6,000	(6,000)	0	34,700
Non-Departmental	238,000	6,000	244,000	236,000
Public Works	7,290,800	0	7,290,800	7,465,200
Indirect Costs	1,245,400	0	1,245,400	1,344,400
Contingency	500,000	0	500,000	100,000
Solid Waste Capital				

City of Avondale
Expenditures/Expenses by Fund
Fiscal Year 2027

FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2026	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2026	ACTUAL EXPENDITURES/ EXPENSES* 2026	BUDGETED EXPENDITURES/ EXPENSES 2027
City Administration	25,000	0	25,000	25,000
Solid Waste Asset Replacement				
Information Technology	9,000	0	9,000	12,000
Public Works	2,452,000	0	2,452,000	3,505,000
Total Enterprise Funds	$ 118,380,200	$ (3,400,522)	114,979,678	$ 166,191,600
Risk Management Fund				
Human Resources	5,758,100	0	5,758,100	7,103,700
Information Technology	85,100	0	85,100	85,100
Indirect Costs	113,400	0	113,400	153,200
Fleet Services Fund				
Information Technology	0	0	0	117,000
Public Works	4,766,200	0	4,766,200	4,759,100
Indirect Costs	478,000	0	478,000	573,200
Workers' Compensation Fund				
Human Resources	2,301,600	0	2,301,600	2,299,700
Employee Benefit Trust				
Human Resources	$ 13,092,800	$ 0	13,092,800	16,260,700
Total Internal Service Funds	$ 26,595,200	$ 0	$ 26,595,200	$ 31,351,700
TOTAL ALL FUNDS	$ 486,614,500	$ (1,955,055)	$ 454,500,045	$ 514,304,500

* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

City of Avondale
Expenditures/Expenses by Department
Fiscal Year 2027

DEPARTMENT/FUND	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2026	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2026	ACTUAL EXPENDITURES/ EXPENSES* 2026	BUDGETED EXPENDITURES/ EXPENSES 2027
City Administration				
General Fund	$ 2,381,400	$ (12,800)	$ 2,368,600	$ 2,171,000
General Fund Capital	1,754,000	$ (1,693,213)	$ 60,787	$ 60,000
0.5% Dedicated Sales Tax	168,000	$ (70,076)	$ 97,924	$ 0
Water Capital	25,000	$ 0	$ 25,000	$ 25,000
Sewer Capital	25,000	$ 0	$ 25,000	$ 25,000
Solid Waste Capital	25,000	$ 0	$ 25,000	$ 25,000
Department Total	$ 4,378,400	$ (1,776,089)	$ 2,602,311	$ 2,306,000
List Department: City Attorney				
General Fund	$ 2,485,000	$ 82,000	$ 2,567,000	$ 2,662,300
Department Total	$ 2,485,000	$ 82,000	$ 2,567,000	$ 2,662,300
List Department: City Auditor				
General Fund	$ 382,100	$ 0	$ 382,100	$ 422,600
Department Total	$ 382,100	$ 0	$ 382,100	$ 422,600
List Department: City Clerk				
General Fund	$ 1,147,400	$ (14,700)	$ 1,132,700	$ 1,175,000
Department Total	$ 1,147,400	$ (14,700)	$ 1,132,700	$ 1,175,000
List Department: City Council				
General Fund	$ 387,600	$ (19,000)	$ 368,600	$ 436,300
Department Total	$ 387,600	$ (19,000)	$ 368,600	$ 436,300
List Department: City Court				
General Fund	$ 1,682,900	$ (17,800)	$ 1,665,100	$ 2,534,200
General Fund Capital	1,135,000	$ (75,798)	$ 1,059,202	$ 1,646,000
Public Safety Dedicated Sales Tax	734,700	$ 0	$ 734,700	$ 0
Court Enhancement	31,000	$ 0	$ 31,000	$ 31,000
Judicial Collection Enhancement	67,500	$ 0	$ 67,500	$ 67,500
Fill the Gap	10,200	$ 80,800	$ 91,000	$ 10,200
Department Total	$ 3,661,300	$ (12,798)	$ 3,648,502	$ 4,288,900
List Department: Development Services				
General Fund	$ 4,095,200	$ (190,600)	$ 3,904,600	$ 3,954,200
Department Total	$ 4,095,200	$ (190,600)	$ 3,904,600	$ 3,954,200
List Department: Economic Development				
General Fund	$ 2,055,500	$ (27,000)	$ 2,028,500	$ 2,088,700
General Fund Capital	$ 0	$ 0	$ 0	$ 125,000
Economic Opportunities Fund	1,325,000	$ (82,000)	$ 1,243,000	$ 1,807,000
Tourism Fund	120,000	$ 0	$ 120,000	$ 120,000
Department Total	$ 3,500,500	$ (109,000)	$ 3,391,500	$ 4,140,700
List Department: Engineering Services				
General Fund	4,432,900	$ (111,300)	$ 4,321,600	$ 3,682,300
General Fund Capital	3,990,000	$ (69,195)	$ 3,920,805	$ 1,552,000
Developer Contributions	1,061,000	$ (49,048)	$ 1,011,952	$ 1,381,000
General Fund Asset Replacement	0	$ 0	$ 0	$ 0
0.5% Dedicated Sales Tax	20,957,000	$ (1,890,297)	$ 19,066,703	$ 22,666,000
Highway User Revenue Fund	6,988,000	$ (1,659,437)	$ 5,328,563	$ 3,721,300

City of Avondale
Expenditures/Expenses by Department
Fiscal Year 2027

DEPARTMENT/FUND	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2026	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2026	ACTUAL EXPENDITURES/ EXPENSES* 2026	BUDGETED EXPENDITURES/ EXPENSES 2027
Community Development Block Grant	191,000	0	191,000	184,000
Other Grants	2,511,000	(442,982)	2,068,018	627,000
Streets Development Impact Fee	340,000	0	340,000	1,120,000
PRO Bond Construction 2019	0	0	0	0
Water Capital	12,534,000	(2,153,525)	10,380,475	8,917,000
Sewer Capital	261,000	(34,432)	226,568	288,000
Department Total	53,265,900	(6,410,216)	46,855,684	44,138,600
List Department: Facilities				
General Fund	6,205,300	50,000	6,255,300	6,762,300
General Fund Capital	294,000	(23,071)	270,929	0
General Fund Asset Replacement	1,462,000	(202,212)	1,259,788	1,133,000
Department Total	7,961,300	(175,283)	7,786,017	7,895,300
List Department: Finance & Budget				
General Fund	6,868,100	(45,700)	6,822,400	7,934,400
Streets Development Impact Fee	0	0	0	46,000
Police Development Impact Fee	0	0	0	46,000
Fire Development Impact Fee	0	0	0	46,000
Parks Development Impact Fee	0	0	0	46,000
Water Development Impact Fee	0	0	0	46,000
Sewer Development Impact Fee	50,000	(4,395)	45,605	46,000
Other Grants				
Department Total	6,918,100	(50,095)	6,868,005	8,210,400
List Department: Fire and Medical				
General Fund	17,870,600	(428,800)	17,441,800	19,931,400
General Fund Capital	15,639,000	(2,762,468)	12,876,532	3,269,000
General Fund Asset Replacement	461,000	(27,984)	433,016	358,000
Other Grants	53,500	137,901	191,401	195,500
Public Safety Dedicated Sales Tax	8,497,000	(3,955,000)	4,542,000	4,660,700
Wildland Fire Deployment Fund	250,000	0	250,000	250,000
Fire Development Impact Fee	38,000	0	38,000	7,000
Vehicle Replacement	1,291,000	600,000	1,891,000	3,413,000
Department Total	44,100,100	(6,436,351)	37,663,749	32,084,600
List Department: Human Resources				
General Fund	2,299,200	(37,700)	2,261,500	2,364,900
General Fund Capital	300,000	(10,438)	289,562	250,000
Employee Benefit Trust	13,092,800	0	13,092,800	16,260,700
Risk Management Fund	5,758,100	0	5,758,100	7,103,700
Workers' Compensation Fund	2,301,600	0	2,301,600	2,299,700
Department Total	23,751,700	(48,138)	23,703,562	28,279,000
List Department Indirect Costs				
General Fund	(5,904,900)	0	(5,904,900)	(6,527,800)
Regional Family Advocacy	168,200	0	168,200	222,100
Water Operations	2,354,500	0	2,354,500	2,480,800
Sewer Operations	1,545,400	0	1,545,400	1,754,100
Solid Waste Operations	1,245,400	0	1,245,400	1,344,400
Risk Management Fund	113,400	0	113,400	153,200
Employee Benefits	0	0	0	0
Fleet Services Fund	478,000	0	478,000	573,200
Department Total	0	0	0	0

City of Avondale
Expenditures/Expenses by Department
Fiscal Year 2027

DEPARTMENT/FUND	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2026	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2026	ACTUAL EXPENDITURES/ EXPENSES* 2026	BUDGETED EXPENDITURES/ EXPENSES 2027
List Department: Information Technology				
General Fund	$ 13,278,400	$ (77,600)	$ 13,200,800	$ 14,110,000
General Fund Capital	1,020,000	$ (428,109)	$ 591,891	$ 199,000
General Fund Asset Replacement	2,667,000	$ (329,356)	$ 2,337,644	$ 2,743,000
State RICO	0	$ 0	$ 0	$ 239,000
Highway User Revenue Fund	225,000	$ (1,240)	$ 223,760	$ 299,000
Dedicated Sales Tax	0	$ 0	$ 0	$ 5,800
Public Safety Dedicated Sales Tax	1,348,000	$ (49,585)	$ 1,298,415	$ 1,127,000
Community Development Block Grant	0	$ 0	$ 0	$ 0
Regional Family Advocacy	0	$ 0	$ 0	$ 175,000
Water Operations	83,300	$ 0	$ 83,300	$ 145,000
Sewer Operations	84,900	$ 0	$ 84,900	$ 83,400
Solid Waste Operations	6,000	$ (6,000)	$ 0	$ 34,700
Water Asset Replacement	697,000	$ 38,000	$ 735,000	$ 783,000
Sewer Asset Replacement	101,000	$ 24,000	$ 125,000	$ 203,000
Solid Waste Equipment Replacement	9,000	$ 0	$ 9,000	$ 12,000
Fleet Services Fund	0	$ 0	$ 0	$ 117,000
Risk Management Fund	85,100	$ 0	$ 85,100	$ 85,100
Department Total	$ 19,604,700	$ (829,890)	$ 18,774,810	$ 20,361,000
List Department: Marketing & Public Relations				
General Fund	$ 1,411,200	$ (4,900)	$ 1,406,300	$ 1,424,700
Department Total	$ 1,411,200	$ (4,900)	$ 1,406,300	$ 1,424,700
List Department: Neighborhood and Family Services				
General Fund	$ 4,191,600	$ 66,000	$ 4,257,600	$ 4,406,700
General Fund Capital	2,659,000	$ 0	$ 2,659,000	$ 52,000
General Fund Asset Replacement	0	$ 0	$ 0	$ 0
Senior Nutrition	517,200	$ 12,000	$ 529,200	$ 444,400
American Rescue Plan Act	110,600	$ (29,778)	$ 80,822	$ 0
Community Action Program	389,400	$ 80,400	$ 469,800	$ 297,000
Home Grants	1,429,200	$ 371,800	$ 1,801,000	$ 1,218,000
Other Grants	3,593,700	$ 93,010	$ 3,686,710	$ 4,321,200
Community Development Block Grant	1,544,700	$ 0	$ 1,544,700	$ 778,100
Intergovernmental Revenues	0	$ 0	$ 0	$ 201,000
Other Interest Bearing Grants	522,000	$ 0	$ 522,000	$ 522,000
Department Total	$ 14,957,400	$ 593,432	$ 15,550,832	$ 12,240,400
List Department: Non-Departmental				
General Fund	$ 3,590,600	$ (1,244,800)	$ 2,345,800	$ 4,179,600
Volunteer Firefighter's Pension	0	$ 0	$ 0	$ 0
Highway User Revenue Fund	227,000	$ 0	$ 227,000	$ 234,000
One AZ Opioid Settlement	0	$ 0	$ 0	$ 0
Other Grants	14,307,900	$ 26,194,280	$ 40,502,180	$ 15,000,000
Cemetery Maintenance Fund	0	$ 0	$ 0	$ 0
Regional Family Advocacy	0	$ 0	$ 0	$ 0
General Obligation	6,457,000	$ 0	$ 6,457,000	$ 6,909,000
General Obligation Bond Const 2024	0	0	0	0
General Obligation Bond Construction - Parks	0	0	0	2,000,000
Water Bond Construction	0	0	0	1,500,000
Water PRO Debt	0	0	0	1,532,000
Sewer Bond Construction	0	0	0	2,000,000
0.5% Dedicated Sales Tax Debt Service	0	$ 0	$ 0	$ 0
2019 PRO Debt Service	948,000	$ 0	$ 948,000	$ 952,000
2021 PRO Debt Service	1,491,000	$ 0	$ 1,491,000	$ 1,491,000
Water Operations	317,000	$ (52,000)	$ 265,000	$ 323,000

City of Avondale
Expenditures/Expenses by Department
Fiscal Year 2027

DEPARTMENT/FUND	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2026	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2026	ACTUAL EXPENDITURES/ EXPENSES* 2026	BUDGETED EXPENDITURES/ EXPENSES 2027
Sewer Operations	122,000	0	122,000	124,000
Solid Waste Operations	238,000	6,000	244,000	236,000
Sewer PRO Debt Service	590,000	0	590,000	4,021,000
Fleet Services Fund	0	0	0	0
Workers' Compensation Fund	0	0	0	0
Department Total	$ 28,288,500	$ 24,903,480	$ 53,191,980	$ 40,501,600
List Department: Office of Public Safety				
General Fund	$ 4,586,600	$ (147,000)	$ 4,439,600	$ 4,766,800
General Fund Capital	1,864,000	$ (108,630)	$ 1,755,370	$ 829,000
Public Safety Dedicated Sales Tax	124,900	$ 0	$ 124,900	$ 0
Emergency Response Deployment	0	$ 0	$ 0	$ 20,000
Fire Development Impact Fee	270,000	$ 0	$ 270,000	$ 297,000
One AZ Opioid Settlement	923,000	$ (443,000)	$ 480,000	$ 584,000
Department Total	$ 7,768,500	$ (698,630)	$ 7,069,870	$ 6,496,800
List Department: Parks & Recreation				
General Fund	$ 12,182,700	$ (150,100)	$ 12,032,600	$ 11,862,600
General Fund Capital	21,722,000	$ (1,896,515)	$ 19,825,485	$ 9,302,000
General Fund Asset Replacement	676,000	$ (206,907)	$ 469,093	$ 248,000
Cemetery Maintenance Fund	15,700	$ 0	$ 15,700	$ 15,700
American Rescue Plan Act	0	$ 0	$ 0	$ 0
Community Development Block Grant	0	$ 0	$ 0	$ 0
Public Arts	681,900	$ (218,000)	$ 463,900	$ 408,800
Other Grants	146,000	$ (86,000)	$ 60,000	$ 100,000
General Obligation Bond Construction - Parks	0	$ 0	$ 0	$ 7,424,000
Future General Obligation Bond Issuance	0	$ 0	$ 0	$ 0
2021 PRO Bond Construction	0	$ 0	$ 0	$ 0
Parks Development Impact Fee	3,049,000	$ 0	$ 3,049,000	$ 2,314,000
Department Total	$ 38,473,300	$ (2,557,522)	$ 35,915,778	$ 31,675,100
List Department: Police				
General Fund	$ 30,709,800	$ (7,600)	$ 30,702,200	$ 32,496,400
General Fund Capital	8,273,000	$ (4,116,496)	$ 4,156,504	$ 857,000
General Fund Asset Replacement	0	$ 0	$ 0	$ 212,000
State RICO	0	$ 0	$ 0	$ 200,000
Federal RICO	0	$ 0	$ 0	$ 200,000
VOCA Crime Victim	0	$ 287,200	$ 287,200	$ 360,000
American Rescue Plan Act	0	$ 0	$ 0	$ 0
Intergovernmental Services	0	$ 0	$ 0	$ 971,500
Regional Family Advocacy	2,484,700	$ 0	$ 2,484,700	$ 2,189,200
Public Safety Dedicated Sales Tax	10,961,600	$ 96,573	$ 11,058,173	$ 11,605,300
Other Grants	2,219,400	$ 126,000	$ 2,345,400	$ 1,290,400
Tow Impound Fund	53,100	$ 0	$ 53,100	$ 56,200
General Obligation Bond Construction 2021	0	$ 0	$ 0	$ 0
Other Interest Bearing Grants	0	$ 0	$ 0	$ 0
Co. RICO With Mar. Co. Atty	0	$ 79,360	$ 79,360	$ 400,000
Department Total	$ 54,701,600	$ (3,534,963)	$ 51,166,637	$ 50,838,000
List Department: Public Works				
General Fund	$ 381,700	$ 0	$ 381,700	$ 375,700
General Fund Capital	4,217,000	$ (1,977,700)	$ 2,239,300	$ 1,449,000
Dedicated Sales Tax	5,246,000	$ (1,606,294)	$ 3,639,706	$ 943,000
Environmental Programs	624,700	$ (8,000)	$ 616,700	$ 599,900
Highway User Revenue Fund	4,382,900	$ 0	$ 4,382,900	$ 9,391,000
Transit Fund	4,589,500	$ 120,000	$ 4,709,500	$ 4,535,200

City of Avondale
Expenditures/Expenses by Department
Fiscal Year 2027

DEPARTMENT/FUND	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2026	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2026	ACTUAL EXPENDITURES/ EXPENSES* 2026	BUDGETED EXPENDITURES/ EXPENSES 2027
Other Grants	900,000	$ 43,458	$ 943,458	$ 1,257,900
Police Development Impact Fee	0	$ 0	$ 0	$ 0
General Obligation Bond Construction 2024	10,613,000	$ (680,153)	$ 9,932,847	$ 8,633,000
Vehicle Replacement	2,945,000	$ (856,333)	$ 2,088,667	$ 2,916,000
Water Operations	16,472,600	$ (185,200)	$ 16,287,400	$ 17,191,200
Water Resources	0	$ 0	$ 0	$ 0
Water Treatment	0	$ 4,206,304	$ 4,206,304	$ 2,057,000
Water Capital	14,552,000	$ (335,912)	$ 14,216,088	$ 13,077,000
Water Asset Replacement	2,603,000	$ (173,557)	$ 2,429,443	$ 2,016,000
Water Development Impact Fee	3,758,000	$ (13,131)	$ 3,744,869	$ 4,019,000
Water Bond Construction	20,044,000	$ (4,428,168)	$ 15,615,832	$ 19,794,000
Sewer Operations	7,945,300	$ 0	$ 7,945,300	$ 8,046,800
Sewer Capital	6,756,000	$ (215,302)	$ 6,540,698	$ 13,541,000
Sewer Asset Replacement	1,943,000	$ (310,404)	$ 1,632,596	$ 1,681,000
Sewer Bond Construction	11,750,000	$ 0	$ 11,750,000	$ 46,750,000
Solid Waste Operations	7,290,800	$ 0	$ 7,290,800	$ 7,465,200
Solid Waste Capital	0	$ 0	$ 0	$ 0
Solid Waste Asset Replacement	2,452,000	$ 0	$ 2,452,000	$ 3,505,000
Fleet Services Fund	4,766,200	$ 0	$ 4,766,200	$ 4,759,100
Department Total	$ 134,232,700	$ (6,420,392)	$ 127,812,308	$ 174,003,000
List Department: Contingency				
General Fund	$ 28,147,000	1,517,400	0	35,000,000
Dedicated Sales Tax	0	0	0	300,000
Public Safety Dedicated Sales Tax	495,000	0	0	70,000
Judicial Collection Enhancement	0	0	0	200,000
Fill the Gap	0	0	0	100,000
Water Operations	1,000,000	237,200	1,237,200	500,000
Sewer Operations	1,000,000	0	1,000,000	500,000
Solid Waste Operations	500,000	0	500,000	100,000
Department Total	$ 31,142,000	$ 1,754,600	$ 2,737,200	$ 36,770,000
TOTAL ALL DEPARTMENTS	$ 486,614,500	$ (1,955,055)	$ 454,500,045	$ 514,304,500

* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

City of Avondale
Full-Time Employees and Personnel Compensation
Fiscal Year 2027

FUND	Full-Time Equivalent (FTE) 2027	Employee Salaries and Hourly Costs 2027	Retirement Costs 2027	Healthcare Costs 2027	Other Benefit Costs 2027	Total Estimated Personnel Compensation 2027
GENERAL FUND	578.31	$ 62,401,900	$ 15,874,200	$ 10,352,700	$ 2,755,000	$ 91,383,800
SPECIAL REVENUE FUNDS						
Highway User Revenue Fund	27.80	$ 2,585,100	$ 482,500	$ 615,900	$ 96,200	$ 3,779,700
Senior Nutrition	4.57	228,500	$ 45,200	$ 27,200	$ 8,800	309,700
Community Action Program	1.00	79,900	$ 15,800	$ 32,800	$ 100	128,600
Other Grants	6.00	500,600	$ 81,400	$ 115,700	$ 7,500	705,200
American Rescue Plan Act	0.00	0	$ 0	$ 0	$ 0	0
Regional Family Advocacy	9.00	880,000	$ 173,700	$ 158,300	$ 8,200	1,220,200
Intergovernmental Services	0.00	591,700	$ 227,800	$ 128,600	$ 23,400	971,500
Public Safety Dedicated Sales Tax	86.00	9,584,500	$ 3,291,300	$ 1,780,200	$ 776,700	15,432,700
Community Development Block Grant	1.91	180,500	$ 35,700	$ 38,200	$ 1,900	256,300
Environmental Programs Fund	1.45	136,200	$ 26,600	$ 18,800	$ 3,600	185,200
Wildland Fire Deployment	0.00	217,500	$ 0	$ 0	$ 0	217,500
Transit Fund	1.50	219,300	$ 43,200	$ 45,300	$ 2,100	309,900
Tow Impound Fund	0.41	39,400	$ 7,900	$ 4,600	$ 2,300	54,200
One AZ Opioid Settlement	0.00	20,000	$ 0	$ 0	$ 0	20,000
Total Special Revenue Funds	139.64	$ 15,263,200	$ 4,431,100	$ 2,965,600	$ 930,800	$ 23,590,700
ENTERPRISE FUNDS						
Water Operations	42.70	$ 3,958,900	$ 763,700	$ 852,900	$ 113,000	$ 5,688,500
Sewer Operations	26.20	2,524,300	$ 490,700	$ 557,900	$ 61,000	3,633,900
Sanitation	30.50	2,584,000	$ 485,300	$ 579,000	$ 106,300	3,754,600
Total Enterprise Funds	99.40	$ 9,067,200	$ 1,739,700	$ 1,989,800	$ 280,300	$ 13,077,000
INTERNAL SERVICE FUND						
Fleet Services Fund	12.35	$ 1,193,300	$ 233,100	$ 229,200	$ 25,200	$ 1,680,800
Worker's Compensation Fund	1.20	138,300	$ 27,400	$ 24,000	$ 1,700	191,400
Employee Benefit Trust	2.00	170,200	$ 33,700	$ 31,900	$ 1,700	237,500
Risk Management Fund	0.80	100,000	$ 19,700	$ 6,300	$ 900	126,900
Total Internal Service Fund	16.35	$ 1,601,800	$ 313,900	$ 291,400	$ 29,500	$ 2,236,600
TOTAL ALL FUNDS	833.70	$ 88,334,100	$ 22,358,900	$ 15,599,500	$ 3,995,600	$ 130,288,100

CITY COUNCIL REPORT

ITEM NUMBER: 5.b.

SUBJECT: Resolution 1030-0526 - Avondale General Obligation Bond Election 2026 - Resolution Ordering and Calling Election

MEETING DATE: 5/4/2026

TO: Mayor and Council

FROM: Marcella Sarmiento, City Clerk
Renee Weatherless, Finance and Budget Director

THROUGH: Ron Corbin, City Manager, (623) 333-1011

REVIEWED: Ron Corbin, City Manager, (623) 333-1011

STRATEGIC PLAN:
This agenda item supports the following Avondale Strategic Outcome Area: **Community Well-Being**

Avondale is a city where all people feel safe, supported, and connected to resources that promote and enhance their well-being. The City prioritizes public safety, natural resources, healthcare, and wellness while promoting mental, physical, and emotional health for all to enjoy an enriching quality of life.

PURPOSE:
City Council will consider a request to adopt Resolution 1030-0526, ordering and calling a special bond election to be held on November 3, 2026, and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

BACKGROUND:
General obligation bonds are typically issued to finance capital improvements benefiting the City as a whole. These obligations, backed by the "full faith and credit of the city", are secured by a tax levy on all the taxable property within the City (secondary property taxes). Arizona Revised Statutes, Section 35-452 requires the City to obtain approval from the voters to issue general obligation bonds. The last bond election was held on November 4, 2025, for the following:

- $68 million dedicated to projects related to Parks, Recreation, and Library improvements
  - For - 3,874
  - Against - 3,599

- $55 million dedicated to projects related to Public Safety and Court improvements
  - For - 3,618
  - Against - 3,631

DISCUSSION:
On March 23, 2025, City Council directed staff to bring forward a bond election to be held in November 2025 to ask the voters of Avondale the following question:

Shall the City of Avondale, Arizona, be authorized to issue and sell general obligation bonds of the City in the principal amount of $55,000,000 to provide funds:

- **Purposes:** To design, acquire, construct, reconstruct and renovate fire station and training facilities; public safety and court facilities, to furnish, equip and improve fire station and training facilities; public safety and court facilities, and to acquire vehicles, equipment, electronic data, voice and communication equipment and land for fire, public safety, and court purposes; and to improve the grounds thereof?

The current combined tax rate is $1.4592 (approximately $0.5813 for primary and $0.8779 for secondary) per $100 of assessed valuation. Based on staff's analysis, the City will be able to issue approximately $123M in general obligation bonds over the next 11 years and still maintain the existing combined property tax rate.

Per Arizona Revised Statues, Section 35-452, General Obligation bond elections must occur at the November general election. July 8, 2026, will be the deadline to submit arguments for the Publicity Pamphlet.

BUDGET IMPACT:
Based on Staff's detailed analysis, the City can issue approximately $123M of general obligation bonds over the next 11 years, within the existing tax rate. If the bond election is not successful, the CIP would have to be reevaluated, projects would have to be postponed and/or additional revenue sources identified.

RECOMMENDATION:
Staff recommends City Council adopt a Resolution, ordering and calling a special bond election to be held on November 3, 2026, and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents.

Contact person for document distribution: *Marcella Sarmiento; Renee Weatherless*

RESOLUTION NO. 1030-0526

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AVONDALE, ARIZONA, ORDERING AND CALLING A SPECIAL ELECTION TO BE HELD ON NOVEMBER 3, 2026, IN AND FOR THE CITY OF AVONDALE, ARIZONA, TO SUBMIT TO THE QUALIFIED ELECTORS THEREOF A QUESTION WITH RESPECT TO SELLING AND ISSUING BONDS PAYABLE FROM SECONDARY (AD VALOREM) PROPERTY TAXES.

WHEREAS, the Mayor and Council of the City of Avondale, Arizona (the "City"), determine that certain, future capital needs of the City can be financed best through the issuance and sale of bonds of the City, the debt service with respect to which shall be paid through the levy of secondary (ad valorem) property taxes; and

WHEREAS, pursuant to Section 35-452, Arizona Revised Statutes, the Mayor and Council of the City must order an election to determine whether such indebtedness shall be authorized (the "Election");

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

Section 1. (A) That the Election, in and for the City, be and the same is hereby ordered and called to be held on November 3, 2026, at which time there shall be submitted to the qualified electors of the City a question with respect to authorizing the sale and issuance of bonds of the City in the aggregate principal amounts and for the purposes set forth in the official ballot for the Election (the "Official Ballot").

(B) That the aggregate principal amount of the bonds to be authorized at the Election shall be $55,000,000; the maximum rate of interest to be paid thereon shall be not more than nine percent (9%) per annum; the minimum and maximum number of years bonds of any issue or series authorized at the Election may run from their date shall be one (1) year and twenty-five (25) years, respectively; the purposes for which the money derived from the sale of the bonds will be expended shall be as more fully set forth in the Official Ballot; the City currently has $46,160,000 aggregate principal amount of general obligation tax debt outstanding and the constitutional debt limit of the City as of the date of adoption of this resolution is $402.638,255 , being twenty-six percent (26%) of the net assessed full cash value of the taxable property in the City, which debt limit is based on an estimated value provided by the assessor of Maricopa County, Arizona (the "County") for 2026/2027.

Section 2. That the Official Ballot shall be in substantially the form attached as Exhibit A hereto.

Section 3. (A) That notice of the Election shall be given by mailing an informational pamphlet (the "Informational Pamphlet") to each household with the City that contains a registered voter not less than thirty-five (35) days before the date of the Election.

(B) That the Informational Pamphlet shall be prepared by the Clerk of the City, and the Clerk of the City is hereby authorized and directed to cause the Informational Pamphlet to be provided as and under the circumstances described herein in the form she deems acceptable.

(C) That, pursuant to Section 35-454, Arizona Revised Statutes, the City hereby sets the date of July 8, 2026, at the hour of 6:00 p.m., as the deadline to submit arguments "for" and "against" the authorization to issue the bonds.

(D) That the Clerk of the City is hereby authorized to request arguments "for" and "against" the subject matter of the Election by providing notice in the form and by the means attached as Exhibit B hereto (the "Request for Arguments"). The Clerk of the City is authorized to revise the Request for Arguments as necessary to comply with all applicable laws.

Section 4. That the Informational Pamphlet shall contain the information required by Section 35-454, Arizona Revised Statutes, and a sample of the Official Ballot, and shall be in a form the Clerk of the City deems acceptable.

Section 5. That the Clerk of the City is hereby authorized and directed to have the Official Ballot printed, delivered to the appropriate locations and then forwarded to the qualified electors of the City offering to vote at the Election.

Section 6. That in order to comply with the Voting Rights Act of 1965, the following materials pertaining to the Election shall be translated into Spanish and mailed or distributed in each instance where mailing or distributing of such materials is required, to-wit: Request for Arguments, Informational Pamphlet, Official Ballot, Absentee/Early Voting Materials and Voting Instructions.

Section 7. (A) That the Election shall be held, conducted and canvassed in conformity with the provisions of the general election laws of the State of Arizona, except as otherwise provided by law, and only such persons shall be permitted to vote at the Election who are qualified electors of the City.

(B) That absentee/early voting with respect to the Election shall be permitted in accordance with the provisions of Title 16, Chapter 4, Article 8, Arizona Revised Statutes.

(C) That the Election may be conducted (i) using either electromechanical or electronic vote recording and ballot counting equipment or paper ballots, or (ii) as a mailed ballot election as provided in Section 16-409, Arizona Revised Statutes, in each case as shall be determined to be in the best interests of the City by the Clerk of the City.

(D) That the Clerk of the City is authorized and directed, if necessary, to enter into a contract with the County Recorder of the County to obtain precinct registers for the Election and to enter into an agreement with the Elections Department of the County to conduct the Election for the City.

(E) That all expenditures as may be necessary to order, notice, hold and administer the Election are hereby authorized, which expenditures shall be paid from current operating funds of the City.

(F) That the Clerk of the City is hereby authorized to take all necessary action to facilitate the Election.

Section 8. (A) That the official returns from the Election shall be made to the Mayor and Council of the City within twenty (20) days from the date of the Election and the Election shall be canvassed and the results thereof certified by the Mayor and Council of the City at a meeting to be held within twenty (20) days after the date of the Election, as provided by law.

(B) That the Clerk of the City on behalf of the Mayor and Council of the City shall file and record in the office of the County Recorder of the County a certificate disclosing with respect to the Election the purpose of the Election, the total number of votes cast and the total number of votes for and against creating the indebtedness and stating whether or not the indebtedness is ordered.

PASSED and ADOPTED by the Council of the City of Avondale, Arizona, May 4, 2026.

_____
Mike Pineda, Mayor

ATTEST:

_____
Marcella Sarmiento, City Clerk

APPROVED AS TO FORM:

_____
Nicholle Harris, City Attorney

CERTIFICATION

I hereby certify that the foregoing Resolution No. 1030-0526 was duly passed and adopted by the Mayor and the Council of the City of Avondale, Arizona, at a regular meeting held on the 4th day of May 2026, and the vote was ____ ayes and ____ nays and that the Mayor and _____ Councilmembers were present thereat.

_____
Marcella Sarmiento, City Clerk

EXHIBIT A

FORM OF OFFICIAL BALLOT

PROPOSITION NO. XXX

PURPOSE: PUBLIC SAFETY PROJECTS

AMOUNT: $55,000,000

Shall the City of Avondale, Arizona, be authorized to issue and sell general obligation bonds of the City in the principal amount of $55,000,000 to provide funds:

Purposes: To design, acquire, construct, reconstruct and renovate fire station and training facilities; public safety and court facilities, to furnish, equip and improve fire station and training facilities; public safety and court facilities, and to acquire vehicles, equipment, electronic data, voice and communication equipment and land for fire, public safety, and court purposes; and to improve the grounds thereof?

Payment of Bonds: Generated funds will be used to pay for all necessary design, construction, reconstruction, improvement, repair, renovation, equipment, and associated costs, including the acquisition of land or interests necessary for such purposes, all legal, financial, consulting, and other costs and fees in connection therewith. Such bonds will be issued in one or more series as tax-exempt or taxable bonds and may be sold at prices that include premiums not greater than permitted by law. Such bonds may have principal payable not later than 25 years from the date of issuance of each series. Such bonds will be issued as general obligations bonds, and the issuance of these bonds will result in a property tax increase sufficient to pay the annual debt service on the bonds.

A "yes" vote shall authorize the governing body of the City to issue and sell up to $55,000,000 of general obligation bonds of the City to be repaid with secondary property taxes.

A "no" vote shall not authorize the governing body of the City to issue and sell such bonds of the City.

BOND APPROVAL, YES	☐
BOND APPROVAL, NO	☐

EXHIBIT B

FORM OF REQUEST FOR ARGUMENTS

REQUEST FOR ARGUMENTS FOR AND AGAINST THE AUTHORIZATION OF SALE AND ISSUANCE OF BONDS PAYABLE FROM A SECONDARY (AD VALOREM) PROPERTY TAX BY THE CITY OF AVONDALE, ARIZONA TO BE CONSIDERED BY THE VOTERS OF THE CITY AT AN ELECTION TO BE HELD ON NOVEMBER 3, 2026

Pursuant to Resolution No. 1030-0526 adopted by the Mayor and Council of the City of Avondale, Arizona (the "City"), on May 4, 2026 (the "Resolution"), a special election in and for the City was ordered and called to be held on November 3, 2026 (the "Election").

Notice of the Election will be given by mailing an informational pamphlet. Such informational pamphlet is to include arguments for and against the authorization of the issuance of bonds payable from a secondary (ad valorem) property tax by the City to be considered at the Election. (The text of the questions to be considered at the Election is included in the Resolution which is available at the Office of the City Clerk at 11465 W. Civic Center Dr., Avondale, Arizona 85323.) Any person interested in providing any such argument(s) is hereby requested to provide the same to the City Clerk in electronic format at cityclerk@avondale.gov, before 6:00 p.m., Arizona Time, on July 8, 2026.

Each argument filed shall not exceed 300 words and, in accordance with Arizona Revised Statutes, shall contain the sworn statement of each person sponsoring it; if the argument is submitted by an organization, it shall contain the sworn statement of two executive officers of the organization or if submitted by a political committee it shall contain the sworn statement of the committee's chairman or treasurer. If the argument is submitted by an individual and not on behalf of an organization, a political committee or any other group, the person shall submit the argument with a sworn, notarized statement. Each argument filed shall also be submitted in electronic format to the City Clerk's Office at CityClerk@AvondaleAZ.gov. The person or persons signing the argument shall identify themselves by giving their residence address and a telephone number, which shall not appear in the informational pamphlet. Any argument that is submitted that does not comply with the above requirements may not be included in the informational pamphlet.

If you have any questions about the foregoing, please contact the City Clerk at 623-333-1200.

/s/ Marcella Sarmiento

_____

Clerk, City of Avondale, Arizona

CITY COUNCIL REPORT

ITEM NUMBER: 5.c.

SUBJECT: Public Hearing and Ordinance 2016-0526 Habitat for Humanity – Historic Avondale Infill Overlay Rezone – Application PL-25-0236

MEETING DATE: 5/4/2026

TO: Mayor and Council

FROM: Jodie Novak, Director of Development Services

THROUGH: Jennifer Stein, Assistant City Manager, (623) 333-1014

REVIEWED: Ron Corbin, City Manager, (623) 333-1011

STRATEGIC PLAN:
Strategic Outcome Area: Economic Growth and Prosperity
Strategy: Promote a mix of housing options and be known as a City of opportunity.

PURPOSE:
City Council will hold a public hearing to consider a request to adopt Ordinance 2016-0526, approving a request by Tana Nichols of Habitat for Humanity of Central Arizona, to apply the Historic Avondale Infill Overlay (HAIO) to 0.16 acres located approximately 150 feet west of the northwest corner of East Hill Drive and North 5th Street and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The site is currently zoned Multi-Family Residential (R-4). Approval of the request will modify development standards and adopt a HAIO development plan on the subject site, allowing two duplex buildings for a total of four dwelling units. The Council will take appropriate action.

BACKGROUND:
The 0.16 acre subject property (Exhibits A and B) is located at 320 E. Hill Drive and is identified as Assessor Parcel Number 500-17-100. The site was a part of the original incorporation of the City of Avondale on December 15, 1946. The current zoning is Multi-Family Residential (R-4) district. At one time, the site contained a single-family structure but has been vacant land since 2010.

The subject property is designated as Old Town on the General Plan 2030 Land Use Map (Exhibit C). Land uses within this business core permit and promote a vibrant mix of residential and nonresidential uses, but require retail, service, or office uses on all street level floors to promote a pedestrian-oriented environment. Unlike modern shopping centers in Arizona, this area has a human richness derived from its history, families, friends, and neighbors who live nearby, and many within walking distance.

Surrounding uses and zoning include:
NORTH: Zoned Single-Family Residential (R1-6); General Plan Designation is Medium Density Residential. Land use is single-family residential detached.
EAST: Zoned Multi-Family Residential (R-4); General Plan Designation is Old Town. Land use is single-family residential detached.

SOUTH: Zoned Multi-Family Residential Historic Avondale Infill Overlay (R-4 HAIO); General Plan Designation is Old Town. Land use is single-family residential attached.
WEST: Zoned Multi-Family Residential (R-4); General Plan Designation is Old Town. Land use is single-family residential detached.

The Historic Avondale Infill Overlay was created in 2013 as an overlay zone intended to be applied on top of a parcel's underlying base zoning, with the objective of promoting and facilitating development or redevelopment of vacant, underutilized, or abandoned properties within the revitalization area. To this objective, the HAIO overlay can be applied to any property within the designated boundaries, providing a means for property owners and developers to reduce development standards such as setbacks, landscaping requirements, and similar requirements. Site specific development standards and performance requirements are established at the time of the overlay zoning. It is the intent of this district to:
• Accommodate growth by encouraging and facilitating new development on vacant and underutilized land in areas that already have infrastructure, utilities, and public facilities.
• Encourage the use of innovative approaches to development that utilize sustainable development practices and incorporate environmental performance standards.
• Provide flexibility in development standards to facilitate infill development and redevelopment. • Encourage pedestrian-oriented design and development consistent with the historic character.
• Promote a positive artistic environment within the district.

SUMMARY OF REQUEST:
The applicant is requesting the Historic Avondale Infill Overlay (HAIO) on subject property to facilitate construction of two duplex structures for a total of four single-family attached dwelling units as shown in the proposed development plan (Exhibit D). Development standards subject to modification through this request include, but are not limited to, reduced building setbacks, reduced landscape setbacks (front and side), and reduced minimum lot dimensions.

According to the applicant, Habitat for Humanity of Central Arizona, with the help of donated money and volunteer labor, builds affordable homes and sells them to qualified low-income buyers with the help of a nointerest loan. The two proposed duplex buildings will be of high aesthetic quality, providing direct pedestrian access to East Hill Drive via a paved drive aisle and sidewalk. Each of the four units will be approximately two thousand (2,000) square feet in size, three (3) stories tall, and will incorporate an enclosed two-car garage and private yard. The site will require a re-plat to place property lines at the common wall of each duplex unit and in the middle of the parcel as well.

The subject property's underlying R-4 zoning will still govern the use of the property as well as any development standards not specifically modified by this HAIO request and development plan. Landscaping will be provided at a rate one (1) tree and five (5) shrubs per unit. Open space areas will be a combination of gated private side yards of approximately one hundred thirty square feet (130) per unit and front yards of four to five hundred (400-500) square feet per unit. Total open space will account for approximately twenty-eight (28) percent of the total gross site area.

PUBLIC PARTICIPATION:
A neighborhood meeting to discuss the proposal with neighboring property owners and other interested parties was held on March 3, 2026. An overview of the discussion topics is outlined in the Neighborhood Meeting Summary, attached as Exhibit F. There were four attendees in addition to City staff. Questions and discussion were focused on the programs the applicant provides and the means to apply for homeownership.

All required notifications for Planning Commission and City Council public hearings were completed in accordance with notification requirements. To date, no public comment has been received by City staff or on the City's Avondale Connect digital platform.

PLANNING COMMISSION ACTION:
On April 15, 2026, the Planning Commission conducted a public hearing on the HAIO rezone request. The Commission inquired as to the allowable building height within the underlying R-4 zoning district and the materials utilized on the western property line. Staff responded that this project would not be increasing the

allowed building height of 45 feet and that the anticipated height of the structures would be 33 feet to 35 feet. Staff also noted that the buildings would be required to meet the International Residential Code (IRC) and that the code restricted the types of building materials and openings that encroach near a property line. There was no public comment. After discussion, the Planning Commission passed a motion (6-0 vote) to recommend approval of the HAIO rezone request to the City Council.

ANALYSIS:
Section 28-94(f) of the City's Zoning Ordinance states that any application requesting a rezone to the HAIO District must meet three (3) specific findings, as follows:

1. The project will further the objectives of the General Plan and not adversely affect the historic character of the community.
The redevelopment of the subject property will create an infill housing project that matches the development pattern of the adjacent neighborhood and will "enhance the vitality of the existing neighborhoods in and around the Old Town area" in line with the Avondale General Plan, Land Use Theme Goal 2. The housing product design will compliment the surrounding architecture of Old Town and will respect the historic character of the area. Areas adjacent to existing single-family residential uses will utilize appropriate building massing, screening, and architectural features so as to minimize potential privacy concerns. No modifications are being requested to the existing maximum building height for the zoning district and privacy for the existing single-family homes is addressed, because building walls located within three (3) feet of a property line are not permitted to contain openings (windows, doors, etc.) in accordance with the 2024 International Residential Code (IRC).

2. Sufficient proof has been provided that other tools available in the Zoning Ordinance, such as Administrative Relief, will not work to address the site-specific need of the project.
Strict application of R-4 development standards would not allow for development of this project. Reductions in various development standards detailed below are needed to allow the revitalization project to move forward. Application of the overlay to the site will facilitate infill development as proposed while protecting the unique character of the Old Town district. The overall site area of this property allows for the construction of four dwelling units. However, the applicant's intent to provide individually platted lots for the purposes of homeownership, necessitates a slight reduction in the minimum lot size. Additionally, the desire to provide a single-family attached housing product with two car garages rather than a shared parking lot requires the developer to dedicate portions of the property for shared use, reducing the overall buildable area.

The following modifications are requested from the R-4 development standards:
• Decrease the front setback from the primary access drive from twenty-five (25) feet to fourteen (14) feet.
• Decrease the side yard setbacks from fifteen (15) feet to seven (7) feet.
• Decrease the rear yard setback from fifteen (15) feet to zero (0) feet.
• Decrease the street side yard setback from twenty-five (25) feet to thirteen (13) feet.
• Increase the maximum allowable building coverage from fifty (50) percent to approximately fifty-five (55.1) percent.
• Decrease the minimum lot dimension from fifty feet (50) wide by one hundred (100) feet long to thirtyone (31) feet wide by forty-five feet (45) long.

The project narrative explains that the small and narrow shape of the subject site and minimal street frontage limit development options and necessitate modification of the R-4 standards to create the affordable singlefamily attached units and the pedestrian-oriented design.

3. The project provides a historic design that creates a pedestrian-oriented environment.
As recommended by the Specific Area Plan for Old Town, Cashion, Las Ligas/Rio Vista, the project contains conceptual building designs that seek to provide a quality housing development that promotes the principles of four-sided architecture. Pedestrian connectivity will be provided to the site and stipulations are proposed that will address the project's compatibility with the adjacent single-family neighborhood and protect the historic character of Old Town. The development will be required to comply with the standards outlined in the Single Family Residential Design Manual, the Specific Area Plan for Old Town, Cashion, Las Ligas/Rio Vista, Avondale Zoning Ordinance, and applicable building codes.

DISCUSSION:
Staff recommends approval of the Overlay Rezone request for the following reasons:
• The proposed adoption of the Historic Avondale Infill Overlay (HAIO) furthers the objectives of the General Plan and will not adversely affect the historic character of the community.
• The proposed Overlay Rezone and HAIO development plan are in conformance with the Single Family Residential Design Manual.
• The proposed Overlay Rezone and HAIO development plan will result in compatible land use relationships. The proposed development serves the intent of the Avondale Zoning Ordinance to create a high-quality housing product that seeks to revitalize an underdeveloped area in the City.
• Adequate public infrastructure to support the proposed development either presently exists or will be constructed by the developer.
• The recommended conditions of approval are reasonable to ensure conformance with the provisions of the Zoning Ordinance and all other applicable City codes, ordinances, and policies.

BUDGET IMPACT:
No budget impacts.

RECOMMENDATION:
City Council will conduct a public hearing and **ADOPT** Ordinance 2016-0526, approving a request by Tana Nichols of Habitat for Humanity of Central Arizona, to apply the Historic Avondale Infill Overlay (HAIO) to 0.16 acres located approximately 150 feet west of the northwest corner of East Hill Drive and North 5th Street, and to approve the proposed HAIO development plan, subject to the following five (5) conditions of approval:

CONDITIONS OF APPROVAL:
1. Except as modified by these conditions, development shall be in conformance with the following items:
   a. HAIO Development Plan, date stamped April 15, 2026
   b. HAIO Narrative with Landscape Plan, date stamped April 15, 2026

2. All development shall be completed in accordance with the City of Avondale General Engineering Requirements (GER) Manual and the City of Avondale Supplement to MAG Uniform Specifications and Details unless a standard deviation has been approved.

3. Final elevations for the housing product will substantially conform to those submitted as part of the HAIO narrative and will meet the requirements of the Single-Family Residential Design Manual and 2024 International Residential Code.

4. Prior approval shall be required from the Roosevelt Irrigation District for uses and improvements shown within the depicted easement.

5. All maintenance responsibilities shall be defined for the private sewer main in the preliminary and final plat documents. The City shall not be responsible for maintenance of these facilities.

Contact person for document distribution: *Joshua T Orton, AICP, Lead Senior Planner*

Exhibit A



Aerial Map

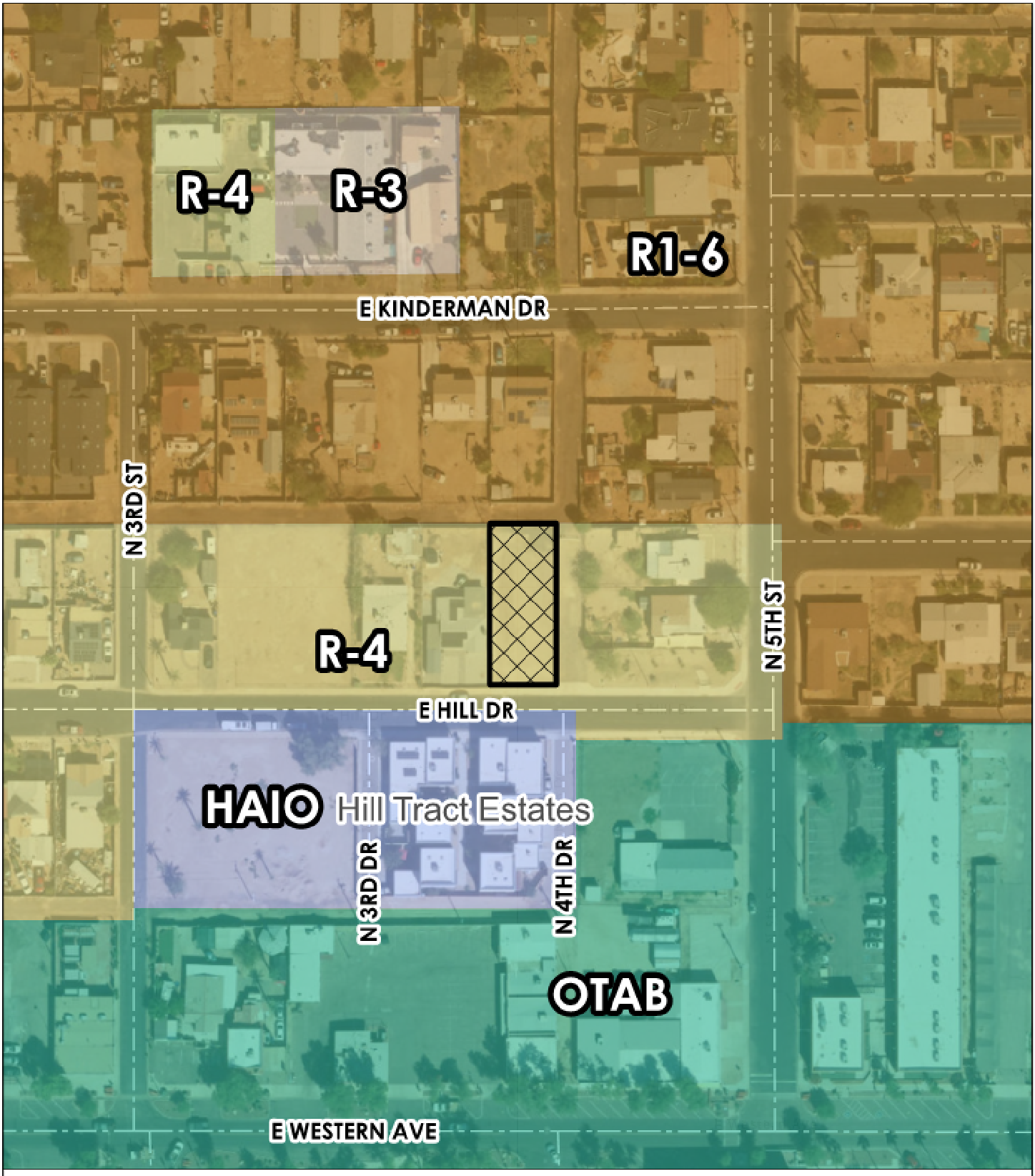
Avondale

Subject Property

Map Prepared On: 3/9/2026

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Exhibit B



Zoning Vicinity

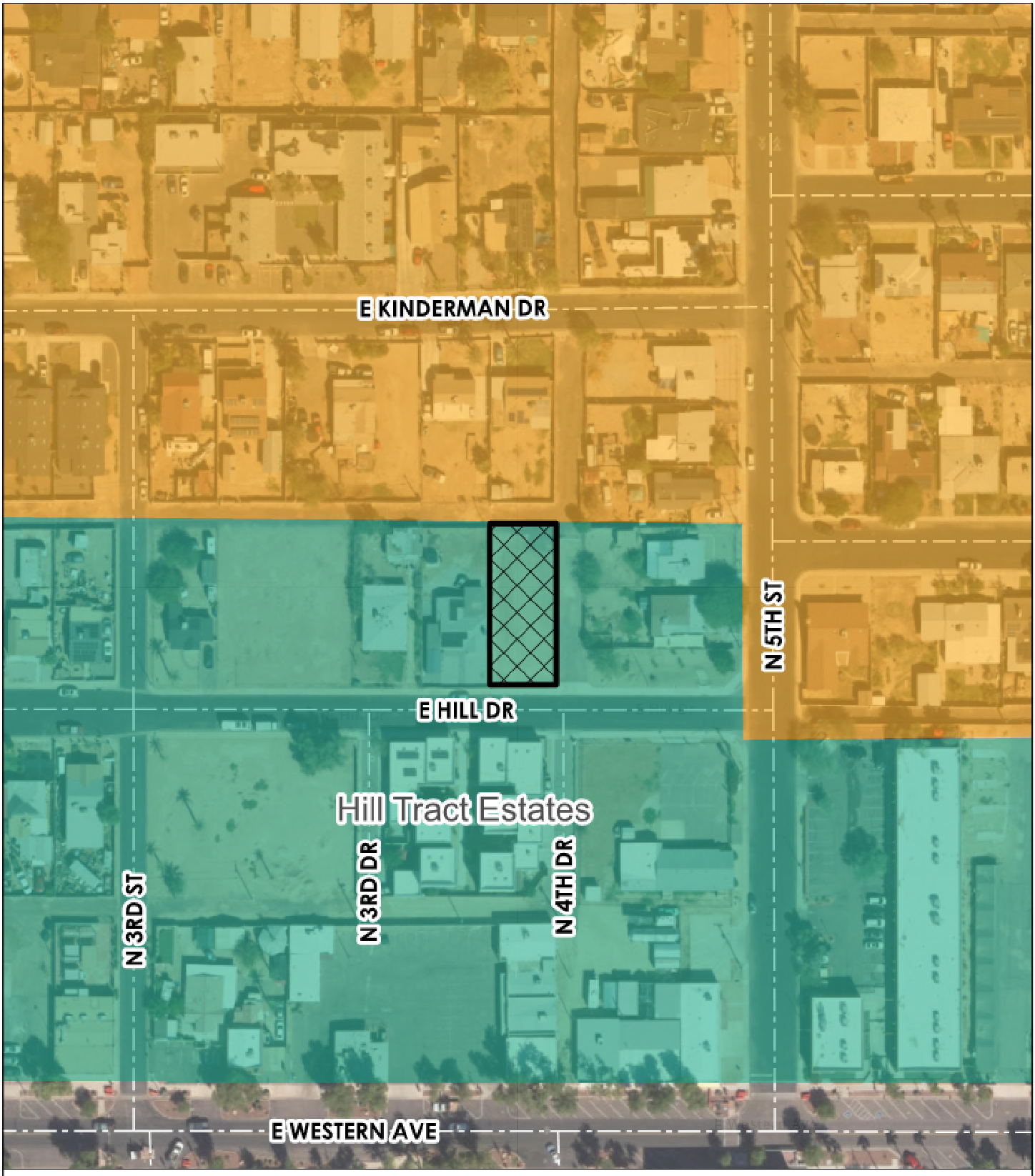
Avondale

Subject Property

Map Prepared On: 3/9/2026

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Exhibit C



General Plan Land Use

Avondale

Medium Density Residential

Old Town

Subject Property

N

Map Prepared On: 3/9/2026

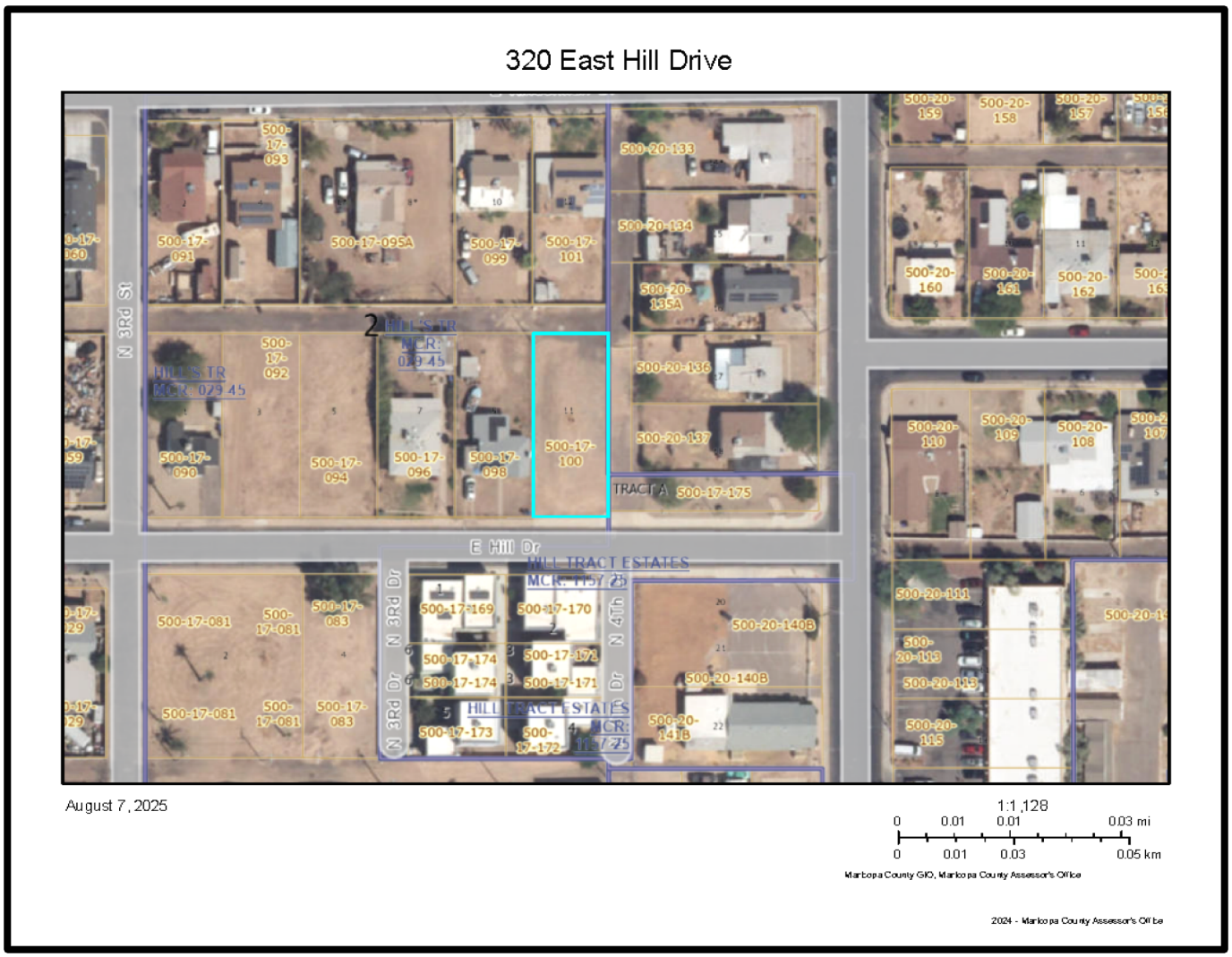
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Exhibit D - Project Narrative
April 15, 2026

Historic Avondale Infill Overlay
Project Narrative

320 EAST HILL DRIVE
AVONDALE, ARIZONA 85323
APN: 500-17-100

SEPTEMBER 11, 2025
REVISED JANUARY 16, 2026
REVISED FEBRUARY 18, 2026
REVISED MARCH 10, 2026



PROPERTY OVERVIEW

1. Introduction

Habitat for Humanity Central Arizona recently responded to a Request for Proposal for the Development and Disposition of Lots for Construction of Residential Homes, Project Solicitation Number: NFS 24-050. The proposal was for two parcels of land. Habitat for Humanity was awarded the parcel of land situated at 320 East Hill Drive, Avondale, Arizona 85323. The original proposal was for a two (2) unit duplex project. We completed a Preliminary Site Plan for the project and requested a pre-application meeting with the City of Avondale (PL-25-0104) on June 18, 2025 to discuss our plans. Currently we are proposing to construct two (2) duplex homes for a total of four (4) single-family attached dwelling units.

The original rezoning package was submitted to the City of Avondale for review on September 11, 2025. The City of Avondale Development Review Committee reviewed the package and made comments and revision requests. Habitat for Humanity and Clouse Engineering responded to all questions and incorporated all required revisions and resubmitted the rezoning package and required exhibits on January 16, 2026.

2. Subject Property and Surrounding Area Conditions

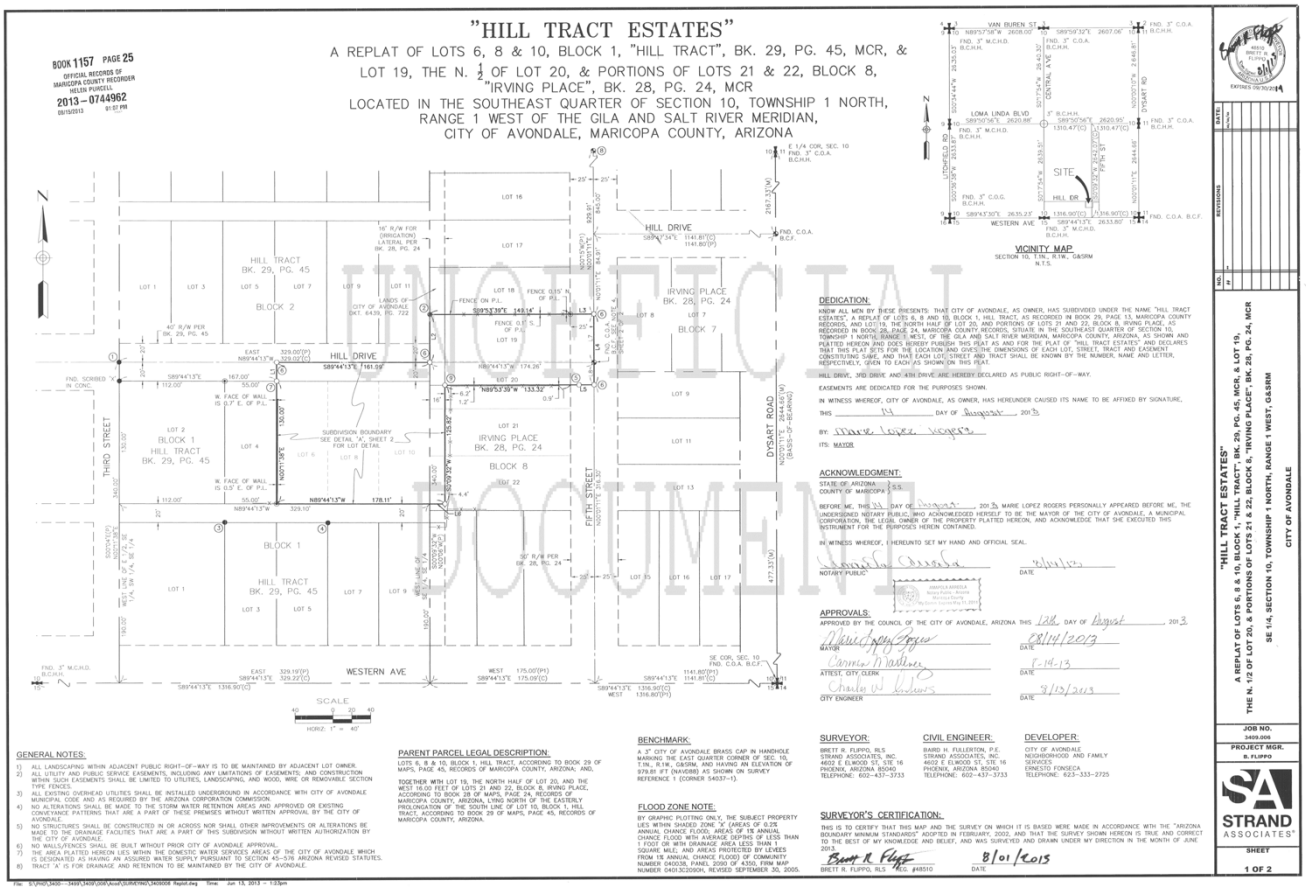
a. General Location

The Subject Site is located in the west valley in Avondale, Arizona. Avondale is situated just south of Interstate 10 and west of Loop 101. According to the United States Census Bureau, Avondale has a total area of 47.9 square miles of which 0.3 square miles, or 0.54% are water. The Gila River crosses the southern part of the city, joined from the north by the Agua Fria River. As of 2025, Avondale has a total population of 96,196. Avondale is currently growing at a rate of 1.4% annually and its population has increased by 7.4% since the most recent census, which recorded a population of 89,568 in 2020. The average household income in Avondale is $95,767 with a poverty rate of 10.9%.

b. Boundaries and Site Area

The site totals 0.1859 Gross Acres and 8,096 Gross Square Feet and 0.1371 Net Acres and 5,972 Net Square Feet. It is situated on the north side of Hill Drive, just west of Dysart Road and north of Western Avenue in Avondale, Arizona. The Maricopa County Assessor's Number is 500-17-100. It is legally described as LOT 11, BLOCK 2, HILL TRACT, according to the plat of record in the office of the County of Recorder of Maricopa County, Arizona, in Book 29 of Maps, Page 45. The property is bordered by single-family residential development on the north; a twenty (20) foot wide alley on the north; a sixteen (16) foot alley on the east; and Hill Drive on the south.

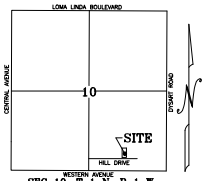
Hill Tract Estates Plat Map



ALTA Survey

ALTA/NSPS LAND TITLE SURVEY

LOT 11, BLOCK 2, HILL TRACT, AS RECORDED IN BOOK 29 OF MAPS, PAGE 45, RECORDS OF MARICOPA COUNTY, ARIZONA AND SITUATED IN A PORTION OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 10 TOWNSHIP 1 NORTH, RANGE 1 WEST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA



SEC 10, T 1 N, R 1 W
VICINITY MAP
N.T.S.

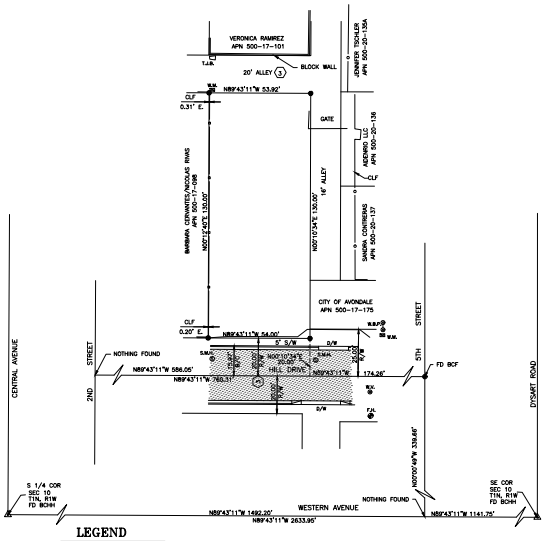
SCHEDULE "B" EXCEPTIONS

1. TAXES WHICH MAY BE ASSESSED OR LEVIED SUBSEQUENT TO THE EFFECTIVE DATE HEREIN, AND SUBSEQUENT YEARS. TAX IDENTIFICATION NO.: 500-17-100 (NOT A SURVEY MATTER)
2. LIABILITIES AND OBLIGATIONS IMPOSED UPON SAID LAND BY ITS INCLUSION WITHIN ANY DISTRICT FORMED PURSUANT TO TITLE 48, ARIZONA REVISED STATUTES. (NOT A SURVEY MATTER)
3. EASEMENTS, COVENANTS, CONDITIONS AND RESTRICTIONS AS SET FORTH ON THE PLAT RECORDED IN BOOK 29 OF MAPS, PAGE 45. (PLOTTED)
4. COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS BUT OMITTING ANY COVENANTS OR RESTRICTIONS, IF ANY, INCLUDING BUT NOT LIMITED TO THOSE BASED UPON RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, FAMILIAL STATUS, MARITAL STATUS, DISABILITY, HANDICAP, NATIONAL ORIGIN, ANCESTRY, OR SOURCE OF INCOME, GENDER, GENDER IDENTITY, GENDER EXPRESSION, MEDICAL CONDITION OR GENETIC INFORMATION, AS SET FORTH IN APPLICABLE STATE OR FEDERAL LAWS, EXCEPT TO THE EXTENT THAT SAID COVENANT OR RESTRICTION IS PERMITTED BY APPLICABLE LAW, AS SET FORTH IN THE DOCUMENT RECORDING NO: DOCKET 565, PAGE 582 (AFFECTS PROPERTY--NOT PLOTTED)
5. ANY ACTION THAT MAY BE TAKEN BY THE FLOOD CONTROL DISTRICT OF MARICOPA COUNTY TO ACQUIRE PROPERTY OR RIGHTS OF WAY FOR FLOOD CONTROL, AS DISCLOSED BY DOCUMENT RECORDED AT RECORDING NO. 2001-0725859. (AFFECTS PROPERTY--NOT PLOTTED)
6. MATTERS CONTAINED IN THAT CERTAIN DOCUMENT ENTITLED: ORDINANCE NO. 1378-709 RECORDING DATE: AUGUST 6, 2009, RECORDING NO: 20090729653 REFERENCE IS HEREBY MADE TO SAID DOCUMENT FOR FULL PARTICULARS. (AFFECTS PROPERTY--NOT PLOTTED)
7. MATTERS CONTAINED IN THAT CERTAIN DOCUMENT ENTITLED: ORDINANCE NO. 2002-0125, RECORDING DATE: JANUARY 9, 2025, RECORDING NO: 20250014466. REFERENCE IS HEREBY MADE TO SAID DOCUMENT FOR FULL PARTICULARS. (AFFECTS PROPERTY--NOT PLOTTED)

LEGAL DESCRIPTION

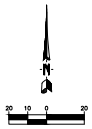
THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF MARICOPA, STATE OF ARIZONA AND IS DESCRIBED AS FOLLOWS:

LOT 11, BLOCK 2, HILL TRACT, ACCORDING TO THE PLAT OF RECORD IN THE OFFICE OF THE COUNTY RECORDER OF MARICOPA COUNTY, ARIZONA, IN BOOK 29 OF MAPS, PAGE 45, OF OFFICIAL RECORDS.



LEGEND

- (#) SCHEDULE "B" ITEM
- INDICATES A CORNER OF SURVEY, SET A 1/2" BAR, UNLESS NOTED OTHERWISE
- R/W RIGHT-OF-WAY
- W.M. WATER METER
- W.V. WATER VALVE
- C.L.F. CHAIN LINK FENCE
- W.B.P. WATER BACKFLOW PREVENTER
- APN ASSESSOR'S PARCEL NUMBER
- F.H. FIRE HYDRANT
- S.M.H. SEWER MANHOLE
- D/W DRIVEWAY
- B/C BACK OF CURB
- T.J.B. TELEPHONE JUNCTION BOX
- BCHH BRASS CAP IN HANDHOLE
- BCF BRASS CAP FLUSH
- S/W SIDEWALK
- M.C.R. MARICOPA COUNTY RECORDER
- PAVEMENT



SCALE 1" = 20'

NOTES

1) THIS SURVEY WAS PERFORMED BASED ON INFORMATION CONTAINED IN A COMMITMENT FOR TITLE INSURANCE PREPARED BY SECURITY TITLE AGENCY, INC., ISSUING AGENT FOR CHICAGO TITLE INSURANCE COMPANY, ORDER NO. 5715255546, DATED AUGUST 18, 2025.
2) THE BASIS OF BEARING IS THE MONUMENT LINE OF WESTERN AVENUE USING A BEARING OF NORTH 89 DEGREES 43 MINUTES 11 SECONDS WEST.
3) NET AREA IS 7,015 SQ. FT. OR 0.1610 ACRE, MORE OR LESS.
4) UNDERGROUND UTILITIES SHOWN ARE FROM OBSERVATION ONLY.
5) THE SUBJECT PROPERTY IS ZONED R-4 (RESIDENTIAL DISTRICT).
6) ACCORDING TO FIRM FLOOD INSURANCE RATE MAP NO. 04013C2185P DATED FEBRUARY 8, 2024, THE SUBJECT PROPERTY IS LOCATED IN ZONE X IS DESCRIBED AS "AREAS OF 0.2% ANNUAL CHANCE FLOOD; AREAS OF 1% ANNUAL CHANCE FLOOD WITH AVERAGE DEPTHS OF LESS THAN 1 FOOT OR WITH DRAINAGE AREAS LESS THAN 1 SQUARE MILE; AND AREAS PROTECTED BY LEVEES FROM 1% ANNUAL CHANCE FLOOD."
7) ADJOINING OWNER INFORMATION IS PER MARICOPA COUNTY ASSESSOR
8) ANY DISTANCES, BEARINGS, DESCRIPTIONS, ETC., WHICH MAY VARY FROM THE PROVISIONS OF THE RECORD INFORMATION NOTED ABOVE REFLECT ACTUAL MEASURED DATA, OR THE BEST INTERPRETATION OF THE SURVEYOR.
9) THERE IS NO OBSERVABLE EVIDENCE OF ANY EARTH MOVING, RECENT OR CURRENT CONSTRUCTION NOR ANY EVIDENCE THAT SITE HAS OR IS BEING USED AS A SOLD WASTE DUMP, SUMP OR SANITARY LANDFILL.
10) THERE ARE NO WETLAND AREAS ON THE SITE.
11) THE PROPERTY HAS DIRECT ACCESS TO HILL DRIVE A CITY OF AVONDALE PUBLIC RIGHT OF WAY.

CERTIFICATION

TO : HABITAT FOR HUMANITY CENTRAL ARIZONA
SECURITY TITLE AGENCY, INC.
CHICAGO TITLE INSURANCE COMPANY

THIS IS TO CERTIFY THAT THIS MAP OR PLAT AND THE SURVEY ON WHICH IT IS BASED WERE MADE IN ACCORDANCE WITH 2021 MINIMUM STANDARD DETAIL REQUIREMENTS FOR ALTA/NSPS LAND TITLE SURVEYS, JOINTLY ESTABLISHED AND ADOPTED BY ALTA AND NSPS, AND INCLUDES ITEMS 1, 2, 3, 4, 6(a), 6(b), 7(a), 7(b)(1), 7(c), 8, 10(a), 11, 13 THROUGH 18 OF TABLE A THEREOF. THE FIELD WORK WAS COMPLETED ON AUGUST 28, 2025

ROBERT J. BLAKE
REGISTERED LAND SURVEYOR NO. 36070
DATE OF PLAT OR MAP: SEPTEMBER 4, 2025



Call at least two full working days before you dig, it's the law!
ARIZONA811
Arizona Blue Stake, Inc.
Call 8-1-1 or 1-800-STAKE-IT (782-5348)
In Maricopa County (602) 263-1100

CLOUSE ENGINEERING, INC., SHALL NOT BE LIABLE FOR ANY PORTION OF WORK NOT CONFORMING TO APPROVED PLANS SHOULD THEIR STAKES BE FOUND MISSING OR DISTURBED.

ALTA2MG

Clouse Engineering, Inc.
civil engineers • surveyors
3010 E. Camelback Road, Suite 110, Scottsdale, AZ. 85016
Tel 602-395-8200 Fax 602-395-8210

ALTA/NSPS LAND TITLE SURVEY
320 E HILL DRIVE
AVONDALE ARIZONA

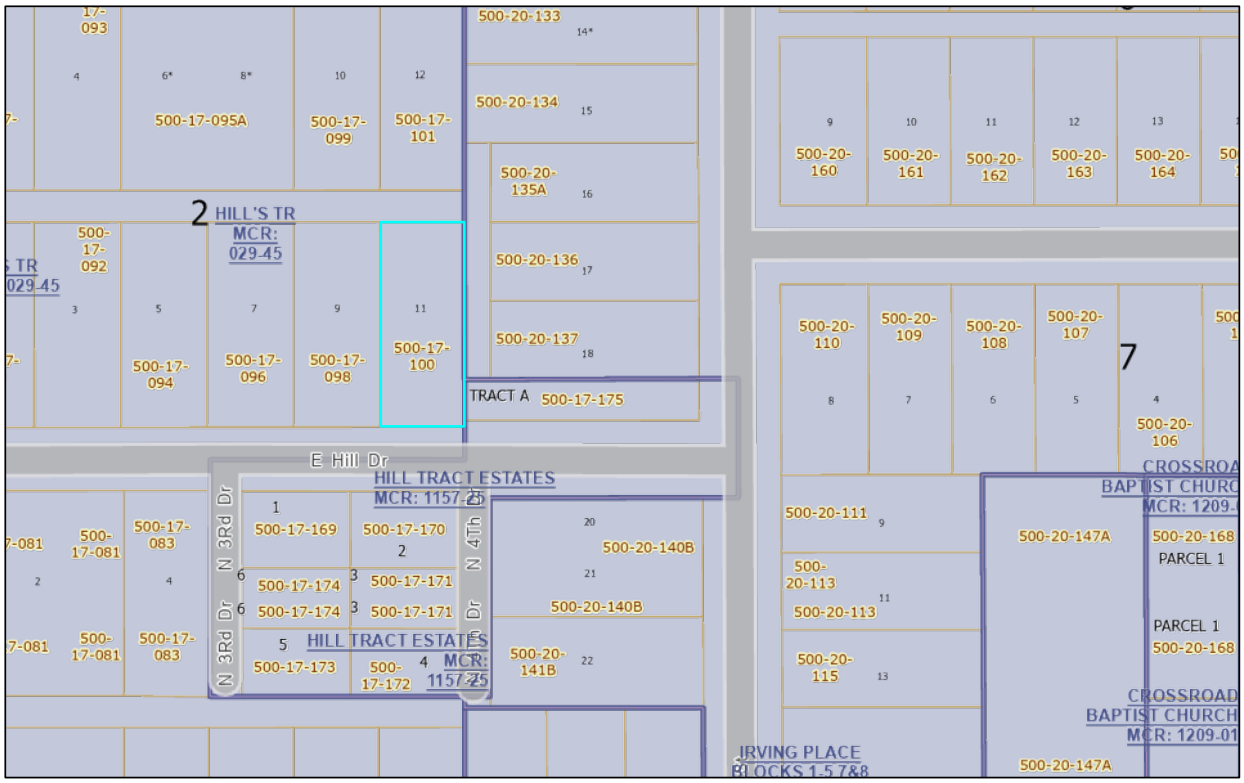
Revised
.
.
.

Date
09/04/2025
As-Built
.
.
Job No.
250401

1 OF 1

Maricopa County Assessor's Plat Map

320 East Hill Drive



August 7, 2025

1:1,128

0 0.01 0.01 0.03 mi

0 0.01 0.03 0.05 km

Maricopa County GIO, Maricopa County Assessor's Office

2024 - Maricopa County Assessor's Office

c. Zoning Ordinance and General Plan Use Designations of Subject and Surround Area

Zoning: The parcel is zoned R-4, Multi-Family Residential District. See Avondale, Arizona – Code of Ordinances, Chapter 28, Article 2, Residential Districts. (https://library.municode.com/az/avondale/codes/code_of_ordinances?nodeId=CD_ORD_CH28ZOOR_ART2REDI)

The residential districts are designed to promote high quality neighborhoods that have a distinct character, superior aesthetics, desirable amenities, open space and landscaping to meet the needs and expectations of the city's residents. The intention of the R-4 Multi-Family Residential District is to be located near high activity commercial areas of the city an providing for high intensity townhome, condominium, apartment and loft apartments.

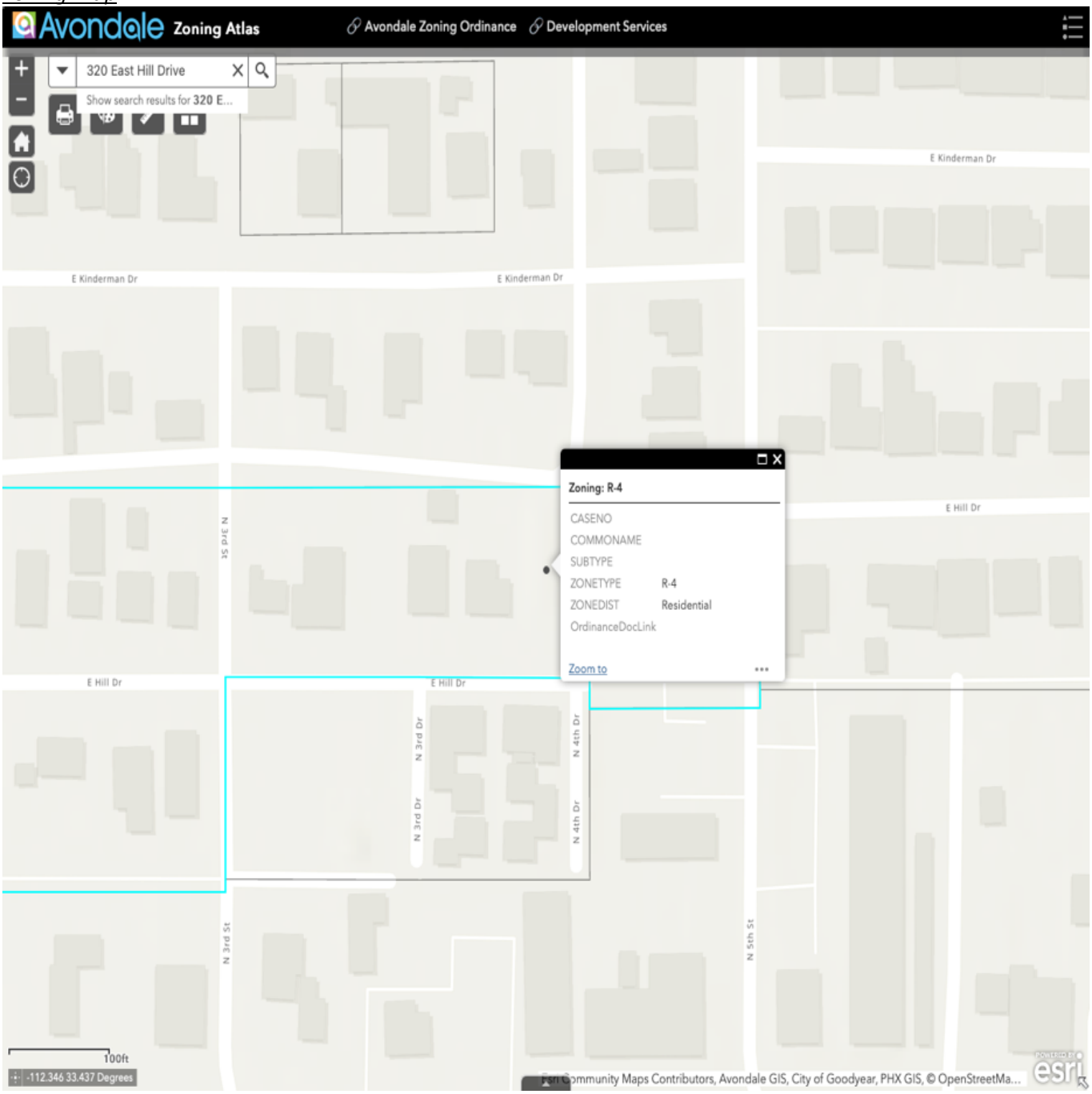
Development Standards in the R-4 Zoning District are as follow:

Maximum Units Allowed – 1 Units per every 1,452 SF of Net Site Area
Minimum Lot Width – 50 Feet
Minimum Lot Depth – 100 Feet
Maximum Height – 45 Feet
Maximum Building Coverage – 50%

Minimum Setback:

Front Yard – 25 Feet
Side Yard – 15 Feet
Rear Yard – 15 Feet
Exterior/Street Side Yard – 25 Feet
Lots with Common Walls – 0 Feet

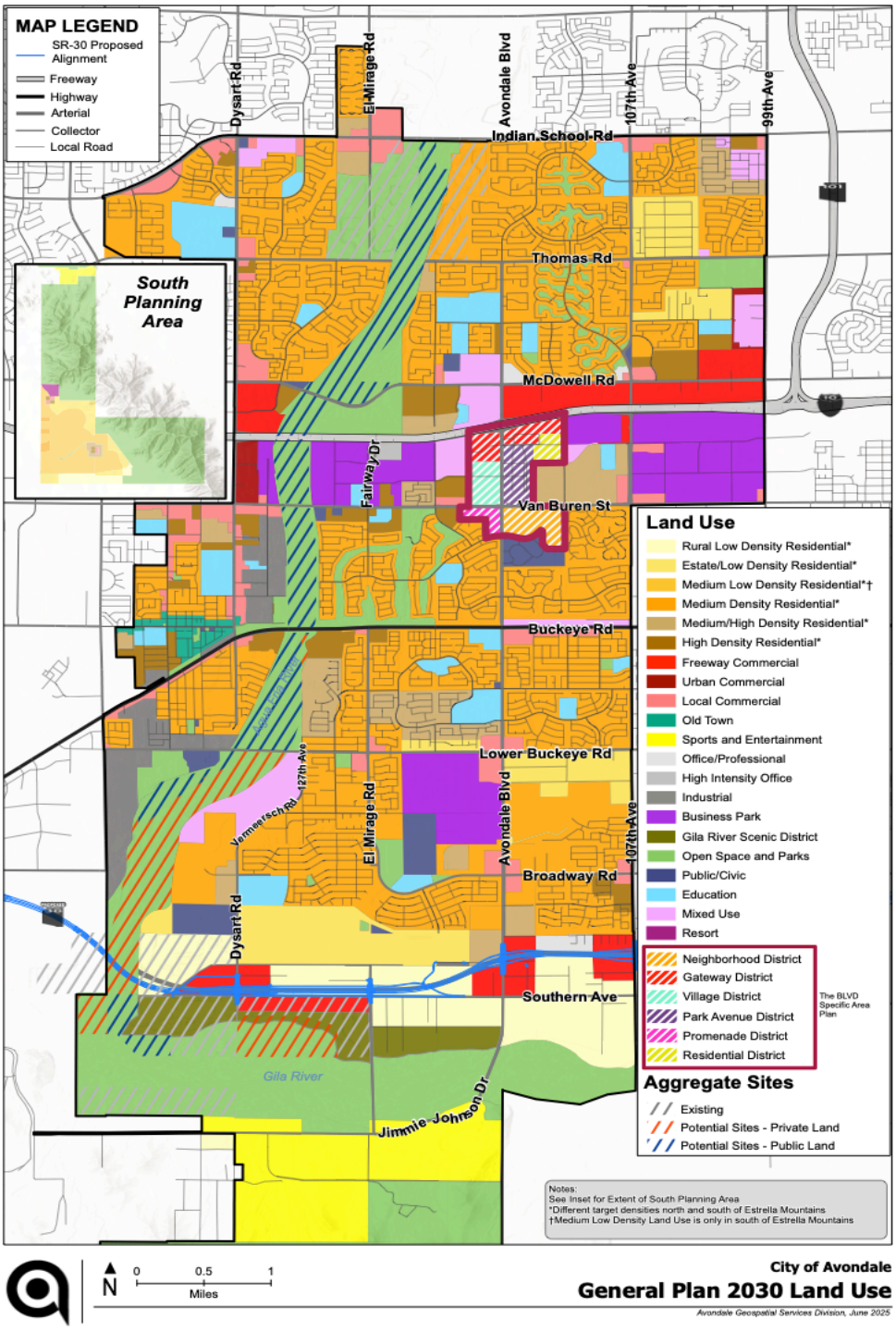
Zoning Map


Avondale Zoning Atlas
Avondale Zoning Ordinance
Development Services
320 East Hill Drive
Show search results for 320 E...
E Kinderman Dr
E Kinderman Dr
E Kinderman Dr
Zoning: R-4
CASENO
COMMONAME
SUBTYPE
ZONETYPE R-4
ZONEDIST Residential
OrdinanceDocLink
Zoom to
E Hill Dr
E Hill Dr
E Hill Dr
N 3rd St
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100ft
-112.346 33.437 Degrees
esri

General Plan: The City of Avondale General Plan Land Use Theme incorporates balanced living with residentially and commercially designated areas to accommodate a mix of attractive and functional live-work enclaves. Development patterns have been framed around the infrastructure, the breathtaking views and amazing natural beauty. As the population has continued to grow, Avondale has strived to continue to offer the benefits of a larger, modern city with the conveniences that go along with that type of development while also placing the utmost importance on retaining the small-town character through the conservation and rehabilitation of the Old Town business core designed for those that are seeking an escape from the urban environment.

The General Plan Designation for the Subject Property is Old Town. The Old Town land use category covers a total area of 83 acres which is 0.14% of the entire Avondale area. The target density in this land use category is 8 dwelling units per acre with projected dwelling units at build out to total 664 and a projected population at build out of 1,753. The City of Avondale's Old Town revitalization involves specific plans such as the Old Town Avondale Business District (OTAB) for pedestrian-friendly development, leveraging grants for infrastructure and incorporating public art/parks focusing on creating a vibrant historic "urban village" with mixed-use housing (retail/residential) through master plans and zoning, guided by broader goals from the Avondale Strategic Plan.

Avondale General Plan

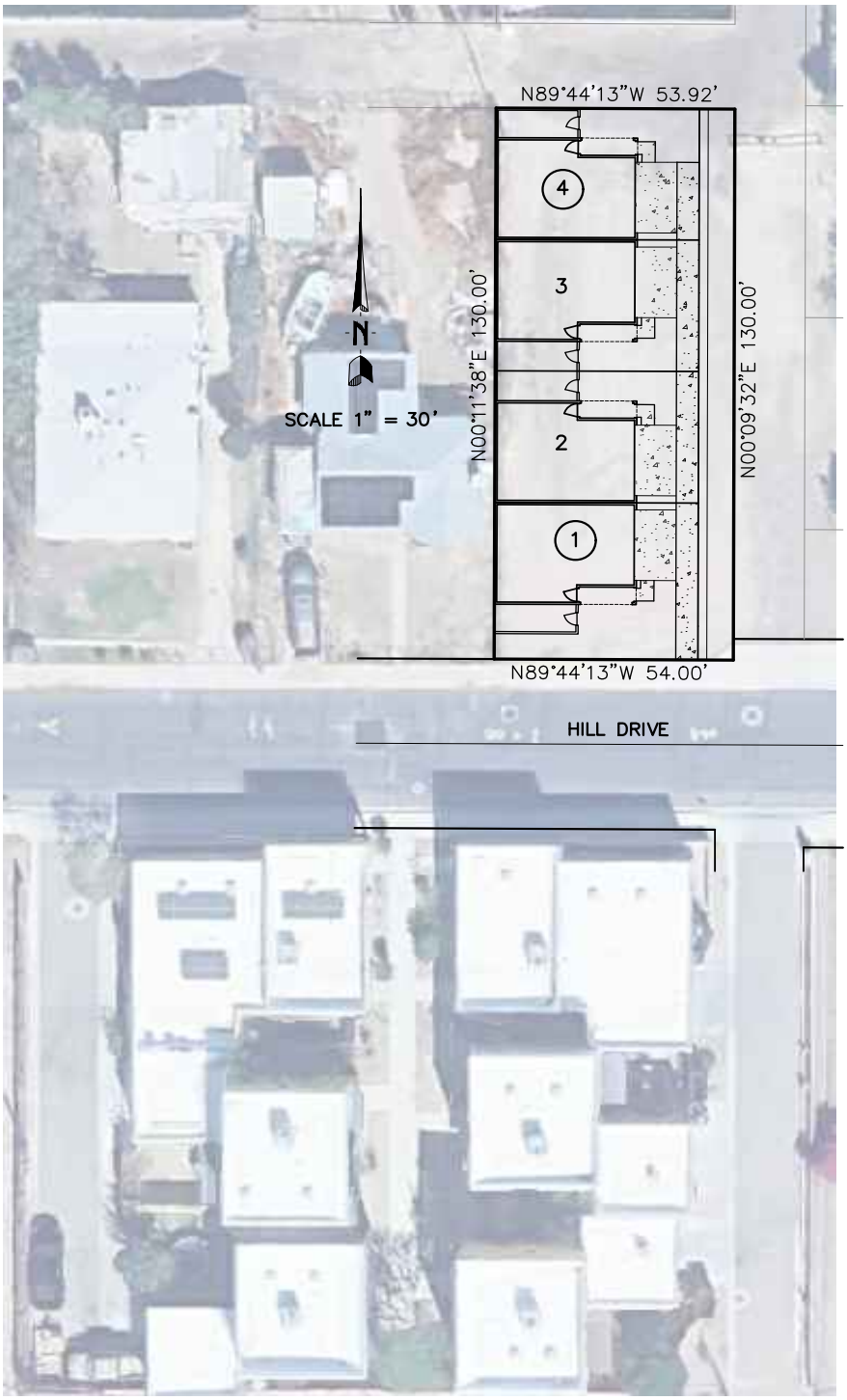


d. Existing Uses and Site Improvement/Surrounding Area Uses

The site at 320 East Hill Drive is currently vacant and unimproved, there are no existing structures or permanent improvements on the lot. The property will have access via an existing 16-foot alley on the east side. Utility connections, including water, sewer, and electric, are available in the vicinity but will require extension or new connections based on the development plan. The lot is in proximity to other residential development, including the recently constructed six (6) unit duplex project situated across Hill Drive on the south. See aerial of adjacent development on the south side of Hill Drive on the following page.

There is significant single-family residential development situated to the north, east, south and west. The Agua Fria Union High School is situated to the northwest. There are several large warehouse/industrial uses situated to the west. To the south, there is a substantial amount of farm and/or agricultural land.

Duplex Development on the South Side of Hill Drive



e. Topography

The site is flat and basically rectangular in shape. It consists primarily of bare soil with minimal vegetation.

PROJECT DESCRIPTION AND DEVELOPMENT STANDARDS

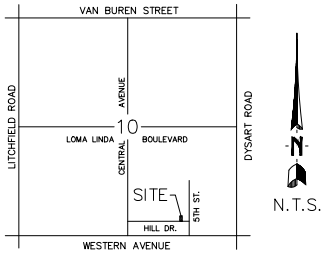
1. Overall Description of Project

Habitat for Humanity is proposing the development of two (2) duplex homes for a total of four (4) single-family attached dwelling units. In order to gain the approvals required in order to accomplish this, we will require a Rezone to a HAIO Zoning and a Replat of the site. Each of the two (2) duplex units will have a common wall and the property line will occur at this line and there will be a split in the middle of the parcel as well. The aforementioned splits are intended so as to yield four (4) sole and separate residential lots that we may sell the fee simple property to approved families that qualify for our program. The proposed development incorporates a three-story unit on each lot. There will be ample open space in the front and side yards of each of the single-family attached homes promoting resident interaction and easy access to goods and services. The three-story, single-family attached homes will be situated facing south toward Hill Drive.

Preliminary Site Plan

PRELIMINARY SITE PLAN
320 E. HILL DRIVE

LOT 11 OF HILL TRACT
BOOK 29, PAGE 45, M.C.R.



VICINITY MAP
SECTION 10, T1N., R.1W.

LEGEND

	INDICATES A CORNER OF THIS SUBDIVISION
8' P.U.E.	INDICATES PUBLIC UTILITY EASEMENT, AT ALL LOT FRONTAGE UNLESS NOTED OTHERWISE NO TREES IN THE P.U.E.
V.N.A.E.	INDICATES VEHICULAR NON-ACCESS EASEMENT
B.S.L.	INDICATES MINIMUM BUILDING SETBACK LINES
D.E.	INDICATES DRAINAGE EASEMENT LINES
	INDICATES FIRE HYDRANT
	INDICATES EXISTING FIRE HYDRANT
P.A.E.	INDICATES PEDESTRIAN ACCESS EASEMENT
S.V.T.	INDICATES SIGHT VISIBILITY TRIANGLE
	INDICATES SINGLE STORY

SITE SUMMARY

EXISTING ZONING: R-4
PROPOSED ZONING: R-4 W/ HAIO
NET AREA: 0.1371 ACRES OR 5,972 S.F.
GROSS AREA: 0.1859 ACRES OR 8,096 S.F.
TOTAL NUMBER OF LOTS: 4
DENSITY: 21.52 D.U. PER ACRE TYPICAL
LOT : 31' WIDTH BY 45' DEPTH
REAR SETBACK: 0'
FRONT SETBACK: 14'
SIDEYARD SETBACK: 0'
STREET SETBACK: 6'

LOT TABLE

LOT #	AREA (SQ.FT.)	LOT COVERAGE
1	1,702 SQ.FT.	45.1%
2	1,425 SQ.FT.	53.9%
3	1,424 SQ.FT.	53.9%
4	1,421 SQ.FT.	54.0%
TOTAL	5,972 SQ.FT.	

FEMA FLOOD MAP

ACCORDING TO FIRM FLOOD INSURANCE RATE MAP NO. 04013C2165-P DATED FEBRUARY 6, 2024. THE SUBJECT PROPERTY IS LOCATED IN ZONE X. ZONE X IS DESCRIBED AS: "AREAS OF 500-YEAR FLOOD; AREAS OF 100-YEAR FLOOD WITH AVERAGE DEPTHS OF LESS THAN 1 FOOT OR WITH DRAINAGE AREAS LESS THAN 1 SQUARE MILE; AND AREAS PROTECTED BY LEVEES FROM 100-YEAR FLOOD."

BENCH MARK

FOUND BRASS CAP IN HAND HOLE AT THE INTERSECTION OF THOMAS ROAD. AND AVONDALE BLVD. (CITY OF AVONDALE DESIGNATION 117)
ELEV=1010.35 (NAVD88)

NOTES

A. ALL UTILITY LINES LESS THAN 69 KV SHALL BE UNDERGROUNDED WITH THE FIRST PHASE OF DEVELOPMENT

B. ALL GROUND-MOUNTED EQUIPMENT SHALL BE SCREENED/CONCEALED FROM STREET VIEW.

C. PLANTS LOCATED WITHIN REQUIRED AASHTO SIGHT VISIBILITY TRIANGLES SHALL BE PRUNED REGULARLY TO PERMIT UNOBSTRUCTED VISION. PLANT MATERIALS SHALL BE MAINTAINED TO BE LOWER THAN 2' (SHRUBS) OR TALLER THAN 7' (BOTTOM OF TREE CANOPY)

D. FUTURE DEVELOPMENT PADS WITHIN MASTER PLANNED DEVELOPMENTS SHALL BE COVERED WITH A MINIMUM OF 2" THICK DECOMPOSED GRANITE FOR DUST CONTROL AT TIME OF DEVELOPMENT.

E. ALL DEVELOPMENTS SHALL BE MAINTAINED IN CONFORMANCE WITH THE APPROVED SITE PLAN AND LANDSCAPE PLAN. ANY CHANGES THERETO SHALL REQUIRE APPROVAL OF THE CITY OF AVONDALE.

F. THIS PROJECT IS SUBJECT TO CURRENT AVONDALE GENERAL ENGINEERING REQUIREMENTS (AND MAG SUPPLEMENTAL REGULATIONS), COMMERCIAL/INDUSTRIAL/MULTI-FAMILY DESIGN MANUAL, ZONING ORDINANCE, GENERAL PLAN, AND ANY APPLICABLE SPECIFIC PLANS

ENGINEER

CLOUSE ENGINEERING INC.
5010 E. SHEA BLVD SUITE 110
SCOTTSDALE, AZ. 85254
PHONE: (602) 395-9300
CONTACT: TOM WEBER

DEVELOPER/OWNER

HABITAT FOR HUMANITY CENTRAL ARIZONA
2830 W. GLENDALE AVENUE
PHOENIX, ARIZONA 85051
PHONE: (602) 617-9694
CONTACT: TANA NICHOLS

Clouse Engineering, Inc.
ENGINEERS • SURVEYORS
5010 E. Shea Blvd Suite 110, Scottsdale, AZ. 85254
Tel 602-395-9300 Fax 602-395-9310

ARIZONA

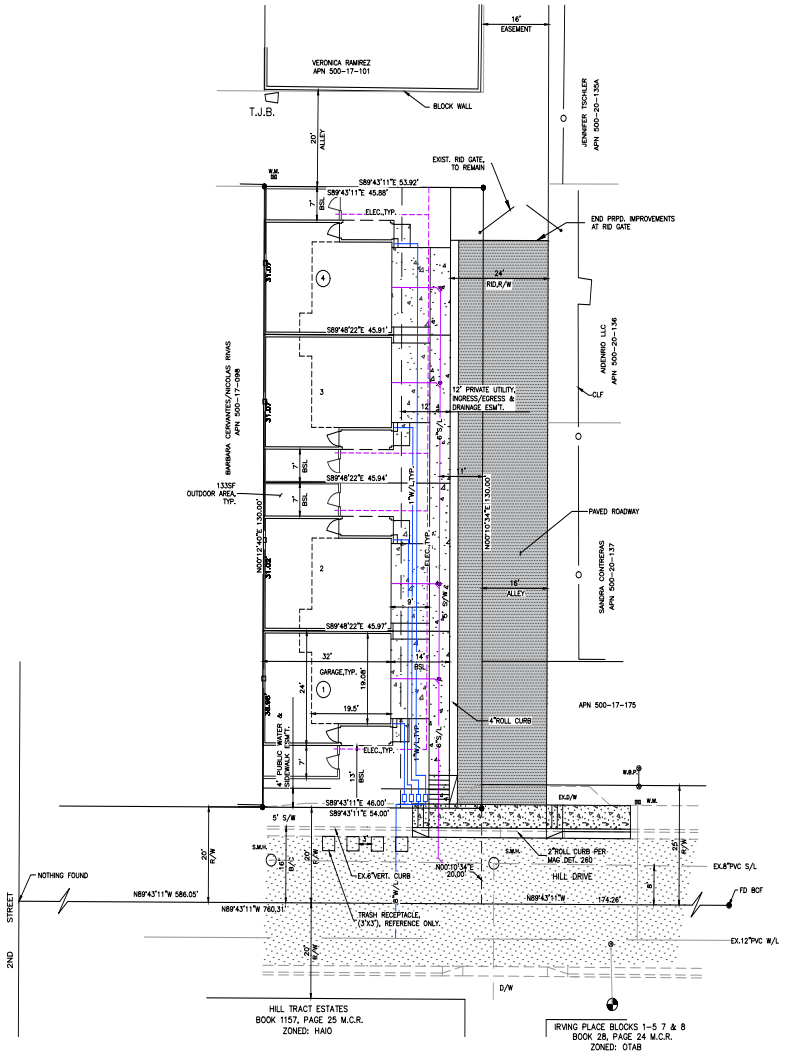
PRELIMINARY SITE PLAN
320 E. HILL DRIVE
5TH STREET AND HILL DRIVE

AVONDALE

Revised
8-20-25
9-12-25
1-15-26
2-18-26

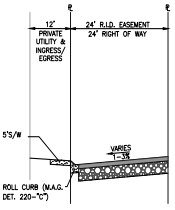
Date
04-09-25
As-Built
-
Job No.
250401

1 OF 2





SCALE 1" = 10'



TYPICAL DRIVE SECTION
(LOOKING NORTH)

Cawes Engineering, Inc.
Civil Engineers & Surveyors
5010 E. Shea Blvd. Suite 110 Scottsdale, AZ. 85254
Tel 602-385-9310 Fax 602-385-9330

ARIZONA

PRELIMINARY SITE PLAN
320 E. HILL DRIVE
5TH STREET AND HILL DRIVE

AVONDALE

Revised
8-20-25
9-12-25
1-15-26
2-18-26

Date
04-09-25

As-Built
.

Job No.
250401

The two (2) Single-Family Residential Duplex homes will yield four (4) separate single-family attached residential units that will be 24 feet by 32 feet, three (3) story in height.

Livable Unit Area

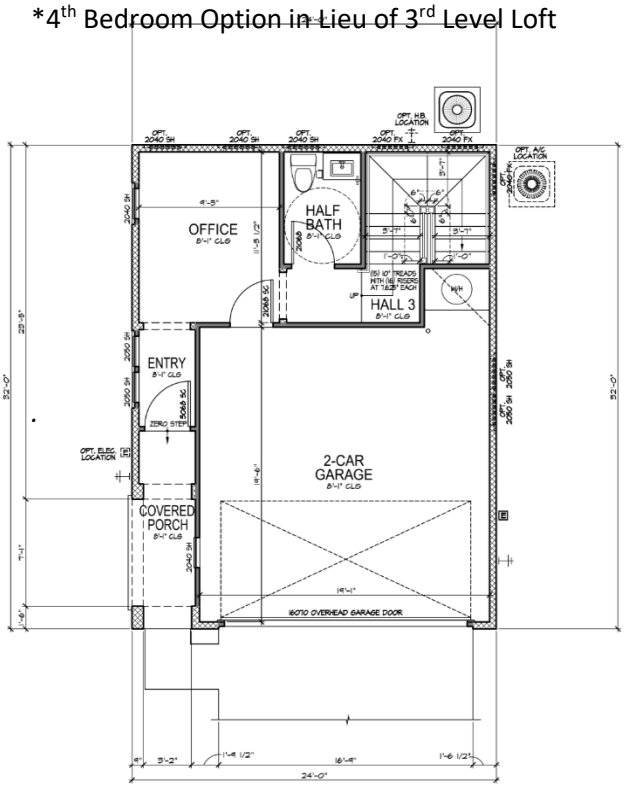
Ground Floor	303 SF
Second Floor	646 SF
Third Floor	629 SF
Total Livable Unit Area	***1,578 SF***

Total Unit Area Under Roof

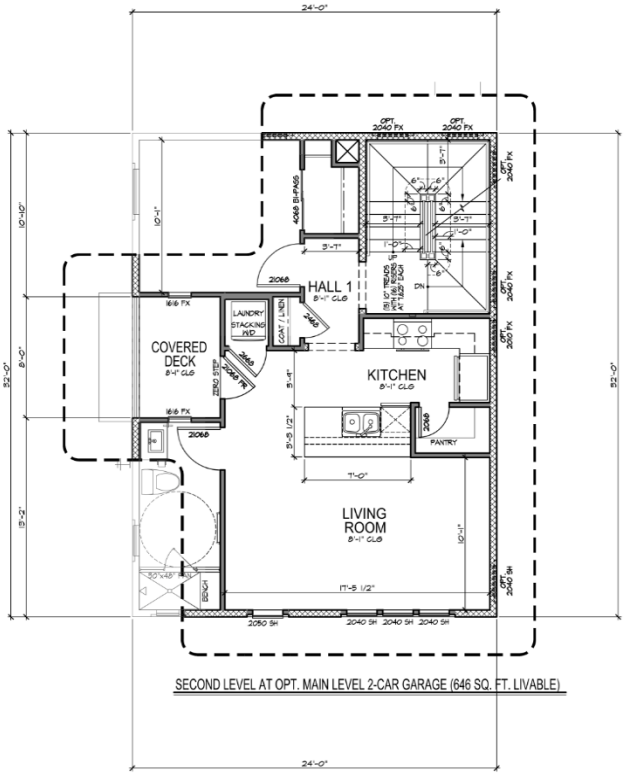
Ground Floor	303 SF
2 Car Garage	410 SF
Second Floor	646 SF
Third Floor	629 SF
Total Unit Area Under Roof	***1,988 SF***

Floor Plans – 1st Floor with 2 Car Garage and Side Entrance, 2nd Floor, 3rd Floor with 4th Bedroom Option

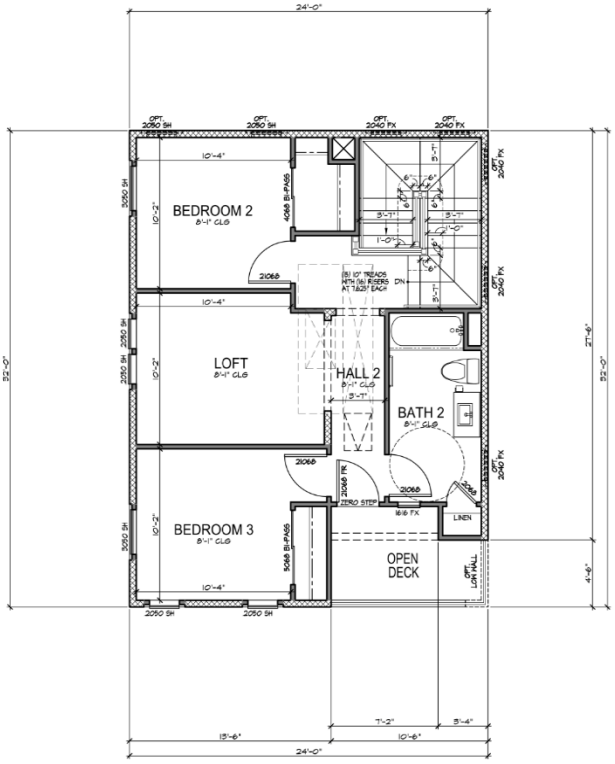
*4th Bedroom Option in Lieu of 3rd Level Loft



OPT. MAIN LEVEL 2-CAR GARAGE W/ OFFICE AND HALF BATH (303 SQ. FT. LIVABLE)

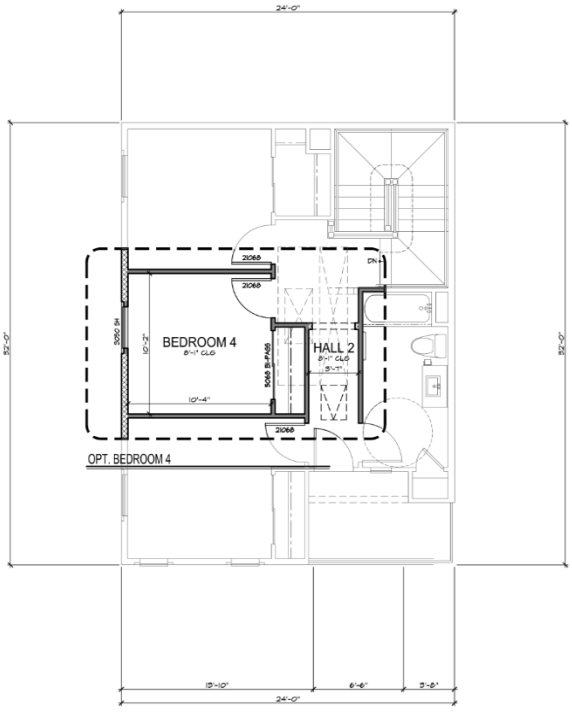


SECOND LEVEL AT OPT. MAIN LEVEL 2-CAR GARAGE (646 SQ. FT. LIVABLE)



SECOND LEVEL NOTED FLOOR PLAN (629 SQ. FT. LIVABLE) / (THIRD LEVEL AT OPT. MAIN LEVEL 2-CAR GARAGE)

SCALE: 1/4" = 1'-0"



OPT. BEDROOM 4

The units will be thirty-four (34) feet in height. There will be three (3) or four (4) bedrooms depending on homeowner's family size. The garage will hold two (2) vehicles and there will be concrete driveway. Per the floor plans attached, the two (2) car garages are situated at the front of the home on either left or right side depending on the elevation selected. Please see Elevations-Options A, B and C. Please note that site plan and floor plan currently show front entrance at the appropriate location on the side of the units to work with the layout of the subject property. Our current plans show that two (2) car garages and three (3) story units will be constructed. The elevations including the garage also depict the entrance on the side. No other changes will be made to the plans so attachments accurately reflect what will be constructed.

We are proposing to dedicate eight (8) feet of the Subject lot along the eastern border to combine with the sixteen (16) foot alley to yield a twenty-four (24) foot Right of Way that may be dedicated to match the dedicated Right of Way that was provided during the development of the six (6) unit duplex project constructed immediately adjacent on the south side of Hill Drive. The typical lot would be approximately 31 feet wide by 45 feet deep.

The single-family duplex homes will provide the product that is desired under the R-4 Multi-Family Residential District in place for the majority of the area. The majority of development in the area of the Subject Property is comprised of Single-Family Residential development. There is a six (6) unit duplex project that was recently constructed immediately across Hill Drive from the Subject Site. There is minimal industrial development to the south with the Agua Fria Union High School to the southeast.

The front yards to the homes will be open with a small side yard enclosed with a concrete block wall. The placement of the windows in the home maximize surveillance and visibility of pedestrian areas and access to the homes is easily provided via the proposed twenty-four (24) foot Right of Way immediately adjacent on the east.

Upon successful completion approval of the required Rezone under the Historic Avondale Infill Overlay and subsequent approval of a Replat, the following lots would be available:

- Lot 1 - 320 East Hill Drive, Avondale, Arizona 85323
- Lot 2 - 320 East Hill Drive, Avondale, Arizona 85323
- Lot 3 - 320 East Hill Drive, Avondale, Arizona 85323
- Lot 4 - 320 East Hill Drive, Avondale, Arizona 85323

Habitat for Humanity Central Arizona is an affiliate of Habitat for Humanity International, a worldwide organization with one main goal of eliminating substandard housing. Habitat, with the help of donated money and volunteer labor, builds affordable homes and sells them to qualified low-income buyers with the help of a no interest loan. The buyers not only put in work hours on their own homes, but on the Habitat homes of their neighbors as well.

Habitat has already built, renovated and repaired in excess of 3,158 homes in the metro Phoenix area as well as Pinal County. We have served families in Avondale, Apache Junction, Chandler, Gilbert, Guadalupe, Glendale, Mesa, Peoria, Phoenix, Surprise, Tempe, Arizona City and Casa Grande. These new and renovated homes and the associated 3,158 families who live in them have had a positive impact on communities all over the valley. Many people do not realize that we build and renovate energy efficient frame and stucco homes for stable working people who are legal residents and have good credit. These families pay for their homes. It is not a giveaway program. If you would like to see the quality of our homes you may visit our website at www.habitatcaz.org.

2. Description of Existing Conditions, i.e., Landscaping, Parking, Structures, Uses

The site at 320 East Hill Drive is currently vacant and unimproved, there are no existing structures or permanent improvements on the lot.

3. Justification for Requirement of the HAIO District

The proposed development requires alternative development standards that cannot be met under the R-4 Multi-Family Residential Zoning District due to the lot's small size, shape, and existing urban constraints. The Historic Avondale Infill Overlay (HAIO) provides a mechanism for flexibility in zoning and development standards while preserving the neighborhood's character. This overlay allows Habitat for Humanity to pursue much-needed affordable housing while aligning with city revitalization goals and leveraging existing infrastructure.

The purpose of the Historic Avondale Infill Overlay (HAIO) is to promote and facilitate the development and redevelopment of vacant, underutilized or abandoned properties within the city's revitalization area. See

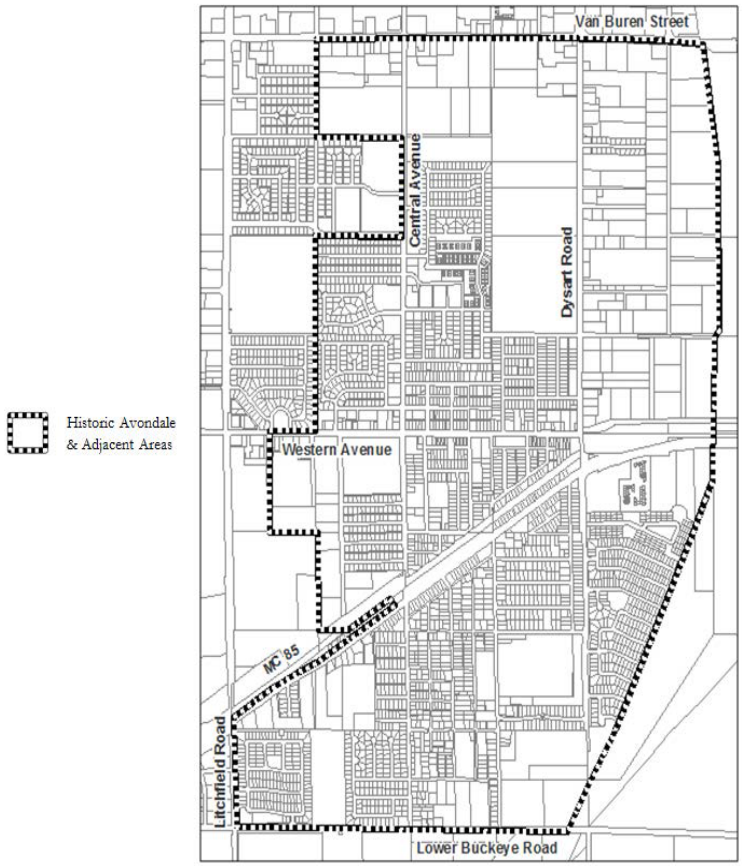
Avondale, Arizona – Code of Ordinances, Chapter 28, Article 5. Special Districts; Overlays, 28-94 Historic Avondale Infill Overlay.
(https://library.municode.com/az/avondale/codes/code_of_ordinances?nodeId=CD_ORD_CH28ZOOR_ART5SPDIOV_28-94HIAVINOV)

It has been established as a method to address potentially incompatible development standards while maintaining the character of the surrounding area. The HAIO is intended to allow for alternative standards to be used when other tools available in the Zoning Ordinance will not work to address the development needs of the property. In order to utilize the alternative standards, a development plan must be approved and show that the intent is to:

(A) Accommodate growth by encouraging and facilitating new development on vacant and underutilized land in areas that already have infrastructure, utilities, and public facilities.
(B) Encourage the use of innovative approaches to development that utilize sustainable development practices and incorporate environmental performance standards.
(C) Provide flexibility in development standards to facilitate infill development and redevelopment.
(D) Encourage pedestrian-oriented design and development consistent with the historic character.
(E) Promote a positive artistic environment within the district.

The boundaries of the HAIO District shall be limited to the area outlined on the following map:

Historic Avondale Infill Overlay



4. Project Development Standard Modifications

Habitat for Humanity Central Arizona is proposing to request Alternative Development Standards as allowed in the Historic Avondale Infill Overlay (HAIO). There are several minimum development standards that we are currently unable to meet per the R-4 Development Standards as per 28-35 Development Standards (See Chapter 28, Article 2, Residential Districts of the City of Avondale, Zoning Ordinance.

The following request is the minimum necessary to construct the proposed four (4) units on the Subject Site:

a. Lot Descriptions

LOT 1

Maximum Units Allowed – 1 Unit per every 1,452 SF of Net Site Area Allowed (4.83 Units); ***No Amendment to Development Standards Required***
Minimum Lot Width – 50 Feet Required; ***36.98 Requested***
Minimum Lot Depth – 100 Feet Required; ***45.94 Requested***
Maximum Height – 45 Feet; **No Amendment to Development Standards Required**
Maximum Building Coverage – 50%; **No Amendment to Development Standards Required**

Minimum Setback:

Front Yard Adjacent to Access Drive – 25 Feet Required; ***14 Feet Requested***
Side Yard for all Lots – 15 Feet Required; ***7 Feet Requested***
Side Yard with Common Walls for all Lots – 15 Feet Required; ***0 Feet Requested***
Rear Yard – 15 Feet Required; ***0 Foot Requested***
Street Side Yard – 25 Feet Required; ***13 Feet Requested***

*Each unit will include an enclosed side yard. The wall enclosure for the yard may encroach into the street side building setback not more than 7.5 feet

LOT 2

Maximum Units Allowed – 1 Unit per every 1,452 SF of Net Site Area Allowed (4.83 Units); ***1 Unit/1,425 SF Requested***
Minimum Lot Width – 50 Feet Required; ***31.02 Requested***
Minimum Lot Depth – 100 Feet Required; ***45.94 Requested***
Maximum Height – 45 Feet; **No Amendment to Development Standards Required**
Maximum Building Coverage – 50%; **53.9% Requested**

Minimum Setback:

Front Yard Adjacent to Access Drive – 25 Feet Required; ***14 Feet Requested***
Side Yard for all Lots – 15 Feet Required; ***7 Feet Requested***
Side Yard with Common Walls for all Lots – 15 Feet Required; ***0 Feet Requested***
Rear Yard – 15 Feet Required; ***0 Foot Requested***
Street Side Yard – 25 Feet Required; ***N/A***

LOT 3

Maximum Units Allowed – 1 Unit per every 1,452 SF of Net Site Area Allowed (4.83 Units); ***1 Unit/1,424 SF Requested***
Minimum Lot Width – 50 Feet Required; ***31.01 Requested***
Minimum Lot Depth – 100 Feet Required; ***45.94 Requested***
Maximum Height – 45 Feet; **No Amendment to Development Standards Required**
Maximum Building Coverage – 50%; **53.9% Requested**

Minimum Setback:

Front Yard Adjacent to Access Drive – 25 Feet Required; ***14 Feet Requested***
Side Yard for all Lots – 15 Feet Required; ***7 Feet Requested***
Side Yard with Common Walls for all Lots – 15 Feet Required; ***0 Feet Requested***
Rear Yard – 15 Feet Required; ***0 Foot Requested***
Street Side Yard – 25 Feet Required; ***N/A***

LOT 4

Maximum Units Allowed – 1 Unit per every 1,452 SF of Net Site Area Allowed (4.83 Units); ***1 Unit/1,421 SF Requested***

Minimum Lot Width – 50 Feet Required; ***31.00 Requested***
Minimum Lot Depth – 100 Feet Required; ***45.94 Requested***
Maximum Height – 45 Feet; **No Amendment to Development Standards Required**
Maximum Building Coverage – 50%; **54.0% Requested**

Minimum Setback:

Front Yard Adjacent to Access Drive – 25 Feet Required; ***14 Feet Requested***
Side Yard for all Lots – 15 Feet Required; ***7 Feet Requested***
Side Yard with Common Walls for all Lots – 15 Feet Required; ***0 Feet Requested***
Rear Yard – 15 Feet Required; ***0 Foot Requested***
Street Side Yard – 25 Feet Required; ***N/A***

Development Standards Table
320 East Hill Drive

	Required Development Standard	*Requested Development Standard Deviation*			
		Lot 1	*Lot 2*	*Lot 3*	*Lot 4*
Lot Square Footage		1,395	1,395	1,395	1,395
Maximum Units Allowed	***1 Unit/1,452 SF***	1 Unit/1,395 SF	1 Unit/1,395 SF	1 Unit/1,395 SF	1 Unit/1,395 SF
Maximum Density Allowed	***4.83 Units Allowed***				
Minimum Lot Width	***50 Feet***	31.00 Feet	31.00 Feet	31.00 Feet	31.00 Feet
Minimum Lot Depth	***100 Feet***	45.00 Feet	45.00 Feet	45.00 Feet	45.00 Feet
Maximum Building Height	***45 Feet***	N/A	N/A	N/A	N/A
Maximum Building Coverage	**50%**	55.1%	55.1%	55.1%	55.1%
Minimum Yard Setbacks					
Front Yard - Adjacent to Access Drive	**25 Feet**	14 Feet	14 Feet	14 Feet	14 Feet
Side Yard - All Lots	**15 Feet**	7 Feet	7 Feet	7 Feet	7 Feet
Side Yard With Common Wall - All Lots	**15 Feet**	0 Feet	0 Feet	0 Feet	0 Feet
Rear Yard	**15 Feet**	0 Foot	0 Foot	0 Foot	0 Foot
Street Side Yard	**25 Feet**	13 Feet	N/A	N/A	N/A

*Each unit will include an enclosed side yard. The wall enclosure for the yard may encroach into the street side building setback not more than 7.5 feet.

We have also submitted an Application for Engineering Standards Deviation for the following items:

- Right of Way and PUE Dedication (3.7.3 & 3.8.1)
- Modified Driveway Entrance (3.19)
- Stormwater Storage (2.4.3)
- Reduced Length Driveway

Please see attached Engineering Standards Deviation, Standard Deviation Narrative and corresponding Exhibits.

b. Development Standard Justification

Pursuant to the requirements of the Alternative Development Standards as outlined in the Historic Avondale Infill Overlay District, there are three (3) required findings that must be met.

(A) The project will further the objective of the general plan and not adversely affect the historic character of the community.

THE GENERAL PLAN DESIGNATION FOR THE AREA IN WHICH THE SUBJECT PROPERTY IS SITUATED IS MEDIUM DENSITY RESIDENTIAL. THE PROPOSED DEVELOPMENT OF FOUR (4) SINGLE-FAMILY ATTACHED UNITS NOT ONLY MEETS THIS REQUIREMENT BUT ALLOWS THE PROSPECTIVE HOMEOWNERS TO ENJOY COMPARABLE RESIDENTIAL DEVELOPMENT CURRENTLY ENJOYED BY THE MAJORITY OF PROPERTY OWNERS IN THE NEIGHBORHOOD.

(B) Sufficient proof has been provided that other tools available in the zoning ordinance, such as administrative relief, will not work to address the site specific needs of the project.

THE STRICT APPLICATION OF THE DEVELOPMENT REQUIREMENTS PER THE R-4, MULTI-FAMILY RESIDENTIAL DISTRICT MAKE IT VIRTUALLY IMPOSSIBLE TO PROVIDE ANY TYPE OF MEDIUM DENSITY RESIDENTIAL DEVELOPMENT DUE TO SMALL SIZE OF THE SUBJECT SITE AND THE LONG, LINEAL SHAPE OF THE LOT. THE AFOREMENTIONED SITE ISSUES ALONG WITH THE MINIMAL FRONTAGE ALONG A PUBLIC ROADWAY PREVENTS THE PROPERTY OWNER FROM PARTICIPATING IN A VARIETY OF DEVELOPMENT OPTIONS. TAKING ADVANTAGE OF THE ALTERNATIVE DEVELOPMENT STANDARDS AS PROVIDED IN THE HISTORIC AVONDALE INFILL OVERLAY DISTRICT ALLOW THE ONLY OPTION TO DEVELOP MEDIUM DENSITY RESIDENTIAL.

(C) The project provides a historic design that creates a pedestrian oriented environment.

THE REQUESTED REDUCTIONS, MINIMUM LOT AREA AND SETBACKS ARE CONSISTENT WITH OTHER PROPERTIES SITUATED IN THE SURROUND AREA AND WILL NOT DETRIMENTALLY AFFECT ANY NEIGHBORING PROPERTIES.

Development Standards Requested

Requested Development Standards Under HAIO Overlay 320 East Hill Drive				
	Requested Development Standard Deviation			
	Lot 1	*Lot 2*	*Lot 3*	*Lot 4*
Lot Square Footage	1,395	1,395	1,395	1,395
Maximum Units Allowed	1 Unit/1,395 SF	1 Unit/1,395 SF	1 Unit/1,395 SF	1 Unit/1,395 SF
Minimum Lot Width	31.00 Feet	31.00 Feet	31.00 Feet	31.00 Feet
Minimum Lot Depth	45.00 Feet	45.00 Feet	45.00 Feet	45.00 Feet
Maximum Building Height	N/A	N/A	N/A	N/A
Maximum Building Coverage	55.1%	55.1%	55.1%	55.1%
Minimum Yard Setbacks				
Front Yard - Adjacent to Access Drive	14 Feet	14 Feet	14 Feet	14 Feet
Side Yard - All Lots	7 Feet	7 Feet	7 Feet	7 Feet
Side Yard With Common Wall - All Lots	0 Feet	0 Feet	0 Feet	0 Feet
Rear Yard	0 Foot	0 Foot	0 Foot	0 Foot
Street Side Yard	13 Feet	N/A	N/A	N/A
*Each unit will include an enclosed side yard. The wall enclosure for the yard may encroach into the street side building setback not more than 7.5 feet.				

5. Parking Standards

a. Parking Standards per the Zoning Ordinance and any Deviations from these Standards

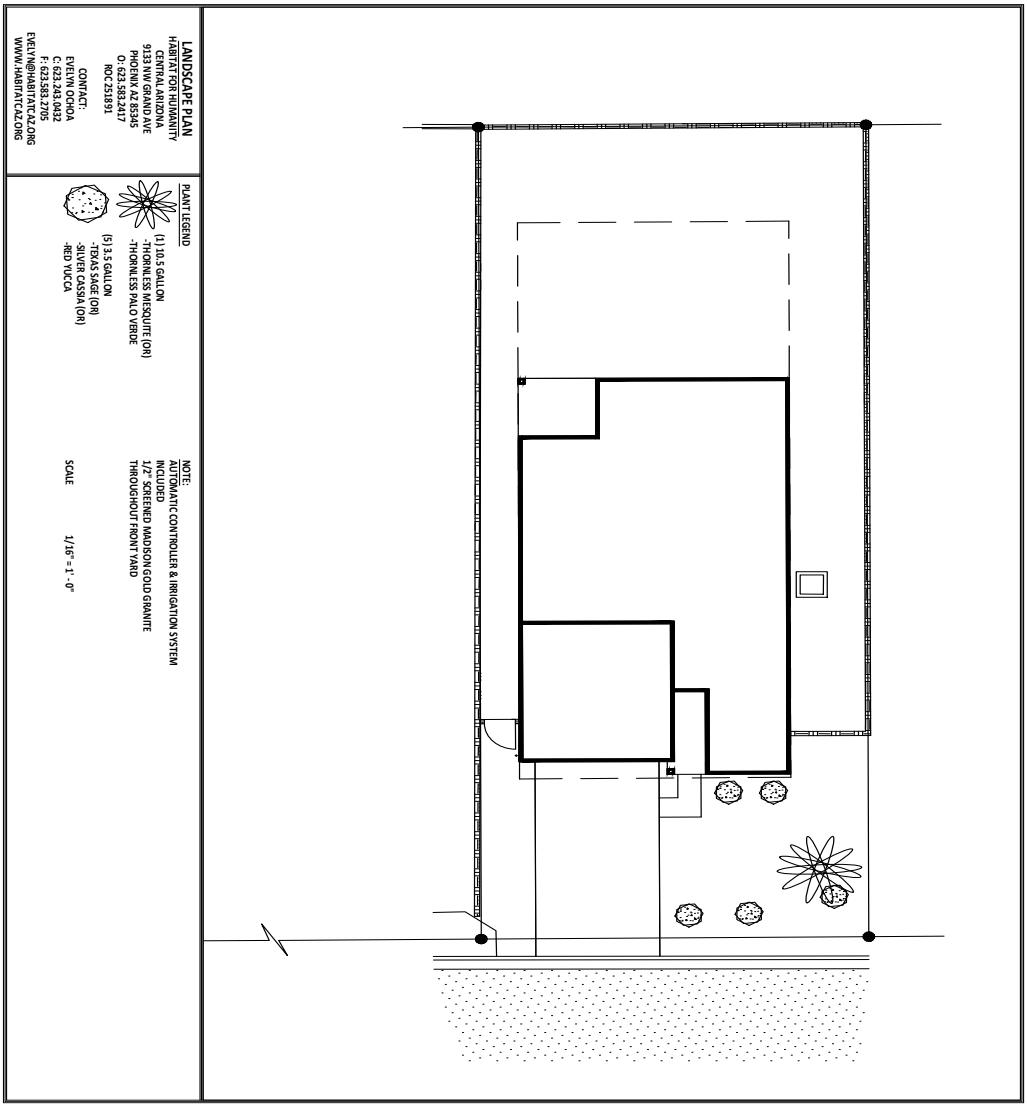
Each unit will feature a two-car garage to accommodate covered homeowner parking. Additionally, street parking is available immediately adjacent to the project (2 spaces) or east of the site adjacent where three additional cars could park. All of these spaces would be within 200-feet of the entrance to the farthest lot.

The entire width of the street is 48-feet of right of way, 32-feet from back of curb to back of curb. It is very acceptable to consider two-way traffic may be accommodated in this width of roadway with no issue. The average passenger vehicle is approximately 6 to 6.5 feet wide. Many local residential streets commonly have 9-10 foot lane widths. The traffic volumes in older, residential neighborhoods are well under 1,000 vehicles per day with minimal heavy truck traffic. Speeds are typically 20-25 mph or less. Multiple streets in the area of the development have a similar street section and do include on street parking.

Landscape and Amenities

a. Landscape Theme Detail

Landscaping will complement the Historic Avondale character with a mix of native and drought-tolerant species. Front yards will feature low-water-use trees, groundcovers, and shrubs selected to provide shade, visual interest, and water efficiency. Small side yards will be designed and maintained by the homeowner. See attached example following:



b. Landscape Tract Tables

Each lot will include front-yard landscaping of approximately 400–500 square feet, with a minimum of one shade tree and five shrubs. All landscape will be on the individual lots and there are no landscape tracts dedicated with this project. The front yard maintenance will be the responsibility of the individual homeowners.

c. Open Space and Amenities

Given the limited lot size, open space is primarily provided in the form of private front and side yards. These areas will serve as outdoor living and play areas for residents.

d. Walls, Gates and Entry Features

Each rear yard will be enclosed with a six-foot CMU block wall for privacy and security. Front yards will remain open, promoting neighborhood interaction and visibility. No perimeter walls or gated entries are planned, in alignment with the pedestrian-oriented goals of the HAIO district.

e. Active Open Space and Amenities

As part of the development's community-building mission, Habitat will encourage shared use of open front yards and support connections with the nearby public park and schools. While no formal community open space is included within the lot, the neighborhood context supports active living and walkability.

6. Architectural Design

The architectural character of the duplex units is inspired by Historic Avondale's modest, craftsman-influenced styles. We offer three (3) elevation selections. Each unit will have varied rooflines, stucco finishes with accent trim, and front porches or stoops. Window placement ensures natural light while enhancing safety and connectivity to the street. Materials include stucco exteriors, dimensional asphalt shingles, and low-E windows. The color palette will incorporate warm desert tones to complement the neighborhood.

Habitat for Humanity is currently in the process of having this new single-family duplex plan completed. The floorplans and elevations included in the report were designed to provide many options so that when we have approved as standard plans at several different cities, we may select the options depending on the lot and family size.

We will adhere to all requirements per the single-family residential design manual. The building walls situated immediately adjacent to the property line on the west for each home will be fire-rated as required by code. Additionally, all openings in the rear will be eliminated as required by code as well.

There will be no balconies in the rear of the site, front or where there is a common wall. The only wall that a balcony would be included is the side wall with the seven (7) foot setback.

We will include substantial architectural elements to the wall location to include color and materials changes, façade and roofline articulation and material treatments such as faux window shutters and other such treatments.

There will be a 13.5 inch wall mounted coach light on the far side of each garage door mounted at 6 feet center along with one recessed light under the porch by the door to the side of the garage. The garage door fixture is square and black and takes a 100-watt bulb that is visible inside the clear panes. It allows for ample light distribution in exterior areas.

The recessed light under the porch is a standard exterior waterproof fixture also taking a 100-watt bulb and it also provide ample light distribution for residential development.

Trash and recycle receptacles will be stored behind the block wall gate on the side of each home. On pick up day, the homeowners will transfer the receptacles to the locations shown along Hill Drive.

Duplex Elevation A



FRONT ELEVATION

SCALE: 1/4" = 1'-0"

ELEVATION 'A' (MID-CENTURY MODERN)

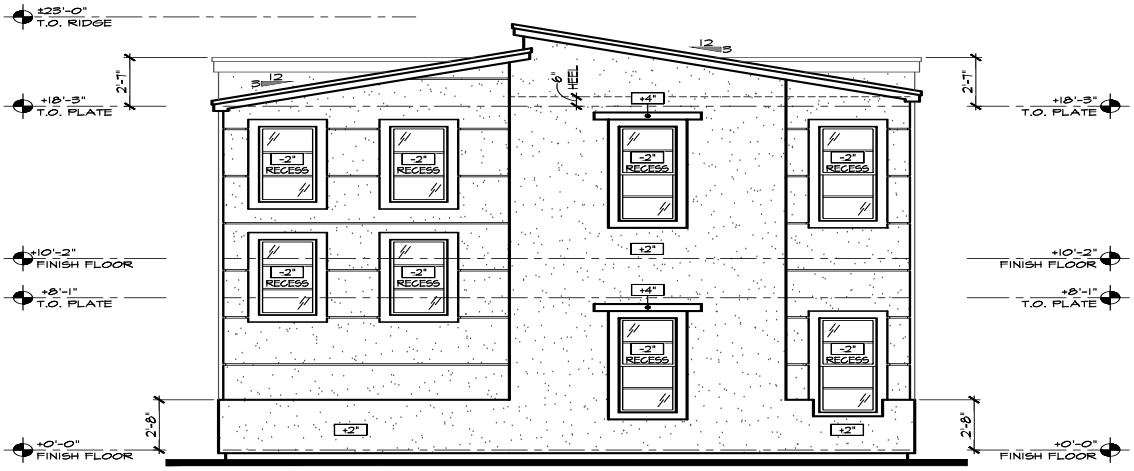


LEFT ELEVATION

SCALE: 1/4" = 1'-0"

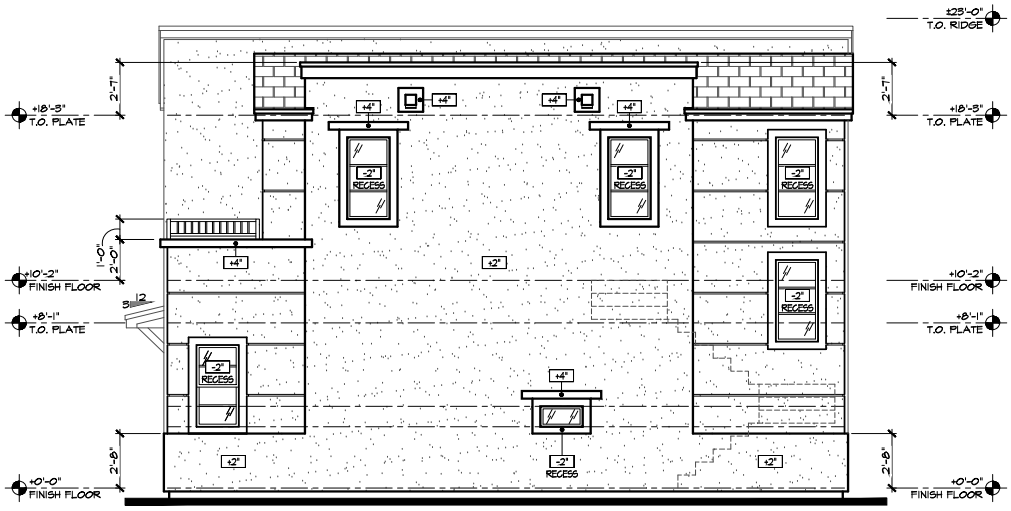
ELEVATION 'A' (MID-CENTURY MODERN)

Duplex Elevation A



REAR ELEVATION — ELEVATION 'A' (MID-CENTURY MODERN)

SCALE: 1/4" = 1'-0"



RIGHT ELEVATION — ELEVATION 'A' (MID-CENTURY MODERN)

SCALE: 1/4" = 1'-0"

Duplex Elevation B



FRONT ELEVATION — ELEVATION 'B' (RANCH)

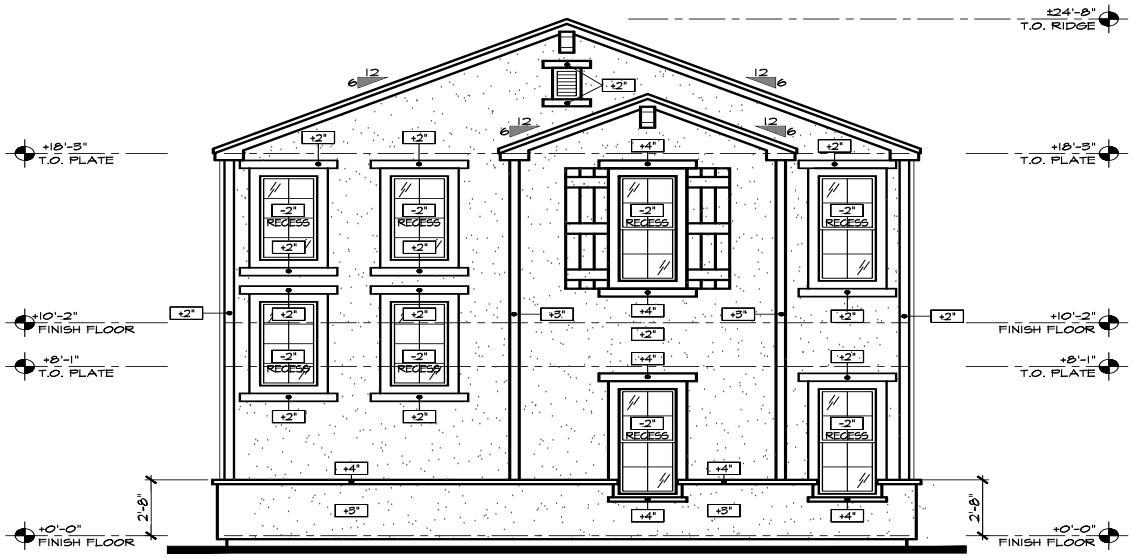
SCALE: 1/4" = 1'-0"



LEFT ELEVATION — ELEVATION 'B' (RANCH)

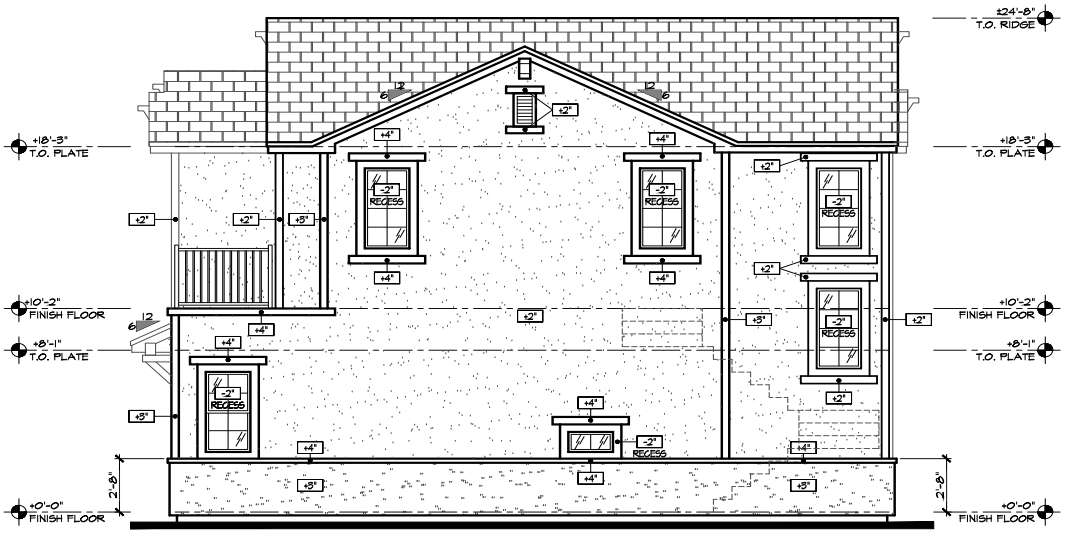
SCALE: 1/4" = 1'-0"

Duplex Elevation B



REAR ELEVATION — ELEVATION 'B' (RANCH)

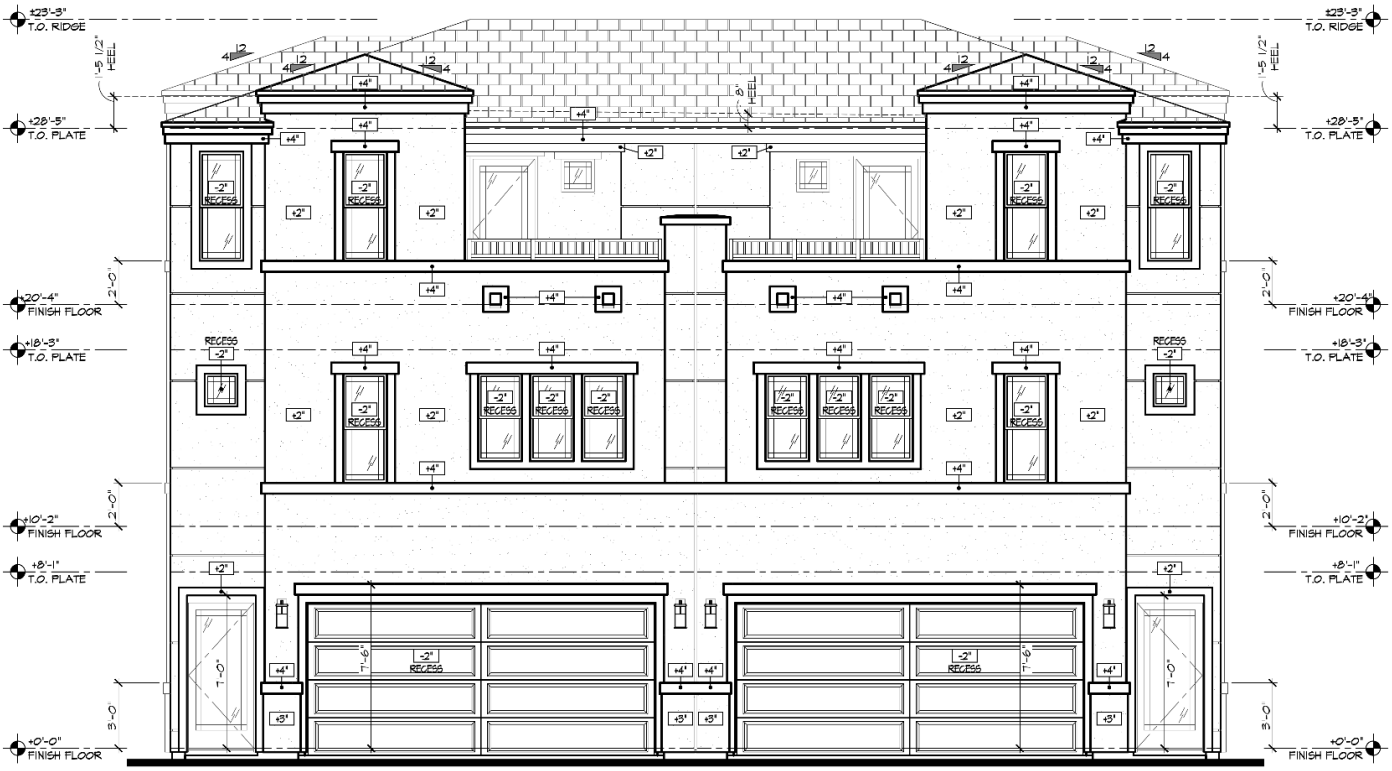
SCALE: 1/4" = 1'-0"



RIGHT ELEVATION — ELEVATION 'B' (RANCH)

SCALE: 1/4" = 1'-0"

Duplex Elevation C



FRONT ELEVATION — ELEVATION 'C' (MODERN PRAIRIE)

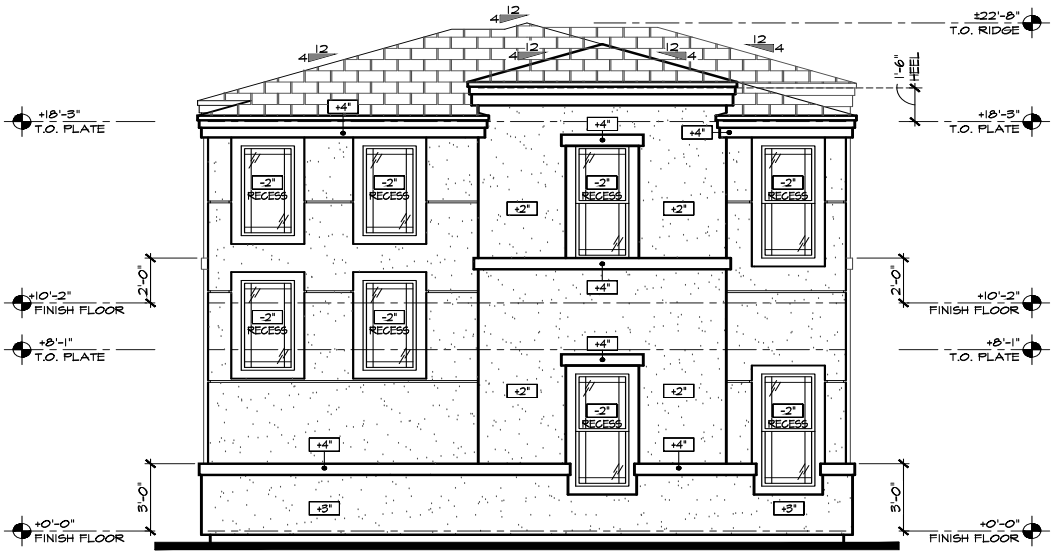
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LEFT ELEVATION — ELEVATION 'C' (MODERN PRAIRIE)

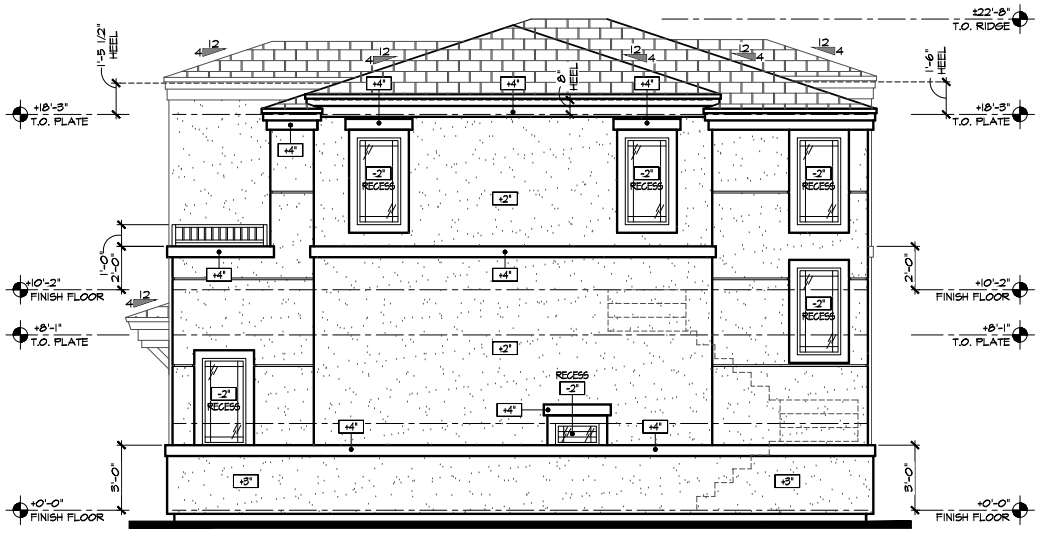
SCALE: 1/4" = 1'-0"

Duplex Elevation C



REAR ELEVATION — ELEVATION 'C' (MODERN PRAIRIE)

SCALE: 1/4" = 1'-0"



RIGHT ELEVATION — ELEVATION 'C' (MODERN PRAIRIE)

SCALE: 1/4" = 1'-0"

EXTERIOR PAINT OPTIONS

DUNN EDWARDS

COMBO #1

HOME PLATE
DE6183

TRIM

MISSION GOLD
DET685

BODY

COMBO #2

FROZEN LAKE
DE5815

TRIM

WHITE PICKET FENCE
DET648

BODY

COMBO #3

COUNTRY SUMMER
DE5420

TRIM

OLIVE HINT
DE5500

BODY

COMBO #4

TERRACOTTA SAND
DE6136

TRIM

CEDAR CHEST
DE6112

BODY

COMBO #5

LINDEN SPEAR
DE6285

TRIM

FROST BITE
DE6274

BODY

COMBO #6

IRON-IC
DET611

TRIM

WALRUS
DE6368

BODY

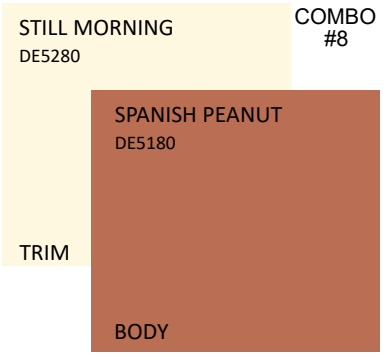
COMBO #7

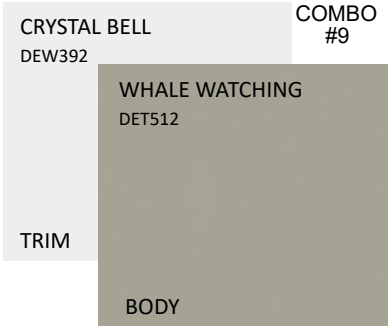
BLACK WALNUT
DE6063

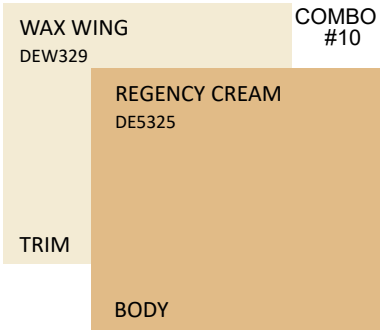
RUSTIC TAUPE
DE6129

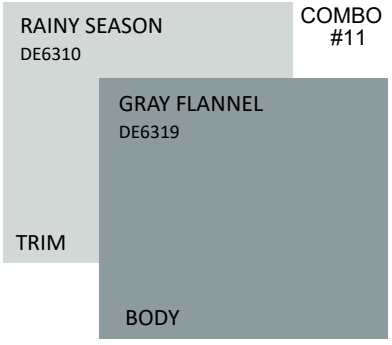
TRIM

BODY









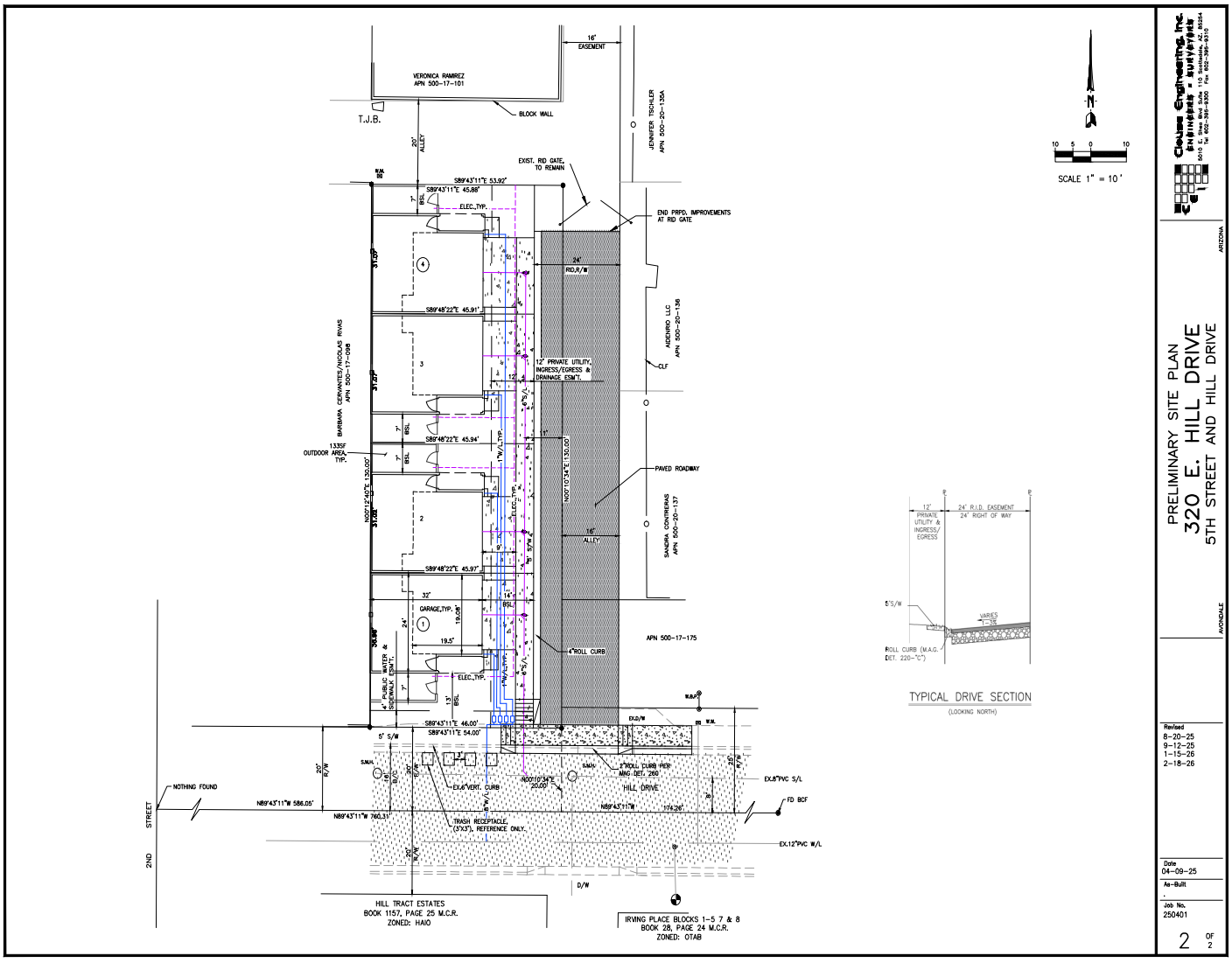
7. Site Design Criteria

Buildings are oriented toward the south and east to maximize natural light and maintain consistent setbacks with adjacent developments. Privacy walls, open yards, and zero-lot-line construction support both privacy and community interaction. Screening is achieved via landscaping and walls as needed.

CONCEPTUAL DEVELOPMENT PLAN

See Attached

Exhibit E - Development Plan
April 15, 2026



MEMORANDUM

TO: Joshua Orton, Lead Senior Planner
City of Avondale

FROM: Tana Nichols, Director of Land Acquisition and Development TN

DATE: March 5, 2026

RE: 320 East Hill Drive – Neighborhood Meeting

A neighborhood meeting was held at the Aqua Fria Room at 995 East Riley Road, Avondale, Arizona 85323 on Tuesday, March 3, 2026 at 6:00 p.m. The purpose of the meeting was to discuss any questions, comments or concerns that surrounding area property owners may have with the proposed development of the Subject Site situated at 320 East Hill Drive.

Letters describing the project and advertising the meeting were forwarded to all property owners situated within 1,000 feet of the Subject Property on February 13, 2026. A total of 414 letters were mailed out. Also, an advertisment was placed in the Arizona Business Gazette Republic Edition on February 11, 2026. Lastly a sign was placed on the property on February 16, 2026 advertising the neighborhood meeting time and location. There is space available on the signage to add the time, date and location of both the Planning Commission and City Council meetings once those have been scheduled.

I received 2 phone calls from the signage posting on the lot. Peter (623.606.9994) and Christina (623.666.3603) left me messages on February 16. They both wanted to find out how to apply and qualify to purchase the homes. I directed them to our Homeowner Services Department so that they could forward them an application as well as assisting in helping to guide them through the process. On February 20, Juan (602.400.8470) called after receiving the notification letter in the mail. Again, he was interested in knowing how to apply to qualify to purchase one of the homes.

At the neighborhood meeting on the 3rd, 4 individuals from the neighborhood were in attendance. I have attached the sign in sheet however only 3 individuals in attendance signed the sheet. Thank you so much for attending the meeting Joshua, I appreciate it. Also in attendance were City of Avondale staff Regina Marette, the Housing and Community Development Manager and Alexia Grady, Housing and Community Development Management Analyst.

I began the meeting promptly at 6:00 p.m. I described the project and explained who Habitat for Humanity is and what our mission is as well. The individuals in attendance had some questions regarding size, square footage, etc. of the project. I used larger copies of the site plan and floor

plan which were also included in the letter to more clearly display the units and the floorplan depictions. The majority of the questions were oriented toward home ownership and qualifying for the Habitat home ownership program. I distributed several homeowner packages provided by our Homeowner Services Department. After all of the questions regarding home ownership were sufficiently answered, I advised the attendees that the next step would be to contact our Homeowner Services Department so that they could set up a formal meeting to determine whether they would qualify for a home and if so, how they would move forward in meeting all of the requirements of the program. I also advised that they would be receiving a second notification letter regarding the dates and times of the Planning Commission and City Council meetings. I handed out my business cards to the neighbors in attendance and the meeting ended approximately 6:50 p.m.

Please let me know if you have questions or require additional information. I hope you have a fantastic weekend!

Please Sign IN

NEIGHBORHOOD MEETING 320 HILL DR

ORGANIZATION	TIME	EVENT DATE	LOCATION
City of Avondale / Habitat for Humanity AZ	6PM	3/3/2026	Avondale Resource Center 995 E Riley Dr

NO	NAME	PHONE	EMAIL	RESIDENT OF AVONDALE (Y/N)
1	PETER KHFAV	[redacted]	[redacted] gmail.com	Y
2	Betty Ledesma			Y
3	Antonio Juliana			
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

ORDINANCE NO. 2016-0526

AN ORDINANCE OF THE COUNCIL OF THE CITY OF AVONDALE, ARIZONA, AMENDING THE OFFICIAL ZONING ATLAS OF THE CITY OF AVONDALE FOR APPROXIMATELY ± 0.16 ACRES GENERALLY LOCATED WEST OF THE NORTHWEST CORNER OF EAST HILL DRIVE AND NORTH 5TH STREET, AS SHOWN IN APPLICATION PL-25-0236, TO CHANGE THE ZONING OF SUCH PROPERTY FROM MULTI-FAMILY RESIDENTIAL (R-4) TO MULTI-FAMILY RESIDENTIAL WITH THE HISTORIC AVONDALE INFILL OVERLAY (R-4 HAIO).

WHEREAS, the Council of the City of Avondale (the "City Council") desires to amend the City of Avondale Zoning Atlas (the "Zoning Atlas"), pursuant to ARIZ. REV. STAT. § 9-462.04, to change the zoning description for ± 0.16 acres generally located 150 feet west of the northwest corner of East Hill Drive and North 5th Street, as shown in application PL-25-0236, from Multi-Family Residential (R-4) to Multi-family Residential with an Historic Avondale Infill Overlay (R-4 HAIO) (the "Zoning Atlas Amendment"); and

WHEREAS, all due and proper notices of the public hearings on the Zoning Atlas Amendment held by the City of Avondale Planning Commission (the "Commission") and by the City Council were given in the time, form and substance provided by ARIZ. REV. STAT. § 9-462.04; and

WHEREAS, on April 15, 2026, the Commission held a public hearing on the Zoning Atlas Amendment, after which hearing the Commission recommended approval by a vote of 6-0; and

WHEREAS, the City Council held an additional public hearing regarding the Zoning Atlas Amendment on May 4, 2026; and

WHEREAS, in accordance with Article II, Sections 1 and 2 of the Arizona Constitution, the City Council has considered the individual property rights and personal liberties of the residents of the City before adopting this Ordinance; and

WHEREAS, the City Council has considered the probable impact of the Zoning Atlas Amendment on the cost to construct housing for sale or rent and finds that the proposed Zoning Atlas Amendment will have no probable impact on the cost to construct housing for sale or rent.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF AVONDALE as follows:

SECTION 1. The recitals above are hereby incorporated as if fully set forth herein.

SECTION 2. The Zoning Atlas Amendment is hereby approved, for ± 0.16 acres generally located 150 feet west of the northwest corner of East Hill Drive and North 5th Street, as more particularly described and depicted on Exhibit A attached hereto and incorporated herein by reference, subject to the City of Avondale adopted codes, requirements, standards and regulations, and the following stipulations:

1. Except as modified by these conditions, development shall be in conformance with the following items:
   a. HAIO Development Plan, date stamped April 15, 2026; and
   b. HAIO Narrative with Landscape Plan, date stamped April 15, 2026.

2. All development shall be completed in accordance with the City of Avondale General Engineering Requirements (GER) Manual and the City of Avondale Supplement to MAG Uniform Specifications and Details, unless a standard deviation has been approved.

3. Final elevations for the housing product will substantially conform to those submitted as part of the HAIO narrative and will meet the requirements of the Single-Family Residential Design Manual and 2024 International Residential Code.

4. Prior approval shall be required from the Roosevelt Irrigation District for uses and improvements shown within the depicted easement.

5. All maintenance responsibilities shall be defined for the private sewer main in the preliminary and final plat documents. The City shall not be responsible for maintenance of these facilities.

SECTION 3. If any provision of this Ordinance is for any reason held by any court of competent jurisdiction to be unenforceable, such provision or portion hereof shall be deemed separate, distinct and independent of all other provisions and such holding shall not affect the validity of the remaining portions of this Ordinance.

SECTION 4. The Mayor, the City Manager, the City Clerk and the City Attorney are hereby authorized and directed to execute all documents and take all steps necessary to carry out the purpose and intent of this Ordinance.

[SIGNATURES ON FOLLOWING PAGE]

PASSED AND ADOPTED by the Council of the City of Avondale, Arizona, May 4, 2026.

Mike Pineda, Mayor

ATTEST:

Marcella Sarmiento, City Clerk

APPROVED:

Nicholle Harris, City Attorney

EXHIBIT A
TO
ORDINANCE NO. 2016-0526

[Legal Description and Map]

See following pages.

320 East Hill Drive
Avondale, Arizona 85323
Assessor's Parcel Number: 500-17-100

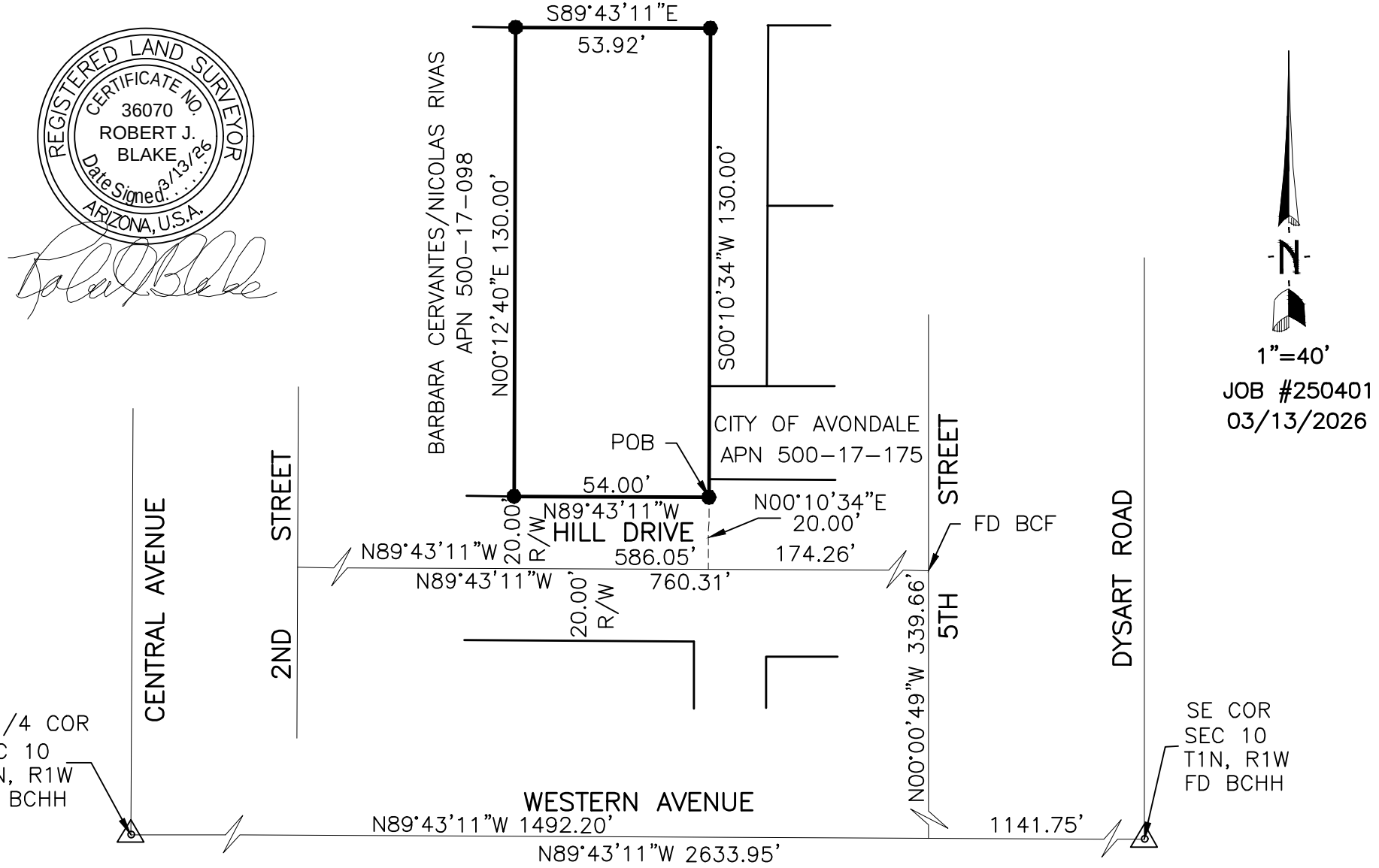
LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF MARICOPA, STATE OF ARIZONA AND IS DESCRIBED AS FOLLOWS:

Lot 11, Block 2, HILL TRACT, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, in Book 29 of Maps, page 45.

EXHIBIT

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
36070
ROBERT J.
BLAKE
Date Signed: 3/13/26
ARIZONA, U.S.A.



N

1"=40'

JOB #250401

03/13/2026

Clouse Engineering, Inc.
ENGINEERS ▪ SURVEYORS
5010 E. Shea Blvd Suite 110 Scottsdale, AZ. 85254
Tel 602-395-9300 Fax 602-395-9310

CITY COUNCIL REPORT

ITEM NUMBER: 5.d.

SUBJECT: Opioid Youth Prevention Services Grant Program Update

MEETING DATE: 5/4/2026

TO: Mayor and Council

FROM: Christopher Lopez, Neighborhood & Family Services Director

THROUGH: Dale Nannenga, Assistant City Manager, (623) 333-1017

REVIEWED: Ron Corbin, City Manager, (623) 333-1011

STRATEGIC PLAN:
This agenda item supports the following Avondale Strategic Outcome Area: **Community Well-Being**

Avondale is a city where all people feel safe, supported, and connected to resources that promote and enhance their well-being. The City prioritizes public safety, natural resources, healthcare, and wellness while promoting mental, physical, and emotional health for all to enjoy an enriching quality of life.

PURPOSE:
City Council will receive an update regarding the Opioid Youth Prevention Services Grant Program. This item is for discussion only.

BACKGROUND:
In November 2021, the City Council granted approval for the City of Avondale to participate in the One Arizona Distribution of Opioid Settlement Funds Agreement. This agreement, which was finalized in 2022, was part of the 2021 National Opioid Settlement, which resolved all opioid litigation from states and local subdivisions against most pharmaceutical distributors.

A collaborative team was established, comprised of members from the following City departments:

- City Manager's Office
- Police Department
- Neighborhood and Family Services Department
- Office of Public Safety
- Marketing and Public Relations Department
- Finance and Budget Department
- Parks, Recreation, and Libraries Department
- Fire and Medical Department

This team is tasked with developing comprehensive strategies in accordance with the guidelines set forth in the Arizona Distribution of Opioid Settlement Funds Agreement and direction from Council. The focus has been on creating educational initiatives and preventative measures to raise awareness about the risks associated with

fentanyl and opioids within our community.

The Opioid Youth Prevention Services Grant Program was established to provide grants to nonprofit organizations for projects that offer prevention, education, and mentoring services for Avondale youth with the goal of reducing opioid and other drug misuse.

In fiscal year 2025, applications were received from six (6) nonprofit organizations requesting a total amount of $244,170.

A designated staff committee conducted a comprehensive assessment of all submitted applications. This process encompassed the evaluation, selection, and determination of funding levels for each application. The staff committee selected and awarded the following applicants for a total funding of $199,057 for the program, which ran from March 2025 to February 2026:

1. notMYkid - $50,000
2. EMPACT - $48,807
3. Jobs for Arizona Graduates - $50,000
4. Youth4Youth Inc - $35,000
5. Sound of Autism - $15,250

DISCUSSION:
Staff will provide an update on the outcomes of the Opioid Youth Prevention Services Grant Program, including a summary of overall program performance and highlighting each organization’s scope of work and key accomplishments related to prevention, education, and mentoring services.

BUDGET IMPACT:
On March 6, 2023, funding for the Opioid Youth Prevention Services Grants Program was duly authorized and approved for expenditure by the Mayor and City Council. The grants were awarded in February 2025 using the Opioid Fund's existing budget.

RECOMMENDATION:
This item is for presentation only.

Contact person for document distribution: *Jerie Guajardo*

AGENDA ITEM REPORT

ITEM NUMBER: 2.a.

SUBJECT: Minutes

MEETING DATE: 5/4/2026

TO: Board Members

FROM: Marcella Sarmiento, District Clerk

THROUGH: Jennifer Stein, Assistant District Manager, (623) 333-1014

REVIEWED: Ron Corbin, District Manager, (623) 333-1011

PURPOSE:
The District Board will consider a request to approve the December 15, 2025 Alamar Community Facilities District Board meeting minutes. The Board will take appropriate action.

BACKGROUND:
Pursuant to Arizona Revised Statute §§ 38-431.01(B), the District must provide written minutes of all Board meetings.

DISCUSSION:
The District Board held a meeting and the attached minutes have been prepared for approval.

BUDGET IMPACT:
This item has no budget impact.

RECOMMENDATION:
Staff recommends the District Board will consider a request to approve the December 15, 2025 Alamar Community Facilities District Board meeting minutes.

Contact person for document distribution:

MINUTES OF THE ALAMAR COMMUNITY FACILITIES DISTRICT BOARD
CITY OF AVONDALE, ARIZONA
CITY COUNCIL CHAMBER
December 15, 2025

A **Special Meeting** of the Alamar Community Facilities District Board of the City of Avondale, Arizona was convened at 11465 West Civic Center Drive in open and public session at 7:06 p.m.

Members Present: Chair Mike Pineda; Vice Chair Curtis Nielson; Board Members Tina Conde, Jeannette Garcia, Gloria Solorio, Shari Weise, and Max White.

Members Absent: None.

Other Municipal Officials Present: Ron Corbin, District Manager; Tracy Stevens, Assistant District Manager; Katie Gregory, Assistant District Manager; Dale Nannenga, Deputy District Manager; Nicholle Harris, District Attorney; Marcella Sarmiento, District Clerk; Edith Baltierrez, Neighborhood and Family Services Assistant Director; Liz Barker Alvarez, Intergovernmental Affairs Administrator; Kirk Beaty, Public Works Director; Memo Espinoza, Police Chief; Joel Evans, Facilities Director; Craig Jennings, Judge; Elisabeth Kahn, Assistant District Engineer; Corey Larriva, Parks and Recreation Director; Andy Mesquita, Human Resources Director; Jodie Novak, Development Services Director; Larry Rooney, Fire Chief; Jeffrey Scheetz, Chief Information Officer; Pier Simeri, Marketing and Public Relations Director; Jennifer Stein, Economic Development Director; and Renee Weatherless, District Treasurer.

Audience: Approximately 10 members of the public were present.

1. ROLL CALL BY THE DISTRICT CLERK

2. CONSENT AGENDA

Items on the consent agenda are of a routine nature or have been previously studied by the District Board at a previous meeting. They are intended to be acted upon in one motion. Board members may pull items from consent if they would like them considered separately.

Mayor Pineda asked if any Councilmember wished to have an item removed from the Consent Agenda. Having no requests from Council, motion was made by Councilmember Garcia, seconded by Councilmember Conde, to approve the Consent Agenda.

Upon vote, the motion was carried unanimously 7 to 0.

Board Member Conde	Aye
Board Member Garcia	Aye
Board Member Solorio	Aye
Board Member Weise	Aye

Board Member White	Aye
Vice Chair Nielson	Aye
Chair Pineda	Aye

a. MINUTES

The District Board approved the June 2, 2025 Alamar Community Facilities District Board meeting minutes.

b. CFD RESOLUTION 5-2025 - FIRST AMENDMENT TO DISTRICT DEVELOPMENT, FINANCING PARTICIPATION, WAIVER, AND INTERGOVERNMENTAL AGREEMENT - ALAMAR COMMUNITY FACILITIES DISTRICT (CFD)

The District Board adopted CFD Resolution 5-2025, approving and authorizing the first amendment to district development, financing participation and intergovernmental agreement for the Alamar CFD and authorized the Chair or District Manager, District Attorney and District Clerk to execute the necessary documents. The amendment replaces Brookfield Residential (Arizona) LLC with Brookfield Communities US LLC and North America Sekisui House, LLC. This amendment was requested by the developer because of corporate restructuring. The Board will take appropriate action.

3. ADJOURNMENT

There being no further business before the Council, Board Member Garcia moved to adjourn the Special Meeting; Board Member Conde seconded the motion.

Upon vote, the motion was carried unanimously 7 to 0.

Board Member Conde	Aye
Board Member Garcia	Aye
Board Member Solorio	Aye
Board Member Weise	Aye
Board Member White	Aye
Vice Chair Nielson	Aye
Chair Pineda	Aye

The meeting was adjourned at 7:07 p.m.

_____
Mike Pineda, Chair

CERTIFICATION AND ATTESTATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Meeting of the Alamar Community Facilities District Board of the City of Avondale held on the 15th day of December 2025. I further certify that the meeting was duly called and held, and that the quorum was present.

_____ _____

Marcella Sarmiento, District Clerk Date Approved by the Board

AGENDA ITEM REPORT

ITEM NUMBER: 3.a.

SUBJECT: CFD Resolution 1-2026 - Adoption of the Alamar Community Facilities District Fiscal Year 2027 Tentative Budget

MEETING DATE: 5/4/2026

TO: Board Members

FROM: Renee Weatherless, Director of Finance & Budget

THROUGH: Ron Corbin, District Manager, (623) 333-1011

REVIEWED: Ron Corbin, District Manager, (623) 333-1011

PURPOSE:
The District Board will consider a request to adopt CFD Resolution 1-2026, setting forth the fiscal year 2026-2027 tentative budget and authorize the Chairperson or District Manager, District Attorney and District Clerk to execute the necessary documents. The Board will take appropriate action.

BACKGROUND:
The adoption of the tentative budget will set the maximum limit of expenditures for FY2027. The total budget may be reduced prior to the final adoption, but cannot be increased. The tentative budget for the district must be approved by resolution on or before July 15.

DISCUSSION:
Per A.R.S 48-716, on or before July 15, the district treasurer shall prepare a proposed budget for the ensuing fiscal year for the district board's approval. Public notice is required at least 10 days before the tentative budget. Public notice will be published per the requirements of A.R.S. 48-715. The final budget shall be adopted before October 1.

BUDGET IMPACT:
This action will set the maximum expenditure limit for FY2027. Revisions can be made to decrease, but not increase the total expenditure amount for the final budget.

RECOMMENDATION:
Staff recommends adoption of a resolution setting forth the FY2027 tentative budget and annual expenditure limitation and authorize staff to proceed with required publications.

Contact person for document distribution:

Alamar Community Facilities District
Summary Schedule of estimated revenues and expenditures/expenses
Fiscal year 2027

Fiscal year		Sch		Funds							
				General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Permanent Fund	Enterprise Funds Available	Internal Service Funds	Total all funds
2026	Adopted/adjusted budgeted expenditures/expenses*	E	1	0	67,282	863,448	10,000,000	0	0	0	10,930,730
2026	Actual expenditures/expenses**	E	2	0	10,000	816,200	5,422,000	0	0	0	6,248,200
2027	Beginning fund balance/(deficit) or net position/(deficit) at July 1***		3	0	0	0	0	0	0	0	0
2027	Primary property tax levy	B	4	0	86,232						86,232
2027	Secondary property tax levy	B	5			1,106,654					1,106,654
2027	Estimated revenues other than property taxes	C	6	0	0	0	0	0	0	0	0
2027	Other financing sources	D	7	0		0	5,000,000	0	0	0	5,000,000
2027	Other financing (uses)	D	8	0	0	0	0	0	0	0	0
2027	Interfund transfers in	D	9	0	0	0	0	0	0	0	0
2027	Interfund Transfers (out)	D	10	0	0	0	0	0	0	0	0
2027	Line 11: Reduction for fund balance reserved for future budget year expenditures		11								
	Maintained for future debt retirement										0
	Maintained for future capital projects										0
	Maintained for future financial stability										0
	Maintained for future retirement contributions										0
											0
2027	Total financial resources available		12	0	86,232	1,106,654	5,000,000	0	0	0	6,192,886
2027	Budgeted expenditures/expenses	E	13	0	86,300	1,100,000	5,000,000	0	0	0	6,186,300

	Expenditure limitation comparison	2026	2027
1	Budgeted expenditures/expenses	$ 10,930,730	$ 6,186,300
2	Add/subtract: estimated net reconciling items		
3	Budgeted expenditures/expenses adjusted for reconciling items	10,930,730	6,186,300
4	Less: estimated exclusions		
5	Amount subject to the expenditure limitation	$ 10,930,730	$ 6,186,300
6	EEC expenditure limitation or voter-approved alternative expenditure limitation	$	$

☐ The city/town does not levy property taxes and does not have special assessment districts for which property taxes are levied. Therefore, Schedule B has been omitted.

* Includes expenditure/expense adjustments approved in the current year from Schedule E.
** Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.
*** Amounts on this line represent beginning fund balance/(deficit) or net position/(deficit) amounts except for nonspendable amounts (e.g., prepaids and inventories) or amounts legally or contractually required to be maintained intact (e.g., principal of a permanent fund). See the Instructions tab, cell C17 for more information about the amounts that should and should not be included on this line.

Alamar Community Facilities District
Tax levy and tax rate information
Fiscal year 2027

	2026	2027
1. Maximum allowable primary property tax levy. A.R.S. §42-17051(A)	$	$
2. Amount received from primary property taxation in the **current year** in excess of the sum of that year's maximum allowable primary property tax levy. A.R.S. §42-17102(A)(18)	$	
3. Property tax levy amounts		
A. Primary property taxes	$ 67,282	$ 86,232
Property tax judgment		
B. Secondary property taxes	863,448	1,106,654
Property tax judgment		
C. Total property tax levy amounts	$ 930,730	$ 1,192,886
4. Property taxes collected*		
A. Primary property taxes		
(1) **Current** year's levy	$ 67,282	
(2) Prior years' levies		
(3) Total primary property taxes	$ 67,282	
B. Secondary property taxes		
(1) **Current** year's levy	$ 819,300	
(2) Prior years' levies		
(3) Total secondary property taxes	$ 819,300	
C. Total property taxes collected	$ 886,582	
5. Property tax rates		
A. City/Town tax rate		
(1) Primary property tax rate	0.3000	0.3000
Property tax judgment		
(2) Secondary property tax rate	3.8500	3.8500
Property tax judgment		
(3) Total city/town tax rate	4.1500	4.1500

B. Special assessment district tax rates

Secondary property tax rates—As of the date the proposed budget was prepared, the city/town was operating one special assessment districts for which secondary property taxes are levied. For information pertaining to these special assessment districts and their tax rates, please contact the city/town.

* Includes actual property taxes collected as of the date the proposed budget was prepared, plus estimated property tax collections for the remainder of the fiscal year.

Alamar Community Facilities District
Revenues other than property taxes
Fiscal Year 2027

Source of revenues	Estimated revenues 2026	Actual revenues* 2026	Estimated revenues 2027
Special revenue funds			
Miscellaneous Revenue - Operations	$	$ 2,000	$ 5,000
Miscellaneous Revenue - Capital			
Miscellaneous Revenue - Debt		2,000	5,000
Contingency			
	$ 0	$ 4,000	$ 10,000
Total all funds	$ 0	$ 4,000	$ 10,000

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

Alamar Community Facilities District
Other financing sources/(uses) and interfund transfers
Fiscal year 2027

Fund	Other financing 2027 Sources	Other financing 2027 (Uses)	Interfund transfers 2027 In	Interfund transfers 2027 (Out)
Special revenue funds				
Bond Issuance	$ 5,000,000	$	$	$
Total special revenue funds	$ 5,000,000	$ 0	$ 0	$ 0
Total all funds	$ 5,000,000	$ 0	$ 0	$ 0

Alamar Community Facilities District
Expenditures/expenses by fund
Fiscal year 2027

Fund/Department	Adopted budgeted expenditures/ expenses 2026	Expenditure/ expense adjustments approved 2026	Actual expenditures/ expenses* 2026	Budgeted expenditures/ expenses 2027
Special revenue funds				
General Operations	$ 67,282	$	$ 10,000	$ 86,300
Capital	10,000,000		5,422,000	5,000,000
Capital - Finance				
Debt	863,448		816,200	1,100,000
Contingency	0			
Total special revenue funds	$ 10,930,730	$ 0	$ 6,248,200	$ 6,186,300
Total all funds	$ 10,930,730	$ 0	$ 6,248,200	$ 6,186,300

* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

Alamar Community Facilities District
Expenditures/expenses by department
Fiscal year 2027

Department/Fund	Adopted budgeted expenditures/ expenses 2026	Expenditure/ expense adjustments approved 2026	Actual expenditures/ expenses* 2026	Budgeted expenditures/ expenses 2027
General Operations:				
Alamar CFD Operating	$ 67,282	$	$ 10,000	$ 86,300
Capital	10,000,000		5,422,000	5,000,000
Debt	863,448		816,200	1,100,000
Department total	$ 10,930,730	$ 0	$ 6,248,200	$ 6,186,300

* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

CFD RESOLUTION 1-2026

A RESOLUTION OF THE DISTRICT BOARD OF THE ALAMAR COMMUNITY FACILITIES DISTRICT, SETTING FORTH THE TENTATIVE BUDGET AND ESTABLISHING THE EXPENDITURE LIMITATION FOR ALAMAR (FORMERLY LAKIN) COMMUNITY FACILITIES DISTRICT FOR FISCAL YEAR 2026-2027.

WHEREAS, on May 21, 2018, the Mayor and Council of the City of Avondale, Arizona (the "City"), adopted Resolution No. 3453-518 forming Alamar Community Facilities District ("ACFD"), a community facilities district in accordance with ARIZ. REV. STAT. § 48-701 et seq., as amended; and

WHEREAS, ACFD is a special purpose district for purposes of Article IX, Section 19, of the Arizona Constitution, a tax-levying public improvement district for the purposes of Article XIII, Section 7, of the Arizona Constitution, and a municipal corporation for all purposes of ARIZ. REV. STAT. Title 35, Chapter 3, Articles 3, 3.1, 3.2, 4 and 5, as amended, and (except as otherwise provided in ARIZ. REV. STAT. § 48-708(B), as amended) is considered to be a municipal corporation and political subdivision of the State of Arizona, separate and apart from the City; and

WHEREAS, a primary purpose for creating ACFD was to finance certain public infrastructure needed for the development known as "Alamar Park" through assessment of ad valorem taxes on all real and personal property within ACFD; and

WHEREAS, in accordance with ARIZ. REV. STAT. §§ 48-716 and 48-723, as amended, the District Treasurer of ACFD has submitted to the District Board of ACFD a proposed budget for Fiscal Year 2026-2027 which includes statements and estimates of the operation and maintenance expenses of ACFD, the costs of capital improvements to be financed by the authorized ad valorem tax levy, and the amount of all other expenditures for public infrastructure and enhanced municipal services proposed to be paid from the tax levy; and

WHEREAS, the District Board of ACFD desires now to approve said tentative budget for the Fiscal Year 2026-2027, to publish notice of having filed the required statements and estimates, and to set a date (and publish notice thereof) for a public hearing to receive comment on the tentative budget.

NOW, THEREFORE, BE IT RESOLVED BY THE DISTRICT BOARD OF THE ALAMAR COMMUNITY FACILITIES DISTRICT as follows:

SECTION 1. The recitals above are hereby incorporated as if fully set forth herein.

SECTION 2. The statements and schedules attached hereto as Exhibit A and incorporated herein by reference are hereby adopted as the District's official tentative budget for the fiscal year beginning July 1, 2026, and ending June 30, 2027, including the establishment of the expenditure limitation for such fiscal year.

SECTION 3. The public hearing date of May 4, 2026, beginning at or after 5:30 p.m. at the City of Avondale City, Council Chambers, 11465 W. Civic Center Drive, Avondale, Arizona, is hereby set to consider said tentative budget (including, but expressly not limited to, consideration of those portions of the statements), and a notice shall be published once in a newspaper of general circulation no later than ten (10) days prior to said hearing date.

SECTION 4. The District Board Chairman, the District Manager, the District Clerk and the District Attorney are hereby authorized and directed to take all steps necessary to carry out the purpose and intent of this Resolution.

PASSED AND ADOPTED by the District Board of the Alamar (formerly Lakin) Community Facilities District on May 4, 2026.

_____
Mike Pineda, Chairman District Board
Alamar Community Facilities District

ATTEST:

_____
Marcella Sarmiento, District Clerk
Alamar Community Facilities District

APPROVED AS TO FORM:

_____
Nicholle Harris, District Attorney
Alamar Community Facilities District

EXHIBIT A
TO
CFD RESOLUTION 1-2026

[Statements and Schedules]

See following pages.

Alamar Community Facilities District
Summary Schedule of estimated revenues and expenditures/expenses
Fiscal year 2027

Fiscal year		Sch		Funds							
				General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Permanent Fund	Enterprise Funds Available	Internal Service Funds	Total all funds
2026	Adopted/adjusted budgeted expenditures/expenses*	E	1	0	67,282	863,448	10,000,000	0	0	0	10,930,730
2026	Actual expenditures/expenses**	E	2	0	10,000	816,200	5,422,000	0	0	0	6,248,200
2027	Beginning fund balance/(deficit) or net position/(deficit) at July 1***		3	0	0	0	0	0	0	0	0
2027	Primary property tax levy	B	4	0	86,232						86,232
2027	Secondary property tax levy	B	5			1,106,654					1,106,654
2027	Estimated revenues other than property taxes	C	6	0	0	0	0	0	0	0	0
2027	Other financing sources	D	7	0		0	5,000,000	0	0	0	5,000,000
2027	Other financing (uses)	D	8	0	0	0	0	0	0	0	0
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	Maintained for future capital projects										0
	Maintained for future financial stability										0
	Maintained for future retirement contributions										0
											0
2027	Total financial resources available		12	0	86,232	1,106,654	5,000,000	0	0	0	6,192,886
2027	Budgeted expenditures/expenses	E	13	0	86,300	1,100,000	5,000,000	0	0	0	6,186,300

	Expenditure limitation comparison	2026	2027
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3	Budgeted expenditures/expenses adjusted for reconciling items	10,930,730	6,186,300
4	Less: estimated exclusions		
5	Amount subject to the expenditure limitation	$ 10,930,730	$ 6,186,300
6	EEC expenditure limitation or voter-approved alternative expenditure limitation	$	$

☐ The city/town does not levy property taxes and does not have special assessment districts for which property taxes are levied. Therefore, Schedule B has been omitted.

* Includes expenditure/expense adjustments approved in the current year from Schedule E.
** Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.
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Alamar Community Facilities District
Tax levy and tax rate information
Fiscal year 2027

	2026	2027
1. Maximum allowable primary property tax levy. A.R.S. §42-17051(A)	$	$
2. Amount received from primary property taxation in the **current year** in excess of the sum of that year's maximum allowable primary property tax levy. A.R.S. §42-17102(A)(18)	$	
3. Property tax levy amounts		
A. Primary property taxes	$ 67,282	$ 86,232
Property tax judgment		
B. Secondary property taxes	863,448	1,106,654
Property tax judgment		
C. Total property tax levy amounts	$ 930,730	$ 1,192,886
4. Property taxes collected*		
A. Primary property taxes		
(1) **Current** year's levy	$ 67,282	
(2) Prior years' levies		
(3) Total primary property taxes	$ 67,282	
B. Secondary property taxes		
(1) **Current** year's levy	$ 819,300	
(2) Prior years' levies		
(3) Total secondary property taxes	$ 819,300	
C. Total property taxes collected	$ 886,582	
5. Property tax rates		
A. City/Town tax rate		
(1) Primary property tax rate	0.3000	0.3000
Property tax judgment		
(2) Secondary property tax rate	3.8500	3.8500
Property tax judgment		
(3) Total city/town tax rate	4.1500	4.1500

B. Special assessment district tax rates

Secondary property tax rates—As of the date the proposed budget was prepared, the city/town was operating one special assessment districts for which secondary property taxes are levied. For information pertaining to these special assessment districts and their tax rates, please contact the city/town.

* Includes actual property taxes collected as of the date the proposed budget was prepared, plus estimated property tax collections for the remainder of the fiscal year.

Alamar Community Facilities District
Revenues other than property taxes
Fiscal Year 2027

Source of revenues	Estimated revenues 2026	Actual revenues* 2026	Estimated revenues 2027
Special revenue funds			
Miscellaneous Revenue - Operations	$	$ 2,000	$ 5,000
Miscellaneous Revenue - Capital			
Miscellaneous Revenue - Debt		2,000	5,000
Contingency			
	$ 0	$ 4,000	$ 10,000
Total all funds	$ 0	$ 4,000	$ 10,000

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

Alamar Community Facilities District
Other financing sources/(uses) and interfund transfers
Fiscal year 2027

Fund	Other financing 2027 Sources	Other financing 2027 (Uses)	Interfund transfers 2027 In	Interfund transfers 2027 (Out)
Special revenue funds				
Bond Issuance	$ 5,000,000	$	$	$
Total special revenue funds	$ 5,000,000	$ 0	$ 0	$ 0
Total all funds	$ 5,000,000	$ 0	$ 0	$ 0

Alamar Community Facilities District
Expenditures/expenses by fund
Fiscal year 2027

Fund/Department	Adopted budgeted expenditures/ expenses 2026	Expenditure/ expense adjustments approved 2026	Actual expenditures/ expenses* 2026	Budgeted expenditures/ expenses 2027
Special revenue funds				
General Operations	$ 67,282	$	$ 10,000	$ 86,300
Capital	10,000,000		5,422,000	5,000,000
Capital - Finance				
Debt	863,448		816,200	1,100,000
Contingency	0			
Total special revenue funds	$ 10,930,730	$ 0	$ 6,248,200	$ 6,186,300
Total all funds	$ 10,930,730	$ 0	$ 6,248,200	$ 6,186,300

* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

Alamar Community Facilities District
Expenditures/expenses by department
Fiscal year 2027

Department/Fund	Adopted budgeted expenditures/ expenses 2026	Expenditure/ expense adjustments approved 2026	Actual expenditures/ expenses* 2026	Budgeted expenditures/ expenses 2027
General Operations:				
Alamar CFD Operating	$ 67,282	$	$ 10,000	$ 86,300
Capital	10,000,000		5,422,000	5,000,000
Debt	863,448		816,200	1,100,000
Department total	$ 10,930,730	$ 0	$ 6,248,200	$ 6,186,300

* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.