

RESOLUTION NO. 18-004
RESOLUTION OF INTENTION

RESOLUTION OF THE BOARD OF DIRECTORS OF THE TRI-CITY REGIONAL SANITARY DISTRICT OF GILA COUNTY, ARIZONA DECLARING ITS INTENTION TO IMPROVE CERTAIN STREETS WITHIN THE DISTRICT BY THE INSTALLATION OF A WATER RECLAMATION FACILITY AND SEWAGE COLLECTION SYSTEM DESCRIBED HEREIN AND AS SHOWN ON THE PRELIMINARY CONSTRUCTION PROJECT PLANS AND SPECIFICATIONS; SUCH IMPROVEMENT TO BE KNOWN AS THE "TRI-CITY REGIONAL SANITARY DISTRICT WASTEWATER TREATMENT AND COLLECTION SYSTEM"; CREATING THREE DESIGNATED AREAS AND DECLARING THE INTENTION TO CONSTRUCT THE WORK DESCRIBED HEREIN IN THREE SEPARATE PHASES UNDER THREE SEPARATELY-BID CONSTRUCTION CONTRACTS; PROVIDING A DESCRIPTION OF EACH PHASE OF THE WORK; STATING THE ESTIMATED FRONTAGE OF LOTS; DETERMINING THAT IMPROVEMENT BONDS WILL BE ISSUED OR LOAN AGREEMENTS ENTERED INTO, AND GRANTS ACCEPTED, TO PAY THE COSTS AND EXPENSES THEREOF; PROVIDING AUTHORITY TO ENTER INTO GRANT AGREEMENTS AND/OR LOAN REPAYMENT AGREEMENTS WITH FEDERAL, STATE OR PRIVATE ENTITIES; PROVIDING FOR THE ISSUANCE OF BOND OR GRANT ANTICIPATION NOTES FOR THE PURPOSES DESCRIBED HEREIN; RESERVING THE RIGHT TO REASSESS ASSESSED PROPERTIES TO COVER MATERIAL COST DIFFERENTIALS BETWEEN PHASES; RATIFYING ACTIONS TAKEN IN FURTHERANCE OF THIS RESOLUTION.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TRI-CITY REGIONAL SANITARY DISTRICT OF GILA COUNTY, ARIZONA ("TRSD"), that:

Section 1. Definitions. In this resolution, the following terms shall have the following meanings:

"*A.R.S*" shall mean Arizona Revised Statutes.

"*Assessment*" shall be the document or documents which are compiled by the TRSD Engineer pursuant to A.R.S. § 48-2057.

"*Assessment Diagrams*" shall mean those duplicate diagrams of the property to be assessed that will hereafter be prepared by the TRSD Engineer and approved by this Board of Directors. Assessment diagrams will be provided for each Phase of the Work.

"*Board*" shall mean the Board of Directors of TRSD.

"*Bond Anticipation Notes*" shall mean Bond Anticipation Notes issued in the manner provided in A.R.S. § 48-2081.

"*Bond Counsel*" shall mean Gust Rosenfeld, P.L.C., Phoenix, Arizona or other bond counsel experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds.

"*Bonds*" shall mean the Bonds to be issued pursuant to A.R.S. § 48-206.3 to pay the costs and expenses of the Work that are not paid prior to filing of the return showing unpaid Assessments pursuant to A.R.S. § 48-2058. The Bonds may be issued in one or more series. The Board expects that a specific series of Bonds will be issued or a Loan Agreement entered into by TRSD for each Phase of the Work.

"*Bridge Loan*" shall mean Bond Anticipation Notes or Grant Anticipation Notes issued to pay the initial costs and expenses of the TRSD Engineer to draft the final plans and specifications for each Phase of the Work; and also to pay the costs of issuance of such Notes.

"*Capitalized Interest*" shall mean all interest to be paid on the Bridge Loans and Interim Loans, the Bonds and, if applicable Loan Agreement, or Loan Agreements for the period commencing with the initial issuance of any Notes and continuing through the required period of time needed to complete construction of the Work and the Assessment for each Phase of the Work and up to six (6) months thereafter. If Bonds are issued as a series to finance a respective Phase, the Capitalized Interest term shall not exceed the expected period(s) of construction for each such Phase and for up to six (6) months thereafter.

"*Clerk*" shall mean the TRSD Clerk, Roxie Hadley (or her successor as Clerk) at the office of the General Counsel for TRSD located at 136 North Miami Avenue, Miami, AZ 85539-1494.

"*Construction Project Plans and Specifications*" shall mean the plans, the specifications and contract documents for the Work, (as hereafter approved by the Board) and filed with the TRSD Clerk.

"*Contractor*" shall mean the persons or entities to whom a construction contract for any Phase is awarded and executed.

"*County*" shall mean Gila County, Arizona.

"*Designated Area*" or "*Designated Areas*" shall mean the lots, pieces or parcels of land lying within one of the three areas described below. For a more particular description, reference is hereby made to the Designated Areas Maps on file with TRSD with the TRSD Clerk at the office of the General Counsel for TRSD located at 136 North Miami Avenue, Miami, AZ 85539-1494.

GENERAL LOCATION

Three designated areas are contained within the land being portions of Sections 15, 16, 20, 21, 22, 27, 28 and 29, in Township 1 North, Range 15 East of the Gila and Salt River Meridian, in Gila County, Arizona, more particularly described as follows:

PHASE I (Designated Area No. 1) BOUNDARY DESCRIPTION

Beginning at the East Quarter Corner of Section 20;
Thence easterly to the intersection of the north line of U.S. Highway 60 and the west line of E. Ragus Road;
Thence southerly on the west line of E. Ragus Road to the south line of U.S. Highway 60;
Thence westerly 1,318 ft. along the south line of U.S. Highway 60 to a point;
Thence southerly 675 ft. to a point;
Thence easterly 1,102 ft. to a point;
Thence southwesterly 1,495 ft. along the northwest line of the railroad that runs parallel to E. Ragus Road to S. Maple Leaf Street;
Thence south on the north prolongation of the east line of S. Maple Leaf Street to the north line of S. Starview Road;
Thence easterly 494 ft. to a point;
Thence southerly 74 ft. to a point 45 ft. north of the north line of S. Starview Road;
Thence easterly 1,605 ft. to a point;
Thence southerly 900 ft. to a point;
Thence easterly to the west line of Section 27;
Thence southerly along the west line of Section 27 (along the District Boundary) to the West Quarter Corner of Section 27;
Thence westerly along the east-west mid-section line of Section 28 (along the District Boundary) to the Center Quarter Corner of Section 28;
Thence southwesterly along the District Boundary to the Southwest Corner of Section 29;
Thence northerly along the west line of Section 29 (along the District Boundary) to the Northwest Corner of Section 29;
Thence northeasterly along the District Boundary to the East Quarter Corner of Section 20 (the point of beginning).

PHASE II (Designated Area No. 2) BOUNDARY DESCRIPTION

Beginning at a point on the east line of Section 27 1,195 ft. south of the north line of Section 27;
Thence westerly 1,128 ft. to a point;
Thence northeasterly 420 ft. then north 351 ft. to a point;
Thence northwesterly 486 ft. to a point 104 ft. west of S. Farnsworth Way;
Thence north 547 ft. to the south line of E. Inspiration Terrace;
Thence westerly 340 ft. to E. Globe Canyon Avenue, then 88 ft. northwesterly to a point on the west line of S. Mountain View Street;
Thence north on the west line of S. Mountain View Street to the intersection of Scott Avenue and S. Mountain View Street;
Thence west 100 ft. to a point;
Thence north 300 ft. to a point;
Thence east 100 ft. to the west line of S. Mountain View Street;
Thence northerly along the west line of S. Mountain View Street to the point where the west line of S. Mountain View Street intersects with the east line of E. Cross Drive;
Thence northwesterly 992 ft. along the northcast line of the alley between S. Central Drive and S. Cobb Avenue to a point 102 ft. southwest of the south line of E. Golden Hill Road;

Thence southwesterly 124 ft. to a point 75 ft. east of Access Road, also known as S. West Avenue.

Thence west to the east line of Access Road, also known as S. West Avenue;

Thence southerly 126 ft. along the east line of Access Road, also known as S. West Avenue, to a point 136 ft. north of E. Roberts Drive;

Thence southwesterly 760 ft. to a point;

Thence north 701 ft. to the south line of E. Golden Hill Road;

Thence northeasterly along the meridian of Golden Hill Road to a point 62 ft. south of the south line of E. Elm Way where it intersects at N. Arbor Avenue;

Thence north to the south line of E. Elm Way where it intersects at N. Arbor Avenue;

Thence northwesterly 603 ft. to a point;

Thence northwesterly 489 ft. to a point 137 ft. west of the west line of N. Cherry Avenue;

Thence west 270 ft. to a point 407 ft. west of the west line of N. Cherry Avenue;

Thence north 205 ft. to a point 277 ft. south of the south line of W. Cypress Drive;

Thence northwesterly parallel to W. Cypress Drive 986 ft. to a point 288 ft. west of the west line of W. Cypress Dr.;

Thence northwesterly 182 ft. to a point 220 ft. south of the south line of U.S. Highway 60;

Thence northwesterly 340 ft. to the meridian of U.S. Highway 60;

Thence southwesterly on the meridian of U.S. Highway 60 to the intersection of the north line of U.S. Highway 60 and the west line of E. Ragus Road;

Thence southerly on the west line of E. Ragus Road to the south line of U.S. Highway 60;

Thence westerly 1,318 ft. along the south line of U.S. Highway 60 to a point;

Thence southerly 675 ft. to a point;

Thence easterly 1,102 ft. to a point;

Thence southwesterly 1,495 ft. along the northwest line of the railroad that runs parallel to E. Ragus Road to S. Maple Leaf Street;

Thence south on the north prolongation of the east line of S. Maple Leaf Street to the north line of S. Starview Road;

Thence easterly 494 ft. to a point;

Thence southerly 74 ft. to a point 45 ft. north of the north line of S. Starview Road;

Thence easterly 1,605 ft. to a point;

Thence southerly 900 ft. to a point;

Thence easterly to the west line of Section 27;

Thence southerly along the west line of Section 27 (along the District Boundary) to the Southwest Corner of Section 27;

Thence easterly along the south line of Section 27 (along the District Boundary) to the Southeast Corner of Section 27;

Thence northerly along the east line of Section 27 (along the District Boundary) to a point on the east line of Section 27 1,195 ft. south of the north line of Section 27 (the point of beginning).

PHASE III (Designated Area No. 3) BOUNDARY DESCRIPTION

Beginning at the East Quarter Corner of Section 20;

Thence northeasterly along the District boundary to the North Quarter Corner of Section 21;

Thence northerly along the north-south mid-section line of Section 16 (along the District Boundary) to the North Quarter Corner of Section 16;

Thence easterly along the north lines of Section 16 and 15 (along the District Boundary) to the North Quarter Corner of Section 15;

Thence southerly along the north-south mid-section line of Section 15 (along the District Boundary) to the Center Quarter Corner of Section 15;

Thence easterly along the east-west mid-section line of Section 15 (along the District Boundary) to the East Quarter Corner of Section 15;

Thence southerly along the east lines of Section 15, Section 22 and Section 27 (along the District Boundary) to a point on the east line of Section 27 1,195 ft. south of the north line of Section 27;

Thence westerly 1,128 ft. to a point;

Thence northeasterly 420 ft. then north 351 ft. to a point;

Thence northwesterly 486 ft. to a point 104 ft. west of S. Farnsworth Way;

Thence north 547 ft. to the south line of E. Inspiration Terrace;

Thence westerly 340 ft. to E. Globe Canyon Avenue, then 88 ft. northwesterly to a point on the west line of S. Mountain View Street;

Thence north on the west line of S. Mountain View Street to the intersection of Scott Avenue and S. Mountain View Street;

Thence west 100 ft. to a point;

Thence north 300 ft. to a point;

Thence east 100 ft. to the west line of S. Mountain View Street;

Thence northerly along the west line of S. Mountain View Street to the point where the west line of S. Mountain View Street intersects with the east line of E. Cross Drive;

Thence northwesterly 992 ft. along the northeast line of the alley between S. Central Drive and S. Cobb Avenue to a point 102 ft. southwest of the south line of E. Golden Hill Road;

Thence southwest 124 ft. to a point 75 ft. east of Access Road, also known as S. West Avenue.

Thence west to the east line of Access Road, also known as S. West Avenue;

Thence southerly 126 ft. along the east line of Access Road, also known as S. West Avenue, to a point 136 ft. north of E. Roberts Drive;

Thence southwest 760 ft. to a point;

Thence north 701 ft. to the south line of E. Golden Hill Road;

Thence northeasterly along the meridian of Golden Hill Road to a point 62 ft. south of the south line of E. Elm Way where it intersects at N. Arbor Avenue;

Thence north to the south line of E. Elm Way where it intersects at N. Arbor Avenue;

Thence northwesterly 603 ft. to a point;

Thence northwesterly 489 ft. to a point 137 ft. west of the west line of N. Cherry Avenue;

Thence west 270 ft. to a point 407 ft. west of the west line of N. Cherry Avenue;

Thence north 205 ft. to a point 277 ft. south of the south line of W. Cypress Drive;

Thence northwesterly parallel to Cypress Drive 986 ft. to a point 288 ft. west of the west line of W. Cypress Dr.;

Thence northwesterly 182 ft. to a point 220 ft. south of the south line of U.S. Highway 60;

Thence northwesterly 340 ft. to the meridian of U.S. Highway 60;

Thence southwest on the meridian of U.S. Highway 60 to the intersection of the north line of U.S. Highway 60 and the west line of E. Ragus Road;

Thence westerly to the East Quarter Corner of Section 20 (the point of beginning).

"Designated Area Maps" shall mean maps showing the outlines of each designated area. The Designated Area Maps submitted to this Board at the meeting at which this Resolution was adopted, shall remain on file at the TRSD Clerk's office located at the office of the General Counsel for TRSD located at 136 North Miami Avenue, AZ 85539-1494 United States and are incorporated by reference thereto.

"Environment Protection Agency" or "EPA" shall mean the Environmental Protection Agency of the United States.

"Estimate" or "Official Engineer's Estimate" shall mean the TRSD Engineer's estimate of costs and expenses of the Work filed with the TRSD Clerk prior to adoption of this Resolution, showing:

Description	Total Cost Estimate	Total Phase I	Total Phase II	Total Phase III
Construction Costs	\$ 44,943,000	\$ 18,138,000	\$ 13,190,000	\$ 13,615,000
Incidental Costs	\$ 17,302,000	\$ 7,057,000	\$ 5,088,000	\$ 5,157,000
Contingency Costs	\$ 7,510,000	\$ 3,035,000	\$ 2,204,000	\$ 2,271,000
Estimate Totals	\$ 69,755,000	\$ 28,230,000	\$ 20,482,000	\$ 21,043,000
Less Grant (57%) Total*	\$ 39,900,000	\$ 16,230,000	\$ 11,675,000	\$ 11,995,000
Residential Connections	\$ 16,928,000	\$ 6,550,000	\$ 5,354,000	\$ 5,024,000
Collection & Treatment	\$ 22,972,000	\$ 9,680,000	\$ 6,321,000	\$ 6,971,000
Loan (43%) Subtotal	\$ 29,855,000	\$ 12,000,000	\$ 8,807,000	\$ 9,048,000
Plus Inflation**	\$ 2,691,000	\$ 0	\$ 881,000	\$ 1,810,000
Loan Total	\$ 32,546,000	\$ 12,000,000	\$ 9,688,000	\$ 10,858,000

* If, as and when received. Grant amounts are estimated at the Phase I level for Phases II and III.

** Applies only to Phases II and III.

"Grant Agreement" or "Grant Agreements" shall mean any agreement or agreements with USDA-RD, RCAC, EPA or any other person acceptable to the Board offering to make grants to TRSD setting forth the conditions under which the grants are to be made, to be rescinded, or to be modified and TRSD's covenants and obligation as contained in the specific Grant Agreement.

"Grant Anticipation Notes" shall mean notes issued in advance of a grant as provided in A.R.S. Title 35, Chapter 3, Article 3.2, which are to be repaid solely from the proceeds of the respective grant, if and when received.

"House Connections" shall mean sewer lines running from the collector sewer lines to be constructed in the Streets to be improved, as shown on *Exhibit B*, to the existing homes and businesses and the decommissioning of any existing cesspools or septic tanks. The estimated amount of each House Connection, and the expected amount of Grant to be credited to said parcel, if then known, will be shown separately for each assessed parcel on the Assessment for each Phase.

"Incidental Expenses" shall mean the compensation paid to the TRSD Engineer, the costs of mailing, printing, advertising and posting, the amount paid the TRSD Engineer to take charge and superintend the Work and the expenses of making and administering the Assessment, any discount on the Bonds, any paying agent's fee, appraiser's fees, costs of property acquisition and easement acquisition, all legal and financial fees, expenses and costs incurred in the drafting of the proceedings and in the sale of Notes and Bonds, the execution and delivery of Loan Agreements or Grant Agreements, interest on, and legal and financial expenses incurred with respect to the acquisition of easements, public rights-of-way and other documents granting a right to construct the Work in or through land either within or without TRSD, Notes, and Interest, if any, to be paid on the Bonds, Grant Anticipation Notes or Bond Anticipation Notes.

"Interim Loan" shall mean Bond Anticipation Notes or Grant Anticipation Notes issued to fund the construction of the Work from commencement of design and construction until receipt of loans or grants.

"Loan Agreement or Loan Agreements" shall mean any agreement to be entered into between TRSD and USDA-RD, EPA, or RCAC or any Bank or institutional investor to provide financing and/or grants for a portion of the Work; or to provide temporary, Bridge or Interim Loans through Notes.

"Map" shall mean the detailed Map, showing Phases I, II and III, and the streets to be improved on file with TRSD and available for viewing and copying (upon payment of applicable copying costs) at the TRSD Clerk's office located at the office of the General Counsel for TRSD located at 136 North Miami Avenue, Miami, AZ 85539-1494. The map shall also be posted on the TRSD website.

"Newspaper" shall mean the Arizona Silver Belt, a weekly newspaper of general circulation within TRSD.

"Notes" shall mean Bond Anticipation Notes, Grant Anticipation Notes, or any combination thereof.

"Notice of the Proposed Improvement" shall mean a notice of the passage of the Resolution of Intention in substantially the form presented to the Board prior to adoption of the Resolution of Intention.

"Phase" or *"Phase of the Work"* shall mean a portion or Phase of the Work and the Incidental Expenses attributable to such Phase; Phases shall be constructed pursuant to a separate construction contract for each Phase, or portion thereof.

"Phase I" shall mean construction of the Work serving the area comprising Phase I, as described above;

"Phase II" shall mean construction of the Work serving the area comprising Phase II, as described above;

"Phase III" shall mean construction of the Work serving the area comprising Phase III, as described above;

"Preliminary Plans and Specifications" shall mean the Preliminary Engineering Report and Preliminary Plans and Specifications for Phase I of the Work, including the preliminary engineering report for Phase I now on file with the TRSD Clerk and the Preliminary Plans and Specifications for Phase II and Phase III, now on file with the TRSD Clerk. The Preliminary Plans and Specifications shall also be posted on TRSD's website.

"Private Payment Bond" shall mean a payment bond for non-public construction connecting the sewer collection system on private land to connect to a house or business; such Bond will be acquired by the Contractor naming TRSD as such Bond's beneficiary to cover construction of House Connections where public easements have not been acquired prior to execution of the respective Contractor's Contract.

"Private Performance Bond" shall mean a performance bond for non-public construction; such Bond will be acquired by the Contractor naming TRSD as such Bond's beneficiary to cover construction of each House Connection, or all House Connections under the Contractor's Contract, where public easements have not, or will not, be acquired for such House Connection prior to execution of the respective Contractor's Contract.

"RCAC" shall mean the Rural Community Assistance Corporation, an Arizona Non-Profit Corporation.

"Resolution of Intention" shall mean this resolution.

"Rural Development" or "USDA-RD" shall mean Rural Development, a division of the United States Department of Agriculture.

"Sewers" include water reclamation facility, force mains, lift stations, tunnels, excavations, ditches, drains, conduits, channels, outlets, outfalls, manholes, catch basins, flush tanks, House Connections, connecting sewers of every character, machinery, apparatus, equipment and all appliances and structures necessary or incidental to the construction, installation or operation of a complete sewer system for sanitary sewer purposes; the term Sewers shall also include House Connections constructed within public or private easements provided by the respective property owner, and the decommissioning of existing cesspools and septic tanks. House Connections fully paid with the proceeds of Grant Agreements, shall not require the grant of a public easement for the respective house to be connected; however, no assessment may be levied to construct a house connection in a private easement.

"Streets" or "Streets to be Improved" shall mean the streets, avenues, alleys, easements and rights of entry or portions thereof open and dedicated to public use and public ways, or dedicated public utility easements in which TRSD may construct sewer lines wherein any portion or portions of respective Phase of the Work will be performed as shown on the Preliminary Plans and Specifications and on public easements or public rights-of-way acquired

or to be acquired. The Streets to be improved, with the exception of House Connections, are shown on *Exhibit A*.

"*State*" shall mean the State of Arizona.

"*TRSD*" shall mean Tri-City Regional Sanitary District of Gila County, Arizona.

"*TRSD Engineer*" or "*PACE*" shall mean initially, PACE Advanced Water Engineering, located at 7434 East McDonald Drive, Scottsdale, Arizona with a mailing address of P. O. Box 4805, Scottsdale, Arizona 85261 and an email address of mikekrebs@pacewater.com, and, thereafter, such engineer or firm of engineers as appointed by the Board.

"*Treasurer*" or "*TRSD Treasurer*" means the Gila County Treasurer.

"*Wastewater System*" means force mains, collector sewers, House Connections, lift stations and water reclamation facility and all appurtenances thereto.

"*Work*" shall mean the construction and installation of a water reclamation facility and wastewater collection system to include a sewer collection system and House Connections on the benefitted lots or parcels adjacent to public streets, alleys, public easements and public rights-of-way, together with all necessary appurtenances and adjuncts, all as shown on the Preliminary Plans and Specifications and the Engineer's Estimate on file with the Clerk. The Work may either be constructed in Phases under one or more contracts, or under a single contract. If the Work is constructed under a single contract, Phases I, II and III shall be consolidated; any such consolidation will be determined by this Board. In addition, any two Phases may be consolidated into one Phase of the Work and be constructed under one or more contracts.

Section 2. Declaration of Intention. The public interest and convenience require, and it is the intention of this Board to order the Work to be performed. All items of the Work shall be performed as prescribed by the Preliminary Plans and Specifications for Phases I, II and III, respectively and no Assessment for any lot shall exceed its proportion of the Estimate. For purposes of this Resolution of Intention and of all resolutions and notices pertaining to this Resolution of Intention, the improvement of the Streets, herein described as the Work, shall also be known as Tri-City Regional Sanitary District of Gila County, Arizona Wastewater Treatment and Collection System. The Board hereby declares its intent to proceed with the completion of all plans, specifications, financing and construction of all Phases of the Work.

Section 3. Determination of Need. In the opinion of the Board, the Work is of more than local or ordinary public benefit, and the Board hereby orders that all amounts due or to become due with respect to the Work shall be chargeable upon the respective lots, pieces and parcels of land that benefit from the Work.

Section 4. Exclusion of Certain Property. Any Federal or State Highway, public street, alley, easement, right-of-way or other grant of land for sewer purposes within TRSD are hereby omitted from the Assessment and shall not be assessed for the Work. Any parcel or lot owned by or belonging to the United States, the State, Gila County or in any city, town, school

district or any political subdivision or institution of the State or Gila County, fronting on a street or streets to be improved, shall be omitted from the Assessment hereafter made except as otherwise agreed between TRSD and the respective public property owner. Notwithstanding the foregoing portion of this Section 4, no property belonging to the United States, the State or any subdivision of thereof shall be connected to the Work unless TRSD has theretofore entered into a contract with the United States, the State or the Governing Body of the Governmental entity, if applicable, to which the lot or parcel belongs for payment to TRSD of the Assessment and interest thereon (if the assessment is not fully paid before Work commences for the Phase in which such government property is located) as they become due.

Section 5. Determination and Notice of Necessity to Issue Bonds or enter into Loan Agreements. The Board finds that the public convenience requires that Bonds and Loan Agreements shall be issued or entered into to represent a portion of the costs and expenses of each Phase of the Work to be assessed upon the land benefitting from the Work and determines that Bonds shall be issued in the name of TRSD payable in each instance, however, solely and only out of a special fund collectible from special assessments levied and assessed upon the lots, pieces and parcels of land fronting upon streets to be improved by the Work payable in not to exceed forty-one (41) annual principal installments. This Board also finds that the public convenience will require that TRSD enter into Loan Agreements in addition to issuing Bonds, and the statutory method for collection of Assessments for payment of Bonds shall apply to installments of the Assessment to pay Loan Agreements.

The Bonds will mature and Loan Agreements will be payable as to principal on the first day of July in amounts to be set by the Board prior to the issuance of the Bonds or the incurrence of Loan Agreement. Said Bonds and Loan Agreements will bear interest at the rate of not to exceed seven percent (7%) per annum, payable on the first day of January and July of each year commencing as to each Phase on the date set by the Board.

If Bonds are initially sold to, or a loan agreement or a loan agreements are entered into with, department, division, or agency of the United States such Bonds shall have a term, or terms that may not exceed forty-one (41) years; however, if the Bonds are initially sold to a person or persons other than the United States, or any agency or instrumentality of the United States, the installments of principal shall not exceed 30 years. The form of the Bonds may be incorporated by reference into any loan agreement between TRSD and a department, agency or instrumentality of the United's States of America or the State of Arizona.

Section 6. Bond and Grant Anticipation Notes. The Board reserves the right to issue Bond Anticipation Notes pursuant to A.R.S. § 48-2081 and Grant Anticipation Notes pursuant to A.R.S. Title 35, Chapter 3, Article 3.2. The maximum rate of interest to be paid on the notes shall not exceed 7% per annum. The Bond Anticipation Notes and the Grant Anticipation Notes may be sold using public or private sales. The Board also reserves the right to retain any Bonds, which may be issued and to sell the same for cash to pay the Contractors amounts due it in cash for the Work.

Section 7. Statutory Authority. The Work and all proceedings pertaining thereto shall be performed under the provisions of A.R.S §§ 48-2041 through 48-2085, inclusive, and all

amendments thereto. Grant Anticipation Notes may be issued pursuant to A.R.S. Title 35, Chapter 3, Article 3.2. Bond Anticipation Notes may be issued pursuant to A.R.S. § 48-2081. Neither Grant Anticipation Notes nor Bond Anticipation Notes may be issued without the express authorization by this Board.

Section 8. Notice to Property Owners; Protests and Objections to the Extent of each Designated Area.

A. This Resolution of Intention shall be published two times in consecutive issues of the Newspaper. Notice of Proposed Improvement shall also be conspicuously posted along the location of the proposed Work, at not more than three hundred feet apart. Such posted notice shall be headed "Notice of Proposed Improvement", in letters at least one inch in height, and shall state the fact of the passage of this Resolution of Intention and briefly describe the improvement proposed. The posted Notice of Proposed Improvement shall be in substantially the form presented to the Board at the meeting at which this Resolution was adopted.

B. There shall also be mailed to each property owner whose property may be assessed a copy of the Notice of Proposed Improvement which contains a brief description of the proposed improvement. The Notices shall be sent by United States mail to each name on the most recent equalized property tax roll.

C. The owners of property within one or more Designated Areas may file written protests against the construction of the Work or objections against the extent of their respective Designated Area. Said protests or objections to the extent of a Designated Area shall be filed with the TRSD clerk at the office of the General Counsel for TRSD located at 136 North Miami Avenue, Miami, AZ 85539-1494 United States.

Said protests or objections must be filed within fifteen (15) days after the date of the last publication of the Resolution of Intention or within 15 days after the completion of the posting of Notice of Improvement, if such date is after the date of the last publication. The protest shall show a description of the property and the amount of the frontage owned by each signer together with his or her post office address; in addition, each protest (or combined protests) must also include an affidavit of a District property owner stating that each signature was affixed in his or her presence; and shall be filed at the TRSD Clerk's office located at the office of the General Counsel of TRSD located at 136 North Miami Avenue, Miami, AZ 85539-1494 above-mentioned.

Section 9. Delegation of Authority. The TRSD Engineer is hereby authorized to fill in any blanks and to make any minor corrections necessary to complete the Preliminary Plans and Specifications and contract documents.

Section 10. Right to Reduce Scope of Work. If, because of pending or threatened litigation concerning any one or more parcels subject to Assessment, TRSD and the winning bidder receive a written opinion of Bond Counsel stating that Bonds cannot be issued against such parcel or parcels pending the outcome of such litigation, TRSD may then cause the construction contract to be modified to exclude from the applicable contract some or all of the

Work which will benefit the parcel or parcels in question. The filing of a certificate and request that no Bonds be issued against any parcel pursuant to A.R.S. § 48-2065 (B), may be deemed to be threatened litigation. Pending the outcome of any litigation, or threatened litigation, this Board may order a re-assessment to provide sufficient moneys to pay any Contractor, Bond or Loan Agreement the amount that may accrue during the pendency of such litigation.

Section 11. Approval of Assessment Diagram. Duplicate Assessment Diagrams for each Phase of the Work will be filed with the TRSD Secretary, and hereafter may be approved by the Board and the TRSD Secretary shall certify such approval thereon. In addition to the requirements for such diagrams, as stated in A.R.S. § 48-2057, the Assessment Diagrams shall show each lot to be assessed for the Work, the amount of such lot's frontage on the Work and such lot's square footage.

Section 12. Reservation of Right to Reassess. Costs of the Work may change due to inflation or an increase in the number of construction projects similar to the Work. In addition, future funding depends both on continued grants and loans by USAD-RD. The percentage of grants to loan may change from Phase to Phase. The costs assessed for construction of a Water Reclamation Facility and main lines, force main lines and lift stations initially assessed to Phase I, may be reassessed as Phases II and III are constructed if subsequent costs and expenses differ materially from any other Phase. The Board believes that the various lots to be assessed to pay the cost of the Work should receive Assessments as close as possible to uniform for residential lots and uniform amounts for commercial and industrial lots of the same character; therefore, the Board reserves the right to reassess Phases that had previously been assessed, if the cost per lot is materially differs from Phase I in either Phase II, Phase III, or any later Phase, if applicable.

Section 13. Reimbursement. For the purposes of the United States Treasury Regulation Section 1.150-2 (the "*Regulation*"), TRSD declares its official intent to reimburse any expenditure now, or hereafter, made with respect to the Work with the proceeds of a Loan Agreement, or Loan Agreements, Bonds, or Notes. TRSD shall, upon the execution and delivery of any Loan Agreement or Loan Agreements, and of any Bonds, or Notes, cause a written allocation to be made that evidences TRSD's use of proceeds of the Bonds and/or the Notes to reimburse a prior expenditure. TRSD shall not permit proceeds of a Reimbursement Bond (as defined in the Regulation) to be used to reimburse a prior expenditure unless such reimbursement is made within the reimbursement time period set forth in the Regulation or unless all requirements of such Regulation are otherwise satisfied. TRSD is authorized to take any other appropriate actions that are necessary to meet the requirements of the Regulation. The TRSD President is charged with documenting both the expenditures that are to be reimbursed, and the actual reimbursement of the funds from which funds are advanced prior to issuance of the Bonds and execution and delivery of the notes.

Section 14. Easements to be Acquired. Public easements for both the Water Reclamation Facility, Force Mains, Lift Stations and Collector Sewer Lines must be acquired in the lots and parcels of land set forth in *Exhibit A*. If the easement across any given lot or parcel is not obtainable, then that parcel and all parcels expected to benefit from the Work, draining into the collector sewer location at an elevation above such un-acquired public easement and that would collect sewage that would flow into collector line to be constructed through the un-

acquired easement shall not be assessed until such street, easement, or right of way has been obtained.


Section 15. Miscellaneous. The Work shall be done and all proceedings therefor shall be taken. The TRSD Engineer shall make duplicate diagrams of the property contained within each Designated Area; the diagrams shall show each separate lot, numbered consecutively, the area in square feet of each lot, and the location of the lot in relation to the work proposed to be done. This Resolution of Intention shall be filed with the TRSD Secretary and made a part of the records of this Board.

Section 16. Approval of Federal Loan and Grant Agreements. Pursuant to A.R.S. § 48-175(E) TRSD has the authorization to enter into Federal grant and loan agreements with USDA-RD, EPA or any other federal department or agency if the owners of a majority of the frontage of the property do not file protests, or objections to the proceedings, or the construction contract, or any contract or agreement with the federal government as described in this Resolution of Intention.

Section 17. Ratification of Actions. All acts of the Board, TRSD Engineer and any person acting for such official or TRSD in furtherance of this Resolution of Intention, whether before or after adoption of this Resolution of Intention are hereby ratified and confirmed.

Section 18. Effective Date. This Resolution shall become effective immediately upon its adoption.

PASSED, ADOPTED AND APPROVED on October 25, 2018.

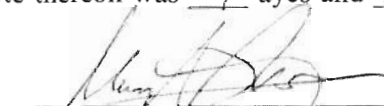

Robert J. Zache, President

ATTEST:


Mary Anne Moreno, Secretary

CERTIFICATE

I hereby certify that the above and foregoing Resolution No. 18-004 was duly passed by the Board of Directors of Tri-City Regional Sanitary District of Gila County, Arizona, at a regular meeting of the Board of Directors of such District held on October 25, 2018, and that a quorum was present thereat and that the vote thereon was 4 ayes and 0 nays. 0 did not vote or were absent.


Mary Anne Moreno, Secretary

LIST OF EXHIBITS

EXHIBIT A –Streets, Avenues, Alleys, Places, Drives, Public Easements and Public Rights-of-Way to be improved by the Phase I, Phase II, and Phase III Construction including easements and Rights-of-Way to be acquired.

EXHIBIT A

PHASE I					
LINES TO BE CONNECTED IN: STREET NAME	CALCULATED FRONTAGE	PUBLIC EASEMENT OR RIGHTS-OF-WAY TO BE ACQUIRED	LINES TO BE CONNECTED IN: STREET NAME	CALCULATED FRONTAGE	PUBLIC EASEMENT OR RIGHTS-OF-WAY TO BE ACQUIRED
COPPER LANE	170.83		S. PINEWAY ST.	1844.79	
E. BANCROFT WAY	211.06		S. PUERTO RICO AVE.	1355.58	20
E. BROADWAY	2862.41	20	S. RANSBERGER HILL	2032.50	50
E. BRYANT ST.	623.22		S. RUTH AVE.	1402.34	30
E. CALLE PEQUENA	167.86		S. STARVIEW ROAD	2973.26	
E. COPPER ST.	2529.91		S. VAN WINKLE AVE.	909.49	
E. ELAM AVE.	512.31		S. WASHINGTON AVE.	1420.76	
E. FRONT PLACE	419.05		S. WILSON PLACE	131.71	
E. GLOBE AVE.	1735.68	20	SECOND ST.	158.22	
E. GOLDEN WAY	691.94	10	WILSON PLACE	67.48	
E. GREER ST.	940.96		E1	453.31	20
E. HAMILTON LANE	487.64		E10	431.15	
E. HAMMOND ST.	1709.62	10	E11	214.22	10
E. JEFFERSON ST.	1061.51	10	E12	741.91	
E. LOCOMOTIVE DR.	1036.00		E13	138.86	
E. MICHAELS WAY	142.22	20	E14	114.73	
E. MONROE LANE	324.79	10	E15	1482.21	30
E. RAILROAD AVE.	4212.82	30	E16	566.37	
E. UPPER WILSON ST.	336.03		E17	626.06	
E. WILSON ST.	1259.17		E2	110.30	10
EL CAMINO	261.64		E3	134.62	
HAMMOND ST.	181.97		E4	85.65	
LOCOMOTIVE AL	393.66		E5	119.66	
LONG ST.	2036.42		E6	49.58	
LONG STREET AL	67.99	10.00	E7	368.99	
REAR BROADWAY ALLEY	176.72		E8	31.24	32.5
S. AVENIDA DE ED PASTOR	805.40		E9	77.28	
S. BERRY WAY	577.72		S. MILL ST.	136.55	10
S. BOARD DR.	637.77	40	S. MORROW AVE.	1646.62	20
S. CALLE DE LOMA	3930.93	100	S. NEW ST.	1379.96	
S. CLEVELAND AVE.	1373.58		S. OBSCURE WAY	419.44	20
S. COPPER LANE	173.10		S. OLD OAK ST.	2959.30	10
S. DAIRY CANYON	1141.41	30	S. KINNEBUR AVE.	879.04	
S. DAWDY ST.	152.47		S. MACKEYS HILL	992.70	10
S. EL CAMINO	2070.04	20	S. MAPLE LEAF ST.	2554.74	40
S. EUCLID DR.	1664.31		S. MARION CANYON	481.14	127.64
S. GREGOVICH DR.	179.76	10	S. MARION ST.	2134.40	
S. GROVER CANYON ROAD	3224.49	40			

PHASE II					
LINES TO BE CONNECTED IN: STREET NAME	CALCULATED FRONTAGE	PUBLIC EASEMENT OR RIGHTS-OF-WAY TO BE ACQUIRED	LINES TO BE CONNECTED IN: STREET NAME	CALCULATED FRONTAGE	PUBLIC EASEMENT OR RIGHTS-OF-WAY TO BE ACQUIRED
E. ALAMEDA DR.	580.01	322.78	E. WOODWARD STREET	1830.89	318.56
E. APACHE HILLS LANE	1748.49	20.00	E 19	536.71	
E. ARROYA AVE.	405.03	10.00	E 20	82.75	
E. BLACK WARRIOR AVE.	1306.01		E 21		57.16
E. BLOCK AVE.	542.28		E 22		87.68
E. BOYLES AVE.	382.88		E 23	10.00	176.74

PHASE II (continued)					
E. BRALEY ST.	143.98		E 24	127.41	
E. CORSO PLACE	98.87		E 25	113.39	
E. CROSS DR.	731.12		E 26		413.71
E. ENGLISH AVE.	981.99		E 27		286.97
E. GARDNER TERRACE	76.22		E 28		280.45
E. GLOBE CANYON AVE.	2772.51	10.00	E 30	1748.92	10.00
E. GOLDEN HILL RD.	3276.27	20.00	E 31	451.03	
E. GOLDEN ST.	1962.04		E 33	148.30	
E. HOPE LANE	4612.27		RUSSELL ALLEY	203.88	10.00
E. HUIE ST.	2279.46		S. ALBERTA DR.	691.33	10.00
E. JACKRABBIT LANE	1909.69		S. ALCOTT DR.	759.18	10.00
E. LANCASTER ST.	2377.69		S. ALDER DR.	484.40	
E. LINCOLN WAY	710.06		S. BURNHAM ST.	1553.76	
E. MAIN ST.	590.48		S. BUTTERFLY LANE		738.62
E. MIDLAND TRAIL	8.06	347.06	S. CARPENTER LANE	303.41	10.00
E. MILL DR.	614.55		S. COBB AVE.	627.23	
E. NIELSON ST.	608.41		S. COUNTRY CLUB TERRACE DR	729.73	10.00
E. PINAL CANYON DR	2277.06		S. DOMINION ST.	628.74	
E. RATTLESNAKE RD.	1718.82	10.00	S. HOSPITAL DR.	1044.50	
E. ROBERTS DR.	3977.68	20.00	S. NELL DR.	346.95	
E. SNEDDEN ST.	2363.25		S. RUSSELL RD.	13171.57	60.00
E. SPADAFORÉ WAY	466.07		S. THOMASINA LANE	398.83	
E. STORY ST.	2281.46	10.00	WASHBORN AL	167.00	
E. UTILITY ST.	685.40		E. YOUNG ST.	176.85	679.03
E. WASHBORN ST.	1299.98	20.00	E. YUMA TRAIL	1383.42	

PHASE III					
LINES TO BE CONNECTED IN: STREET NAME	CALCULATED FRONTAGE	EASEMENT OR RIGHTS-OF-WAY TO BE ACQUIRED	LINES TO BE CONNECTED IN: STREET NAME	CALCULATED FRONTAGE	EASEMENT OR RIGHTS-OF-WAY TO BE ACQUIRED
ACCESS RD.	649.38		N. CHERRY AVE.	2605.25	140.00
E. BORNITE LANE		1173.98	N. COUNTRY LANE	513.3	10
E. BRALEY ST.	404.83		N. PALM LANE	464.90	
E. EDDY ST.	337.65		S. APACHE AVE.	1714.06	
E. ELM WAY		196.00	S. AZURITE DR.		506.06
E. GOLDEN HILL RD.	436.94		S. CAMPBELL AVE.	1075.07	
E. HILL LANE	526.11		S. CENTRAL DR.	3439.63	
E. MAIN ST.	1170.25	20.00	S. DRAGONFLY LANE	151.73	891.31
E. MALACHITE LANE		1623.25	S. GLENDALE AVE.	3937.33	10.00
E. MENDOZA ST.	253.81		S. HUNT AVE.	741.53	
E. MINERAL LANE		205.67	S. INSPIRATION DR.	1289.63	
E. MONROE PLACE	340.65		S. JOHNSON RD.	1261.18	
E. RUTH ANN DR.	1231.26		S. LORI LANE	258.08	
E. SCOTT AVE.	2349.13	862.40	S. MANOR DR.	391.68	30.00
E. SHORT AVE.	3761.59	10.00	S. MCKINNEY AVE.	4513.12	10.00
E 29		321.99	S. MOUNTAIN VIEW ST.	1151.78	
E 34	567.53	20.00	S. RANDALL RD.	542.52	
E 35		144.72	S. TURQUOISE DR.		666.96
E 37	780.02	30.00	W. 3 RD AVE.	1190.45	
E 39		543.71	W. CYPRESS DR.	1332.54	110.00
GOLF COURSE RD.		1409.75	W. ELECTRIC DR.	1581.31	10
HARPES DR.		257.89	W. FIRST AVE.	1935.89	
HIGHWAY 60	618.24	10.00	W. FOURTH AVE.	1469.81	
N. ARBOR AVE.	1040.85	20.00	W. PAXTON AVE.	2033.49	10.00
N. AZ HIGHWAY 188	9463.14	50.00	W. SECOND AVE.	1051.28	

* Footage is approximate and subject to change

** "E-" means Easement or Easements