Mayor	Palo Verde District	Mesquite District	Acacia District	Ironwood District	Pine District	Willow District
Jason Beck	Michael Finn Vice Mayor	Matt Bullock Mayor Pro Tem	Jennifer Crawford	Rick Stokes	Denette Dunn	Jon Edwards

Amended

City Council Meeting Notice & Agenda

Tuesday, February 10, 2026
Peoria Public Safety Administration Building
Peoria Room
8351 W. Cinnabar Avenue
Peoria, AZ 85345

Executive Session Meeting

5:30 P.M. Convene

Roll Call

Regular Agenda

1 R. **Authorization to Hold an Executive Session**

The City of Peoria Council may vote to hold an executive session for the purpose of discussions or consultations with designated representatives of the public body and/or legal counsel in order to consider its position and instruct its representatives regarding any matter listed on the agenda pursuant to A.R.S. 38-431.03(A).

(a) Discussion or consultation for legal advice concerning general Litigation Division and other legal updates, pursuant to A.R.S. § 38-431.03(A)(3) and A.R.S. § 38-431.03(A)(4).

Adjournment

Executive Session

Convene immediately following Executive Session Meeting
Arizona Room, Public Safety Administration Building

Under the provisions of A.R.S. 38-431.02 there will be a **CLOSED EXECUTIVE SESSION.**

Executive Session Agenda

2 R. An Executive Session pursuant to A.R.S. section 38-431.03(A)(3), 38-431.03(A)(4), 38-431.03(A)(5) and 38-431.03(A)(7) for the purpose of discussions or consultations with designated representatives of the public body and/or legal counsel in order to consider its position and instruct its representatives regarding:

(a) Discussion or consultation for legal advice concerning general Litigation Division and other legal updates, pursuant to A.R.S. § 38-431.03(A)(3) and A.R.S. § 38-431.03(A)(4).

The above-named Public Body of the City of Peoria, Arizona will convene into Executive Session pursuant to A.R.S. 38-431.03 for those items listed on the agenda. Only those persons who are:

- Members of the Public Body, or
- Officers of the City that are required to attend, or
- Those individuals whose presence is reasonably necessary for the Public Body to carry out its Executive Session responsibilities as determined by the City Attorney may be present during the Executive Session.

All persons who remain present during the Executive Session are reminded that the business conducted in Executive Session, including all discussion taking place herein, is confidential and may not be disclosed to any person, except as permitted by law.

Arizona Open Meeting Act:

Arizona law requires that persons who are present in an executive session receive instruction regarding the confidentiality requirements of the Arizona Open Meetings Act. Minutes and discussions made during executive sessions are confidential and may not be disclosed to any party, except:

- Members of the Council,
- Appointees or employees who were subject of discussion under the personnel item subsection of the Open Meetings Act,
- County Attorney or Attorney General pursuant to an investigation of a violation of the Open Meetings Act, and
- Arizona Auditor General in connection with an audit authorized by law.

Any person who violates or who knowingly aids, agrees to aid, or attempts to aid another person in violating the Arizona Open Meetings Law may be punished by fine of up to $500.00 per violation and/or by removal from public office.

Mystic at Lake Pleasant Heights
Community Facilities
District Board Meeting

6:00 P.M. Convene

Roll Call

MCFD Consent Agenda

CONSENT AGENDA: All items listed on the Consent Agenda are considered to be routine or have been previously reviewed and/or discussed by the City Council and will be enacted by one motion. There will be no separate discussion of these items. If the Presiding Officer receives a timely notice of a request for removal, an item may be removed from the Consent Agenda for consideration on the Regular Agenda.

Consent

3 C. **Minutes**

Discussion and possible action to approve the June 3, 2025 Mystic Community Facilities District meeting minutes.

4 C. **Fiscal Year 2025 Annual Financial Report**

Discussion and possible action to receive and accept the Mystic at Lake Pleasant Heights Community Facilities District Annual Financial Report for the year ended June 30, 2025.

Adjournment

Vistancia North Community Facilities District Board Meeting

6:00 P.M. Convene

Roll Call

VNCFD Consent Agenda

CONSENT AGENDA: All items listed on the Consent Agenda are considered to be routine or have been previously reviewed and/or discussed by the City Council and will be enacted by one motion. There will be no separate discussion of these items. If the Presiding Officer receives a timely notice of a request for removal, an item may be removed from the Consent Agenda for consideration on the Regular Agenda.

Consent

5 C. **Minutes**

Discussion and possible action to approve the June 3, 2025 Vistancia North Community Facilities District meeting minutes.

6 C. **Fiscal Year 2025 Annual Financial Report**

Discussion and possible action to receive and accept the Vistancia North Community Facilities District Annual Financial Report for the year ended June 30, 2025.

Adjournment

Vistancia Community Facilities
District Board Meeting

6:00 P.M. Convene

Roll Call

VCFD Consent Agenda

CONSENT AGENDA: All items listed on the Consent Agenda are considered to be routine or have been previously reviewed and/or discussed by the City Council and will be enacted by one motion. There will be no separate discussion of these items. If the Presiding Officer receives a timely notice of a request for removal, an item may be removed from the Consent Agenda for consideration on the Regular Agenda.

Consent

7 C. **Minutes**

Discussion and possible action to approve the June 3, 2025 Vistancia Community Facilities District meeting minutes.

8 C. **Fiscal Year 2025 Annual Financial Report**

Discussion and possible action to receive and accept the Vistancia Community Facilities District Annual Financial Report for the year ended June 30, 2025.

9 C. **Release of Standby Letter of Credit, Vistancia Community Facilities District Series 2020 Bonds**

Discussion and possible action to adopt **VCFD RES. 2026-01** approving and authorizing the release of the Standby Letter of Credit for the Vistancia Community Facilities District Series 2020 General Obligation Bonds.

Adjournment

Vistancia West Community Facilities District Board Meeting

6:00 P.M. Convene

Roll Call

VWCFD Consent Agenda

CONSENT AGENDA: All items listed on the Consent Agenda are considered to be routine or have been previously reviewed and/or discussed by the City Council and will be enacted by one motion. There will be no separate discussion of these items. If the Presiding Officer receives a timely notice of a request for removal, an item may be removed from the Consent Agenda for consideration on the Regular Agenda.

Consent

10 C. **Minutes**

Discussion and possible action to approve the June 3, 2025 Vistancia West Community Facilities District meeting minutes.

11 C. **Fiscal Year 2025 Annual Financial Report**

Discussion and possible action to receive and accept the Vistancia West Community Facilities District Annual Financial Report for the year ended June 30, 2025.

Adjournment

Regular Meeting

6:00 P.M. Convene

Invocation
Pledge of Allegiance
Roll Call
Final Call to Submit Speaker Request Forms

If you wish to address the City Council, please complete a Speaker Request Form and submit it to the podium prior to the start of the regular agenda.

NOTE: The City Council may go into Executive Session at any time during this meeting pursuant to A.R.S. 38-431.03(A)(2) for the purpose of discussion or consideration of records exempt by law from public inspection, including the receipt and discussion of information or testimony that is specifically required to be maintained confidential by state or federal law, and pursuant to A.R.S. 38-431.03(A)(3) for the purpose of discussion or consultation for legal advice with the attorney or attorneys of the public body.

Consent Agenda

CONSENT AGENDA: All items listed on the Consent Agenda are considered to be routine or have been previously reviewed and/or discussed by the City Council and will be enacted by one motion. There will be no separate discussion of these items. If the Presiding Officer receives a timely notice of a request for removal, an item may be removed from the Consent Agenda for consideration on the Regular Agenda.

Consent

12 C. **Minutes**

Discussion and possible action to approve the January 27, 2026 City Council meeting minutes.

13 C. **Board and Commission Appointments**

Discussion and possible action to approve the recommendations from the Council Boards and Commissions Subcommittee and adopt **RES. 2026-25** appointing members to various Boards and Commissions.

14 C. **Quarterly Investment Reports**

Discussion and possible action to receive and file the Quarterly Investment Report for October through December 2025.

15 C. **Grant, Tohono O'odham Nation, Digital Forensic Training**

Discussion and possible action to approve a grant award from the Tohono O'odham Nation to the City of Peoria in the amount of $40,000 to fund Criminal Investigations – Digital Forensic training.

16 C. **Intergovernmental Agreement, University of Arizona and Banner University Medical Group, Medical Director**

Discussion and possible action to approve an Intergovernmental Agreement with the University of Arizona and Banner-University Medical Group. The proposed agreement with the Peoria Fire-Medical Department continues the existing arrangement with the current medical director and serves as a renewal of the prior contract.

17 C. **Intergovernmental Agreement; Maricopa County HOME Consortium; Amendment to Add City of Goodyear as Consortium Member**

Discussion and possible action to: (a) approve an amendment to the HOME Consortium Intergovernmental Agreement (LCON06921D) with Maricopa County governing the City's participation in the Maricopa HOME Consortium to add the City of Goodyear as a Consortium member, subject to HUD approval; and (b) adopt **RES. 2026-16** authorizing participation in the Maricopa HOME Consortium and authorizing the execution of the amendment and related documents.

18 C. **Operating Agreement, Peoria Water Users Association**

Discussion and possible action to adopt an irrigation water delivery services operating agreement between the Peoria Water Users Association and the City of Peoria.

19 C. **Development Agreement, Vistancia Development LLC, Revel Way Reclaimed Waterline**

Discussion and possible action to approve a Water Line Development Agreement between Vistancia Development, LLC and the City of Peoria for the construction of a 24-inch reclaimed water line along the Revel Way Road alignment.

20 C. **Maintenance Improvement District No. 1299, Saddleback-Parcel B13 Phase 1, Saddleback Mountain Way and Galvin Street**

Discussion and possible action to approve the Petition for Formation, adopt **RES. 2026-17** Intention and ordering the formation of proposed Maintenance Improvement District No. 1299, Saddleback-Parcel B13 Phase 1, located at Saddleback Mountain Way and Galvin Street; and adopt **RES. 2026-18** ordering the improvements within the proposed Maintenance Improvement District and declaring an emergency.

21 C. **Maintenance Improvement District No. 1302, Vistancia Parcel J-18, Vistancia Boulevard and Twin Buttes Road**

Discussion and possible action to approve the Petition for Formation, adopt **RES. 2026-19** Intention and ordering the formation of proposed Maintenance Improvement District No. 1302, Vistancia Parcel J-18, located at Vistancia Boulevard and Twin Buttes Road; and adopt **RES. 2026-20** ordering the improvements within the proposed Maintenance Improvement District and declaring an emergency.

22 C. **Street Light Improvement District No. 1196, Vistancia Parcel J-18, Vistancia Boulevard and Twin Buttes Road**

Discussion and possible action to approve the Petition for Formation and adopt **RES. 2026-21** intention and ordering the formation of proposed Street Light Improvement District No. 1196, Vistancia Parcel J-18, located at Vistancia Boulevard and Twin Buttes Road; and adopt **RES. 2026-22** ordering the improvements within the proposed Street Light Improvement District and declaring an emergency.

23 C. **Abandonment of City Interest, Easement for Water Line, Roman Catholic Church of the Diocese of Phoenix**

Discussion and possible action to adopt **RES. 2026-23** abandoning the City's interest of an Easement for Water Line as recorded in 20240625211 and re-recorded 20250469094, located within land owned by The Roman Catholic Church of the Diocese of Phoenix north of Amkor Way and west of Lake Pleasant Parkway.

24 C. **Deeds and Easements, Various Locations**

Discussion and possible action to adopt **RES. 2026-24** accepting Deeds and Easements for various Real Property interests acquired by the City. The deeds and easements have been recorded by the Maricopa County Recorder’s Office and this process will formally accept them into the system.

25 C. **Liquor License Application, Pescaderia Playas De Guaymas, 8385 NorthWest Grand Avenue**

Discussion and possible action to recommend approval to the State Liquor Board for: a New Wine and Beer (Series 10) Liquor License for Pescaderia Playas De Guaymas, located at 8385 NW. Grand Avenue #A, Theresa J. Morse, Applicant, LL#26-010150.

Regular Agenda

New Business

26 R. **Property Acquisition, 8344 West Washington Street, APN 142-41-017A**

Discussion and possible action to: (a) authorize the acquisition of real property located at 8344 West Washington Street - APN 142-41-017A; and (b) approve a budget adjustment in the amount of $166,000 from contingency to the Economic Development Services Department's operating budget.

27 R. **Property Acquisition, 8443 West Washington Street, APN 142-41-050**

Discussion and possible action to: (a) authorize the acquisition of real property located at 8443 West Washington Street - APN 142-41-050; and (b) approve a budget adjustment in the amount of $168,000 from contingency to the Economic Development Services Department's operating budget.

28 R. **Budget Amendment, Peoria Sports Complex Facade Improvement**

Discussion and possible action to approve a budget amendment in the amount of $800,000 for the facade renovation to the Peoria Sports Complex.

29 R. **Budget Amendment, Patent of State Land in Peoria Innovation Core 2**

Discussion and possible action to approve a budget amendment in the amount of $41 million from the City's contingency appropriation to fully purchase (patent) the remaining state land in the Peoria Innovation Core 2.

Reports from City Manager

Reports from Council Youth Liaisons

Reports from the Mayor

Call To The Public (Non-Agenda Items)
The City Council is not authorized by state law to discuss among its members or take action on any issue raised by public comment until a later meeting.

Adjournment

NOTE: Documentation (if any) for items listed on the Agenda is available for public inspection, a minimum of 24 hours prior to the Council Meeting, at any time during regular business hours in the Office of the City Clerk, 8401 W. Monroe Street, Room 150, Peoria, AZ 85345.

Accommodations for Individuals with Disabilities: Alternative format materials, sign language interpretation and assistive listening devices are available upon 72 hours advance notice through the Office of the City Clerk, 8401 West Monroe Street, Peoria, Arizona 85345 - Phone: (623) 773-7340 or FAX (623) 773-7304. To the extent possible, additional reasonable accommodations will be made available within the time constraints of the request.

The City has a TDD line where accommodations may be requested at: (623) 773-7221.

Public Notice

In addition to the City Council members noted above, one or more members of the City of Peoria Boards and Commissions may be present to observe the City Council meeting as noticed on this agenda.

City Council Meetings can be viewed live on Channel 11 (Cox Cable) and are available for viewing on demand at https://www.peoriaaz.gov/government/mayor-and-city-council/city-council-videos

City Manager
Henry Darwin

City Clerk
Agnes Goodwine

CITY OF PEORIA, ARIZONA
MYSTIC COMMUNITY FACILITIES
DISTRICT COMMUNICATION

Agenda Item: 3C.

Date Prepared: 1/29/2026

Council Meeting Date: 2/10/2026

TO: Henry Darwin, District Manager

THROUGH: Travis Cutright, Deputy District Manager

FROM: Agnes Goodwine, City Clerk MMC

SUBJECT: Minutes

Purpose:

Discussion and possible action to approve the June 3, 2025 Mystic Community Facilities District meeting minutes.

ATTACHMENTS:

June 3, 2025 MCFD Minutes

Contact Name and Number:
Agnes Goodwine, City Clerk (623) 773-7340

MINUTES OF THE MYSTIC COMMUNITY FACILITIES DISTRICT BOARD
CITY OF PEORIA, ARIZONA
COUNCIL CHAMBER
June 3, 2025

The Mystic Community Facilities District Board met in open and public session at 8401 West Monroe Street prior to the Regular Meeting of the Peoria City Council at 6:03 p.m.

Members Present: Board Chairperson Jason Beck, Vice Chair Jennifer Crawford, and Board Members Denette Dunn (telephonically), Michael Finn, Rick Stokes, Jon Edwards, and Matt Bullock.

Council Youth Liaisons: None.

Members Absent: None

Other Municipal Officials Present: Henry Darwin, District Manager; Kevin Burke, Deputy District Manager; Travis Cutright, Deputy District Manager; Mike Faust, Deputy District Manager; Emily Jurmu, District Counsel; and Agnes Goodwine, District Clerk.

Note: The order in which items appear in the minutes is not necessarily the order in which they were discussed in the meeting.

CONSENT AGENDA

CONSENT AGENDA: All items listed on the Consent Agenda are considered to be routine or have been previously reviewed and/or discussed by the District Board and will be enacted by one motion. There will be no separate discussion of these items. If the Presiding Officer receives timely notice of a request for removal, an item may be removed from the Consent Agenda for consideration on the Regular Agenda.

Clerk's Note: The agenda item numbers shown below reflect the items as they were numbered on the agenda.

3 C. **Minutes**

Approved the May 13, 2025 Mystic Community Facilities District meeting minutes.

Having no requests from the District Board to remove items from the Consent Agenda, motion was made by Board Member Bullock, and seconded by Board Member Stokes, to approve the Consent Agenda.

Upon tabulation of votes, it showed:

AYES – Beck, Crawford, Finn, Stokes, Dunn, Edwards, Bullock
NAYS – None
ABSENT – None

Motion carried unanimously.

REGULAR MEETING

4 R. **PUBLIC HEARING – MCFD District Budget and Tax Levy for Fiscal Year 2026**

Sean Kindell, Chief Financial officer, presented a PowerPoint presentation on the Mystic Community Facility District Budget and Tax Levy for Fiscal Year (FY) 2026.
Information included:

- FY 2026 Final Budget
- FY 2026 Final Tax Levy
- FY 2026 Budget Adoption
- FY 2026 Staff Recommendation

Mayor Beck opened the Public Hearing at 6:09 p.m.

With no public comment, Mayor Beck closed the Public Hearing at 6:09 p.m.

Motion was made by Board Member Stokes, and seconded by Vice Chair Crawford, to adopt **RES. MCFD 2025-03** approving the final budget and tax levy estimates for Fiscal Year 2026 for the Mystic at Lake Pleasant Heights Community Facilities District; ordering that an Ad Valorem Tax be levied and assessed on the assessed value of all property within the District; and providing for certified copies of this Resolution to be delivered to the appropriate agencies.

Upon tabulation of votes, it showed:

AYES – Beck, Crawford, Finn, Stokes, Dunn, Edwards, Bullock
NAYS – None
ABSENT – None

Motion carried unanimously.

ADJOURNMENT:

Being no further business to come before the District Board, the meeting was adjourned into the Mystic Community Facilities District agenda at 6:10 p.m.

_____
Jason Beck, Board Chairperson

CERTIFICATION AND ATTESTATION

I hereby certify that the foregoing minutes are a true and correct summary of the proceedings of the Mystic Community Facilities District Meeting held on the 3rd day of June 2025. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 10th day of February 2026.

_____
Agnes Goodwine, District Clerk

kh

CITY OF PEORIA, ARIZONA
MYSTIC COMMUNITY FACILITIES
DISTRICT COMMUNICATION

Agenda Item: 4C.

Date Prepared: 1/29/2026

Council Meeting Date: 2/10/2026

TO: Henry Darwin, District Manager

THROUGH: Kevin Burke, Deputy District Manager

FROM: Sean Kindell, District Chief Financial Officer

SUBJECT: Fiscal Year 2025 Annual Financial Report

Purpose:

Discussion and possible action to receive and accept the Mystic at Lake Pleasant Heights Community Facilities District Annual Financial Report for the year ended June 30, 2025.

Summary:

Attached is the Annual Financial Report of the Mystic at Lake Pleasant Heights Community Facilities District for the fiscal year ended June 30, 2025. This report was prepared by the City's Finance Department and audited by an independent audit firm, Heinfeld, Meech & Co.

An annual audit by an independent audit firm is required to meet the District's continuing disclosure requirements for its outstanding bond obligations. The Annual Financial Report is posted on the Municipal Securities Rule Making Board's website and District website.

The District received a clean audit opinion with no material misstatements. The independent auditors' report on the financial statements expresses an opinion that the basic financial statements present fairly, in all material respects, the financial position and results of operations of the District in conformity with U.S. generally accepted accounting principles.

We are responsible for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures. We believe the data is accurate in all material respects and is presented in a manner which fairly sets forth the financial position and results of operation of the District.

The annual financial report includes the District-wide financial statements, fund financial statements and related footnotes as well as Management's Discussion and Analysis and budgetary comparison schedules. These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Previous Actions/Background:

The fiscal year 2024 Annual Financial Report was received and accepted by the Board on January 28, 2025.

Staff Recommendation:

Staff recommends the Board receive and accept the Mystic at Lake Pleasant Heights Community Facilities District Annual Financial Report for the fiscal year ended June 30, 2025.

Fiscal Analysis:

This item has no financial implications.

ATTACHMENTS:

Annual Financial Report
Communication to Governance

Contact Name and Number:
Sean Kindell, (623) 773-7819

Mystic at Lake Pleasant Heights Community Facilities District

Peoria, Arizona

Annual Financial Report

For Fiscal Year Ended
June 30, 2025

District Board:
Jason Beck, Chairperson
Jennifer Crawford, Vice-Chairperson
Matt Bullock
Denette Dunn
Jon Edwards
Michael Finn
Rick Stokes

District Administrative Staff:
Henry Darwin, District Manager
Sean Kindell, Chief Financial Officer
Emily Jurmu, District Counsel
Agnes Goodwine, District Clerk

Prepared by City of Peoria Finance Department

MYSTIC AT LAKE PLEASANT HEIGHTS COMMUNITY FACILITIES DISTRICT
Peoria, Arizona
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2025

TABLE OF CONTENTS

	Table	Page
Transmittal letter		ii
Independent Auditors' Report		1
Management's Discussion and Analysis		4
BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements		
Statement of Net Position		8
Statement of Activities		9
Fund Financial Statements		
Governmental Funds Balance Sheet		10
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Activities		11
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds		12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances Of Governmental Funds to the Statement of Activities – Governmental Activities		13
Notes to the Financial Statements		15
SUPPLEMENTAL INFORMATION		
Budgetary Comparison Schedule – General Fund		23
Budgetary Comparison Schedule – Debt Service Fund		24
CONTINUING DISCLOSURE INFORMATION	**Table**	
Property Valuations	1	26
Net Assessed Value by Property Class	2	27
Net Assessed Value by Major Taxpayers	3	28
Property Tax Levies and Collections	4	29

MYSTIC AT LAKE PLEASANT HEIGHTS
Community Facilities District
Peoria, Arizona

December 22, 2025

Honorable Board of Directors:

The accompanying basic financial statements of the Mystic at Lake Pleasant Heights Community Facilities District (the District) for the year ended June 30, 2025, have been prepared for the use of the District Board, staff and other interested parties. This report includes Management's Discussion and Analysis, the basic financial statements for the District including government-wide financial statements, fund financial statements and footnotes, and supplemental budget comparison schedules for the District's funds.

This report was prepared by the Financial Services Division of the Finance Department of the City of Peoria, Arizona (the City) as finance staff for the District. It is intended as District management's report to the District Board and other interested parties.

The District is a component unit of the City of Peoria, Arizona for financial reporting. As a component unit of the City, the accompanying financial statements were included in the annual audit of the City's Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2025. A copy of the City's ACFR may be obtained by contacting the City's Finance Department at 8401 West Monroe Street, Peoria, Arizona 85345. Additionally, the auditors, Heinfeld, Meech & Co., P.C., have also expressed an opinion on the separate financial statements of the District included herein. That opinion may be found on page 1 of this financial report.

Questions about the financial statements included herein should be addressed to the City of Peoria, Finance Department at the above address.

Independent Auditor's Report

Board of Directors
Mystic Lake at Pleasant Heights Community Facilities District

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Mystic Lake at Pleasant Heights Community Facilities District (District), a component unit of the City of Peoria, Arizona, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Mystic Lake at Pleasant Heights Community Facilities District as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Mystic Lake at Pleasant Heights Community Facilities District, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the transmittal letter and continuing disclosure information, as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 22, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Mystic at Lake Pleasant Heights Community Facilities District (the District), we offer this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify changes in the District's financial position, and (4) identify individual fund issues or concerns.

On June 16, 2020, the District was formed by petition to the City Council of the City of Peoria, Arizona (City) pursuant to Title 48, Chapter 4, Article 6 of the Arizona Revised Statutes. The District is a special purpose taxing district and separate political subdivision under Arizona statues. As such, the District can levy taxes and issue bonds, independent of the City. Property owners within the District boundaries pay for District infrastructure and functions through secondary property tax assessments. The District's purpose is to acquire or construct public infrastructure in a specified area of the City. City staff administers the District. The Peoria City Council also serves as the District Board of Directors. The District is one of the City of Peoria's component units for the fiscal year ended June 30, 2025.

Financial Highlights

- The fiscal year 2025 tax levy was $2.65 per $100 valuation.
- District tax collections were used to pay District debt service during fiscal year 2025.
- The fund balance of the District's governmental funds at June 30, 2025, was $1,888,404, an increase of $1,682,658 compared to the prior year. This increase was due mainly to the issuance of the $1.7 million general obligation bond, increased developer contributions, and property tax revenues that will be used to pay upcoming debt service payments. Of the total ending governmental fund balance, $336,019 is restricted for debt service.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis introduces the District's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements.

Government-wide Financial Statements

The *statement of net position* is designed to provide a broad overview of the District's finances in a manner similar to those used by private businesses. The statement of net position presents information on all of the District's assets and liabilities, both current and long-term, with the difference between assets and liabilities reported as net position. The focus on net position is designed to be similar to the emphasis for businesses. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District, other indicators, including non-financial indicators, should also be considered.

The *statement of activities* presents information showing how the District's net position changed over the most recent fiscal year. Since full accrual accounting is used for the government-wide financial statements, all changes to net position are reported at the time that the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses related to accrued interest. This statement also focuses on both the gross and net costs of the various functions of the District, based only on direct functional revenues and expenses. This is designed to show the extent to which the various functions depend on general taxes and revenues for support.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or conditions. Funds are used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds and all are restricted, either by bond covenants or state law, as to use.

The District maintains two governmental funds, a general fund and a debt service fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for each fund.

The District adopted annual budgets for the general and debt service funds. A budgetary comparison schedule is provided to demonstrate compliance with the adopted budget.

Notes to the financial statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements and should be read in conjunction with the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As of June 30, 2025, the liabilities of the District exceed its assets by $3.44 million (net position). The deficit in net position is due to the nature of the District's operations. The purpose of the District is to acquire or construct certain capital infrastructure, primarily water and wastewater systems, within the boundaries of the District. Once the capital infrastructure is acquired or constructed, it is turned over to the City to operate. As a special purpose district and a separate political subdivision under the Arizona Constitution, the District can levy taxes and issue bonds independently of the City. Property owners within the District are assessed property taxes to pay the debt service over the life of the bonds. The City has no liability for debt of the District. Because the completed capital assets are generally reported in the City's financial statements, the Statement of Net Position for the District reflects a large liability (bonds payable) without an offsetting asset. Capital assets are only shown on the District's financial statements if they are classified as work-in-progress at year end.

The following tables, graphs and analysis discuss the financial position and changes to the financial position for the District as a whole as of and for the year ended June 30, 2025, with comparative information for the previous year.

Net Position

Net position may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Position of the District for June 30, 2025, compared to the prior year.

Statement of Net Position
As of June 30
(In thousands of dollars)

	Governmental Activities	
	2025	2024
Current and other assets	$ 1,902.8	$ 205.7
Total assets	1,902.8	205.7
Total deferred outflows of resources		
Other liabilities	81.8	68.4
Long-term liabilities outstanding	5,259.8	3,562.2
Total liabilities	5,341.6	3,630.6
Net position		
Unrestricted	$ (3,438.8)	$ (3,424.9)

District's total assets increased due to unspent bond proceeds held in restricted accounts. Long-term liabilities rose due to the issuance of a $1.7 million general obligation bond during the fiscal year. These changes reflect the timing of bond issuances, the accumulation of project funds, and the District's ongoing debt service obligations. Since the net position of the District is negative at June 30, 2025, it is classified as unrestricted.

Changes in Net Position

The following table compares the revenue and expenses for the current and previous fiscal year.

Changes in Net Position
For the Year Ended June 30
(In thousands of dollars)

	Governmental Activities	
	2025	2024
REVENUES		
Program revenues:		
Developer contributions	$ 22.0	$ 10.9
General revenues		
Property taxes	357.5	259.6
Investment earnings	6.9	3.4
Total revenues	386.4	273.9
EXPENSES:		
Program activities:		
General government	19.7	29.5
Interest expense on debt	380.7	148.2
Total expenses	400.4	177.7
Decrease in net position	$ (14.0)	$ 96.2

During the fiscal year, the District's net position decreased as expenses rose due to higher interest costs on outstanding debt. Revenue increased due to higher developer contributions from continued development activity and an increase in property tax revenue driven by growth in assessed values.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District maintains fund accounting to demonstrate compliance with budgetary and legal requirements related to special purpose districts and general obligation bonds.

The focus of the governmental fund financial statements is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's ability to pay the debt service on the general obligation bonds it issues to fund construction or acquisition of public infrastructure.

The fund balance of the District's combined governmental funds is $1,888,404, an increase of $1,682,658 from the previous year. The ending fund balance is primarily restricted for capital projects.

CAPITAL ASSET AND DEBT ADMINISTRATION

The District was formed to finance the acquisition or construction of public infrastructure that is subsequently donated to the City for operation. The District does not own or operate infrastructure once completed. District bonds have been issued to finance construction of streets in the District.

The District is authorized, by an election held October 13, 2020, to issue $65 million in District general obligation bonds. As of June 30, 2025, the District issued a short-term taxable general obligation bond of $56,572 in fiscal year 2022 and tax exempt general obligation bonds of $3,625,000 and $1,730,000 in fiscal

years 2023 and 2025 respectively. These bonds are to be repaid through property taxes levied on the property within the District.

In the event the District Board decides at a future time to dissolve the District, State statute provides that all taxable property in the District will remain subject to the lien for the payment of the bonds until all bonds have been defeased.

Outstanding Long-Term Debt at June 30

	Governmental Activities	
	2025	2024
General obligation bonds	$ 5,190,000	$ 3,540,000

BUDGETARY HIGHLIGHTS

The District's annual budget is the legally adopted expenditure control document of the District. The budgetary comparison schedules for the General Fund and Debt Service Fund are presented as supplemental information. The schedule compares the original adopted budget, the budget as amended throughout the fiscal year, and the actual expenditures prepared on a budgetary basis.

Amendments to the adopted budget may occur throughout the year in a legally permissible manner (see Note 1 for more information on budget policies). Some of these amendments include transfers from contingency to cover approved carryovers from the previous budget, capital projects with budget overages (or whose timing was accelerated), and other unanticipated costs. There were no amendments to the District's budget during fiscal year 2025.

ECONOMIC FACTORS

The City of Peoria, where the District is located, has experienced continued sales tax revenue growth in fiscal year 2025. Local sales tax revenues grew 4.4% in fiscal year 2025, this was higher than the 2.3% growth in fiscal year 2024 and equal to the growth seen in fiscal year 2023. Retail sales tax, the City's largest category, increased by 4.5% from the prior year while restaurant/bar, the second largest category, increased by 2.8%.

Beginning January 1, 2025 the City is no longer collecting residential rental sales tax which resulted in a decrease in rental sales tax collections. This was offset by a strong performance on contracting sales tax which increased 53.6% over fiscal year 2024 collections.

In fiscal year 2025 Peoria issued $289 million in building permits as compared to $355 million in fiscal year 2024 and $164 million is fiscal year 2023. The ten-year average for permits is $317 million, so this may be an indicator of a slowing economy.

The adopted fiscal year 2026 budget for the District is $663,051. The tax rate for the District for fiscal year 2026 is $2.65, unchanged from the fiscal year 2025 tax rate. The fiscal year 2026 Limited Assessed Value for the District is $14,588,883.

FINANCIAL CONTACT

This financial report is designed to provide a general overview of the District's finances and to demonstrate accountability for the use of public funds. Questions about any of the information provided in this report, or requests for additional financial information should be addressed to the City's Finance Department at the following address: City of Peoria, 8401 W. Monroe Street, Peoria, Arizona 85345.

BASIC FINANCIAL STATEMENTS

MYSTIC AT LAKE PLEASANT HEIGHTS
COMMUNITY FACILITIES DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 29,479
Interest receivable	1,076
Due from other governments	3,736
Prepaid items	3,958
Restricted cash with fiscal agent	1,864,572
Total assets	1,902,821
LIABILITIES	
Accrued interest payable	81,783
Current portion of bonds payable	180,000
Due in more than one year:	
Noncurrent portion of bonds payable	5,079,843
Total liabilities	5,341,626
NET POSITION	
Unrestricted (deficit)	(3,438,805)
Total net position (deficit)	$ (3,438,805)

The accompanying notes are an integral part of the financial statements.

MYSTIC AT LAKE PLEASANT HEIGHTS
COMMUNITY FACILITIES DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position Governmental Activities
Primary government:			
Governmental activites:			
General government	$ 19,684	$ -	$ (19,684)
Community Facilities District	-	22,014	22,014
Interest on long-term debt	380,657	-	(380,657)
Totals	$ 400,341	$ 22,014	(378,327)
General revenues			
Taxes:			
Property taxes, levied for debt service			357,521
Investment earnings			6,889
Total general revenues			364,410
Change in net position			(13,917)
Net position - beginning			(3,424,888)
Net position - ending			$ (3,438,805)

The accompanying notes are an integral part of the financial statements.

MYSTIC AT LAKE PLEASANT HEIGHTS
COMMUNITY FACILITIES DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Debt Service Fund	Totals
ASSETS			
Cash and cash equivalents	$ -	$ 29,479	$ 29,479
Interest receivable	427	649	1,076
Due from other funds		99,844	99,844
Due from other governments	-	3,736	3,736
Prepaid items	-	3,958	3,958
Restricted cash with fiscal agent	1,662,261	202,311	1,864,572
Total assets	$ 1,662,688	$ 339,977	$ 2,002,665
LIABILITIES AND FUND BALANCES			
Liabilities:			
Interest payable	14,417	-	14,417
Due to other funds	99,844	-	99,844
Total liabilities	114,261	-	114,261
Fund balances:			
Nonspendable:			
Prepaid items	-	3,958	3,958
Restricted for:			
Debt service	-	336,019	336,019
Capital projects	1,548,427	-	1,548,427
Total fund balance	$ 1,548,427	$ 339,977	$ 1,888,404
Total fund balance, liabilities and deferred inflows of resources	$ 1,662,688	$ 339,977	$ 2,002,665

The accompanying notes are an integral part of the financial statements.

MYSTIC AT LAKE PLEASANT HEIGHTS
COMMUNITY FACILITIES DISTRICT
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2025

Fund balances - total governmental funds	$ 1,888,404
Amounts reported for governmental activities in the statement of net position are different because:	
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.	
Governmental bonds payable	(5,190,000)
Bond premiums are recognized at the time of issuance in the governmental funds, but are amortized over the life of the bonds for government-wide reporting	(69,843)
Interest payable on long-term debt is not reported in the governmental funds.	(67,366)
Net position of governmental activities	$ (3,438,805)

The accompanying notes are an integral part of the financial statements.

MYSTIC AT LAKE PLEASANT HEIGHTS
COMMUNITY FACILITIES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Debt Service Fund	Totals
REVENUES:			
Taxes	$ -	$ 357,521	$ 357,521
Investment earnings	2,734	4,155	6,889
Developer contributions	-	22,014	22,014
Total revenues	2,734	383,690	386,424
EXPENDITURES:			
Current:			
General government	-	19,684	19,684
Debt service:			
Principal payments	-	80,000	80,000
Interest and other charges	235,414	149,775	385,189
Total expenditures	235,414	249,459	484,873
Excess (deficiency) of revenues over expenditures	(232,680)	134,231	(98,449)
OTHER FINANCING SOURCES (USES):			
Proceeds from issuance of debt	1,730,000	-	1,730,000
Premium on bonds issued	51,107	-	51,107
Total other financing sources and uses	1,781,107	-	1,781,107
Net change in fund balances	1,548,427	134,231	1,682,658
Fund balances - beginning	-	205,746	205,746
Fund balances - ending	$ 1,548,427	$ 339,977	$ 1,888,404

The accompanying notes are an integral part of the financial statements.

MYSTIC AT LAKE PLEASANT HEIGHTS
COMMUNITY FACILITIES DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net change in fund balances - total governmental funds	$	1,682,658
Amounts reported for governmental activities in the statement of activities are different because:		
Interest expense in the statement of activities differs from the amount reported in governmental funds because accrued interest was calculated for bonds and notes payable for the statement of activities, but is expensed when due for the governmental fund statements.		1,100
Amortization of bond premiums does not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		3,432
The issuance of long-term debt provides current financial resources in the governmental funds, but creates a long-term liability in the statement of activities.		(1,730,000)
Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position.		80,000
Loss on refunding and bond premiums are expensed in the year of issuance for budgetary purposes but are amortized to interest expense over the life of the bonds for GAAP purposes.		(51,107)
Change in net position of governmental activities	$	(13,917)

The accompanying notes are an integral part of the financial statements.

MYSTIC AT LAKE PLEASANT HEIGHTS COMMUNITY FACILITIES DISTRICT
PEORIA, ARIZONA

NOTES TO THE FINANCIAL STATEMENTS

	Page
Summary of Significant Accounting Policies	15
Cash and Investments	19
Deficits in Fund Equity/Excess of Expenditures over Appropriations	21
Long-Term Debt	21

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Mystic at Lake Pleasant Heights Community Facilities District, a component unit of the City of Peoria, Arizona (City), have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the City's more significant policies, as applicable to the District, follows.

A. Financial Reporting Entity

The Mystic at Lake Pleasant Heights Community Facilities District (the District) was formed by petition to the City Council in 2020. The District's purpose is to acquire or construct public infrastructure in a specified area of the City. As a special purpose district and separate political subdivision under the Arizona Constitution, the District can levy taxes and issue bonds independently of the City. Property owners in the designated areas are assessed for the District's property taxes, and thus for the costs of operating the District. The City Council serves as the Board of Directors of the District. The City has no liability for the District's debt. For financial reporting purposes, the transactions of the District are included as governmental type funds in the City's financial statements as if they were part of the City's operations.

B. Basis of Presentation – Government-wide Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report financial information on all the activities of the District. All the activities of the District are governmental activities.

Governmental activities for the District are normally supported by taxes and developer contributions.

The statement of activities demonstrates the degree to which the direct expenses for a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues may include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

The District does not currently employ an indirect cost allocation system. The City's General Fund and certain other funds charge administrative service fees to other operating funds to support general services used by the other operating funds (like purchasing, accounting and administration). These administrative fees are eliminated from the City's financial statements at both the government-wide and fund level like a reimbursement, by reducing revenues and expenditures/expenses in the allocating fund. Currently, the City does not charge any of these fees to the District.

Governmental Funds

Separate financial statements are provided for governmental funds (general fund and debt service funds). Major individual funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund accounts for the proceeds from the sales of Community Facilities District bonds and the acquisition of capital assets or construction of major capital projects within the District.

Debt Service Fund accounts for the resources accumulated for, and the servicing of the general long-term debt of the District, including principal, interest and other related costs.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are earned and available to pay liabilities of the current period (generally these revenues are earned by June 30 and are expected to be collected within six months after year-end, except for property taxes). For property taxes, the District uses a 60 day collection period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to debt service, claims and judgments, which are recorded only when payment is due.

Changes in fair value of investments are recognized in investment income at the end of the year. All other revenue items are considered to be measurable and available only when the District receives cash.

Because different measurement focuses and bases of accounting are used in the government-wide statement of net position and in governmental fund balance sheets, amounts reported as restricted fund balances in governmental funds may be different from amounts reported as restricted net position in the statement of net position. Generally, the District would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Generally, the effect of the interfund activity has been removed from these statements.

D. Budgets and Budgetary Accounting

The District prepares its annual budget on a basis consistent with generally accepted accounting principles. The District uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

- According to the laws of the State of Arizona, all operating budgets must be approved by their governing board on or before October 1 each year.

- Prior to June 30, the proposed budget for the following fiscal year is presented by the District Treasurer to the District Board. The budget includes proposed expenditures and the means of financing them. Public meetings are held to obtain taxpayer comment.

- Prior to June 30, the District Board legally enacts the budget, through the passage of a resolution. The resolution sets the limit for expenditures for the year. There were no supplemental appropriations made during fiscal year 2025.

- The initial budget for the fiscal year may be amended during the year in a legally permissible manner.

- All unencumbered expenditure appropriations expire at the end of the fiscal year.

- Encumbered amounts are re-budgeted in the following year as deemed appropriate and necessary. Budgetary carry forwards are approved by the District Board.

- All funds of the District have legally adopted budgets. Formal integration of these budgets into the District's financial systems is employed as a management control device during the year for all funds.

E. Deposits and Investments

Cash Equivalents
The District considers short-term investments, including restricted investments, money market mutual funds and U.S. Treasury bills and notes with maturities of less than three months at acquisition date to be cash equivalents.

The City's Investment Policy applies to the District funds held by the City. The City's Investment Policy authorizes the District to invest in obligations of the U.S. Government or any of its agencies and instrumentalities, certificates of deposit, bankers' acceptances, commercial paper, money market funds, repurchase agreements, corporate securities, the State of Arizona local government investment pool and State of Arizona debt including counties, incorporated cities, towns or duly organized school districts. As required by statute, collateral is required for demand deposits, certificates of deposit and repurchase agreements at 102% of all deposits not covered by Federal depository insurance.

The City generally reports investments at fair value in the balance sheet and recognizes the corresponding change in the fair value of investments in the year in which the change occurred. The fair value of participants' position in the Local Government Investment Pool approximates the value of the pool shares. Other non-pooled investments are also generally carried at fair value. The fair value of non-pooled investments is determined annually and is based on current market prices. The fair value of investments in open-end mutual funds is determined based on the funds' current share price.

The District's deposits at June 30, 2025, were collateralized with securities held by the pledging financial institution's trust department in the District's name.

F. Capital Assets

Governmental Fund types do not display capital assets on the face of the fund financial statements. The costs of purchasing, or constructing, capital assets are shown as capital outlay expenditures in the Governmental Statement of Revenues, Expenditures and Changes in Fund Balance. The capital assets of the District, once completed and acceptable to the City, are transferred to the City. All subsequent costs of operating and maintaining those assets will be the responsibility of the City.

Since the capital assets acquired or constructed by the District are turned over to the City once they are operational, the District generally does not own capital assets. Capital assets still under construction at fiscal year-end are shown as work-in-progress on the District's government-wide financial statements.

G. Restricted Assets

Certain proceeds of the District's bonds, as well as certain resources set aside for their repayments, are classified as restricted on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable debt covenants.

H. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts in the period in which the bonds are issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts

on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The long-term debt of the District is serviced by the District's Debt Service Fund.

I. Net Position

In the government-wide fund financial statements, net position is reported in three categories: net investment in capital assets, restricted, and unrestricted. The net investment in capital assets balances are separately reported because capital assets make up a significant portion of net position. Restricted balances account for the portion of net position restricted by external resource providers or through enabling legislation. Unrestricted balances are the remaining balances not included in the previous two categories. The District reports only unrestricted net position and no restricted net position or net investment in capital assets.

J. Fund Balance Policies

In the fund financial statements, governmental funds distinguish between nonspendable and spendable fund balances. Nonspendable balances include amounts that cannot be spent because they are not in a spendable form, such as inventory or prepaid items, or because resources legally or contractually must remain intact. Spendable balances are further classified as restricted, committed, assigned and unassigned based on the relative strength of the constraints that control how specific amount can be spent.

Restricted fund balances include amounts that can be spent only for the specific purposes stipulated by external resource providers (creditors, grantors, etc.) or through enabling legislation.

Committed fund balances includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Such commitments are created by legislative action of the District Board, the District's highest level of decision making authority, by resolution or ordinance and would require the same legislative action to reverse. Ordinances and resolutions both require public votes of the District and, although the uses may differ, they are both considered to be of the highest level of decision making authority for the District.

Amounts in the *assigned* fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balances represent the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance.

As previously noted above, generally, the District would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. The order in which the District would apply resources when multiple categories of unrestricted fund balance are available is as follows: committed, assigned and unassigned.

K. Risk Management

The District is exposed to various risks and torts and therefore purchases general liability and professional liability insurance. The District is insured up to $3,000,000 and $1,000,000 per occurrence. The District is also insured up to $3,000,000 in aggregate for professional liability.

Claims liabilities will be reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. As of June 30, 2025, the District had no outstanding claims. Additionally, through a development agreement between the District and the developer, the developer is responsible for up to $250,000 of any insurance deductibles that might be paid by the City on behalf of the District until such time that the developer's contractual commitments under the development agreement are met.

L. Property taxes

The District Board adopts the annual tax levy each year on or before the third Monday in August as determined by the Maricopa County Assessor. For locally assessed property, the value is determined as of January 1 of the preceding year, known as the valuation year. For utilities and other centrally valued properties, the value is determined as of January 1 of the tax year. The District has an enforceable claim on the property when the property tax is levied. Levies are due and payable in two installments, on October 1 and March 1, and become delinquent on November 1 and May 1, respectively. Delinquent amounts bear interest at the rate of 16 percent. A lien is placed on the property at the time the tax bill is sold. Maricopa County, at no charge to the taxing entities, bills and collects all property taxes. Public auctions for sale of delinquent real estate taxes are held in February following the May 1 date upon which the second half taxes become delinquent.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet and the reported amounts of revenue and expenditures during the reported period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

The District participates in the pooled cash and investments of the City for daily transactions. The City then periodically requests reimbursement from the District's restricted funds held by the trustee. At June 30, 2025, the District had a balance of $29,479 in the City's pooled cash and investments. In addition, the District has $1,864,572 deposited with a fiscal agent for capital expenditures or to make the required debt service payments on the outstanding debt. The fiscal agent will bill the developer for any short-fall in the required debt service payments in accordance with the development agreement.

Below are the relevant policies with regard to interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

Interest rate risk: In order to limit interest and market rate risk, State law and the City's investment policy sets a maximum maturity on any investment of five years with a minimum of 20% invested for a period of one year or less. At June 30, 2025, 38.4% of the City's investments have a maturity of less than one year.

Credit risk: State law and the City's investment policy limits the purchase of Commercial Paper to prime quality securities rated within the top two ratings by a nationally recognized statistical rating organization. The City's investment policy limits the purchase of Corporate Bonds or Notes to those securities rated at least A-/A3 or equivalent at the time of purchase by a nationally recognized statistical rating organization and with a maximum maturity of three years. The City's investment policy also limits the purchase of Banker's Acceptances to those securities rated Aa or better at the time of purchase by two nationally recognized statistical rating organizations and with a maximum maturity of 180 days. At June 30, 2025, the City's investments include $30.3 million in Commercial Paper and $158.5 million in Corporate Notes.

State law and the City's investment policy also restricts investments in certificates of deposit (CD) to fully collateralized or insured from eligible Arizona depositories limited on a statewide basis by their capital structure on a quarterly basis. Such CDs are further collateralized to 110% with pledged securities held by an independent custodian approved by the City. City policy requires that securities underlying repurchase agreements must have a collateralization level of at least 102 percent of the market value of principal and accrued interest.

Investment Type	S&P Ratings range
Agency coupon securities	A-1+ to AA+
Commercial Paper	A-1 to A-1+
Corporate Bonds	BBB+ to AA+
Asset Backed Securities	AAA

The City's investment in the State of Arizona local government investment pool is limited to a pool (Pool 7) that invests only in government securities. Pool 7 is not rated.

Concentration of credit risk: The City's investment policy sets diversification limits on both security types and length of maturity. As of June 30, 2025, the City's investments include 49.2% in U.S. Treasury Notes, 22.8% in Corporate securities, 5.8% in Asset Backed Securities, 4.4% in Commercial Paper, 1.6% in the State of Arizona local government investment pool, 14.5% in Money Market Investments, and 1.5% in U.S. Agency Coupon securities.

There were no investments in any one issuer, excluding the U.S. Government, that represent 5% or more of total City investments.

Custodial credit risk: To control custodial credit risk, State law and the City's investment policy requires all securities and collateral to be held by an independent third party custodian in the City's name. The custodian provides the City with monthly safekeeping statements.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments classified as Level 2 inputs are valued using a matrix pricing model. The City has the following recurring fair value measurements as of June 30, 2025:

- All U.S. Treasury securities are valued using quoted prices in active markets (Level 1)
- All agency coupon securities are valued using other observable inputs (Level 2)
- All commercial paper is valued using other observable inputs (Level 2)
- All corporate bonds are valued using other observable inputs (Level 2)
- All asset backed securities are valued using other observable inputs (Level 2)

The City's cash and investments are combined with the State's pooled investments, and therefore, do not represent specific identifiable investments. The State categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as described above. The City's investment in the State of Arizona's local government investment pool and the money market funds are stated at fair value, which also approximates the value of the investment upon withdrawal.

3. DEFICITS IN FUND EQUITY/EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As described in Note 1, the District was formed to finance and acquire or construct capital infrastructure assets that are subsequently dedicated to the City for operation. The District does not own or operate capital assets. Therefore, the Statement of Net Position reflects a large liability (bonds payable) without an offsetting asset and, therefore, negative net position at June 30, 2025.

4. LONG-TERM DEBT

Community Facilities Districts (CFD's), are special purpose districts created specifically to acquire or construct public infrastructure within specified areas of the City, are authorized under state law to issue general obligation (GO) or revenue bonds to be repaid by property (ad valorem) taxes levied on property within the district (for GO debt), or by specified revenues generated within the districts (revenue bonds). CFD's are created by petition to the City Council by property owners within the area to be covered by the district, and debt may be issued only after approval of the voters within the district.

On June 16, 2020, the City Council formed the District pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes. The District was subsequently authorized, by the voters of the district on October 13, 2020, to issue up to $65,000,000 in general obligation bonds to construct public infrastructure within the District. The District issued $56,571 in fiscal year 2022, $3,625,000 in fiscal year 2023, and $1,730,000 in fiscal year 2025 of general obligation bonds against this authorization. These bonds will be repaid by the property owners within the District. The bonds are obligations of the District only. The City has no obligation for the District debt other than the administration of the collection of the property taxes and payment of the debt service on behalf of the District.

Legal Debt Limit – General Obligation bonded indebtedness for the District cannot exceed 60 percent of the market value of the property in the District after the infrastructure is completed plus the value of the infrastructure improvements made.

The following is a summary of the long-term debt activity of the District for the fiscal year ended June 30, 2025.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds series 2023	3,540,000		80,000	3,460,000	95,000
General obligation bonds series 2025		1,730,000		1,730,000	85,000
Bond premium	22,168	51,107	3,432	69,843	-
Total Debt	$ 3,562,168	$ 1,781,107	$ 83,432	$ 5,259,843	$ 180,000

The following tables disclose the long-term debt obligations of the District as of June 30, 2025, for the government-wide financial statements.

Description	Maturity Dates	Net Interest Rate	Original Principal Balance	Principal Balance Outstanding
Series 2023	7/15/23-47	4.36%	$ 3,625,000	$ 3,460,000
Series 2025	7/15/25-47	4.95%	$ 1,730,000	$ 1,730,000

The following table discloses the debt service requirements as of June 30, 2025, segregating principal and interest, for the next five years and in five-year increments thereafter.

Fiscal Year	Principal	Interest	Total
2026	180,000	201,093	381,093
2027	140,000	223,826	363,826
2028	145,000	218,651	363,651
2029	150,000	213,276	363,276
2030	155,000	206,651	361,651
2031-35	895,000	907,095	1,802,095
2036-40	1,125,000	676,462	1,801,462
2041-45	1,395,000	395,898	1,790,898
2046-48	1,005,000	70,563	1,075,563
	$ 5,190,000	$ 3,113,515	$ 8,303,515

SUPPLEMENTAL INFORMATION

MYSTIC AT LAKE PLEASANT HEIGHTS
COMMUNITY FACILITIES DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Investment earnings	$ -	$ -	$ 2,734	$ 2,734
Total revenues	-	-	2,734	2,734
EXPENDITURES:				
Debt service:				
Interest and other charges	400,000	400,000	235,414	(164,586)
Capital outlay	4,600,000	4,600,000	-	(4,600,000)
Total expenditures	5,000,000	5,000,000	235,414	(4,764,586)
Excess (deficiency) of revenues over (under) expenditures	(5,000,000)	(5,000,000)	(232,680)	4,767,320
OTHER FINANCING SOURCES (USES):				
Issuance of debt	5,000,000	5,000,000	1,730,000	(3,270,000)
Premium on bonds issued	-	-	51,107	51,107
Total other financing sources and uses	5,000,000	5,000,000	1,781,107	(3,218,893)
Net change in fund balances	-	-	1,548,427	1,548,427
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ 1,548,427	$ 1,548,427

MYSTIC AT LAKE PLEASANT HEIGHTS
COMMUNITY FACILITIES DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Over
	Original	Final	Amounts	(Under)
REVENUES:				
Taxes	$ 358,461	$ 358,461	$ 357,521	$ (940)
Investment earnings	-	-	4,155	4,155
Developer contributions	275,000	275,000	22,014	(252,986)
Total revenues	633,461	633,461	383,690	(249,771)
EXPENDITURES:				
Current:				
General government	285,000	285,000	19,684	(265,316)
Debt service:				
Principal payments	80,000	80,000	80,000	-
Interest and other charges	148,200	148,200	149,775	1,575
Total expenditures	513,200	513,200	249,459	(263,741)
Excess (deficiency) of revenues over (under) expenditures	120,261	120,261	134,231	13,970
OTHER FINANCING SOURCES (USES):				
Contigencies	(2,500)	(2,500)	-	2,500
Total other financing sources and uses	(2,500)	(2,500)	-	2,500
Net change in fund balances	117,761	117,761	134,231	16,470
Fund balances - beginning	58,015	58,015	205,746	147,731
Fund balances - ending	$ 175,776	$ 175,776	$ 339,977	$ 164,201

CONTINUING DISCLOSURE INFORMATION

MYSTIC AT LAKE PLEASANT HEIGHTS COMMUNITY FACILITIES DISTRICT
Peoria, Arizona

CONTINUING DISCLOSURE INFORMATION

SEC Rule 15c2-12, as amended, requires the City to provide Continuing Disclosure Annual Reports that include audited financial statements and other financial information for the benefit of owners and holders of bond obligations issued by the City. The Continuing Disclosure Annual Report shall contain or incorporate by reference certain information as set forth in the Continuing Disclosure Agreements and Undertakings executed by the City with the issuance of its municipal bond obligations.

Information in this section is provided solely pursuant to the requirements of SEC Rule 15c2-12 and Continuing Disclosure Agreements and Undertakings and include financial information that is not required for fair presentation in conformity with accounting principles generally accepted in the United States of America and is therefore unaudited and not covered by the auditor's opinion.

Annual continuing disclosure information is filed with the Municipal Securities Rulemaking Board (MSRB) for public access via their Electronic Municipal Market Access (EMMA) system at www.emma.msrb.org.

Tables Page

Table 1 – Property Valuations 26

Table 2 – Net Assessed Value by Property Class 27

Table 3 – Net Assessed Value by Major Taxpayers 28

Table 4 – Property Tax Levies and Collections 29

MYSTIC COMMUNITY FACILITIES DISTRICT **Table 1**

PROPERTY VALUATIONS

LAST FOUR FISCAL YEARS

Fiscal Year Ended June 30,	Limited Property Value	Net Assessed Value
2025	$ 142,115,777	$ 14,574,120
2024	89,750,796	9,812,600
2023	39,489,851	4,671,514
2022	15,543,293	2,280,566

Source: Maricopa County Assessor, August State Abstract Report

MYSTIC COMMUNITY FACILITIES DISTRICT
NET ASSESSED VALUE BY PROPERTY CLASS
AS OF JUNE 30, 2025

Table 2

Description	2024-25 Net Assessed Value	Percent of Total
Commercial, Industrial, Mining & Utilities	$ 275,454	1.89%
Agriculture & Vacant Land	1,252,409	8.59%
Residential (owner occupied)	9,019,398	61.89%
Residential (rental occupied)	4,026,859	27.63%
Net Assessed Value	$ 14,574,120	100.00%
Limited Property Value	$ 142,115,777	
Net Assessed Value as a Percentage of Limited Property Value	10.26%	

Source: Maricopa County Assessor

MYSTIC COMMUNITY FACILITIES DISTRICT
NET ASSESSED VALUE BY MAJOR TAXPAYERS
AS OF JUNE 30, 2025

Table 3

Taxpayer	Type of Business	2024-25 Net Assessed Valuation	As % of District's 2024-25 Net Assessed Valuation
Lake Pleasant Phoenix ASLI VIII LLC	Real Estate Development	$ 759,831	5.21%
Taylor Morrison Arizona Inc	Real Estate Development	438,182	3.01%
Gehan Homes of Arizona LLC	Real Estate Development	412,836	2.83%
Arizona Public Service Company	Utility Company	275,250	1.89%
TPG AG EHC III Len Multi State 3 LLC	Real Estate Development	257,044	1.76%
Nexmetro Mystic LLC	Real Estate Development	209,071	1.43%
Cyrene at Mystic LLC	Real Estate Development	180,430	1.24%
Abba Dabba LLC	Real Estate Development	119,025	0.82%
Noranda Properties LP	Real Estate Development	91,910	0.63%
Individual	Individual	84,296	0.58%
		$ 2,827,875	19.40%

Note: Names of individual (private) taxpayers were not disclosed in the above table
Source: Maricopa County Assessor

MYSTIC COMMUNITY FACILITIES DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST FOUR FISCAL YEARS

Table 4

Fiscal Year Ended June 30,	District Tax Rate	Taxes Levied for the Fiscal Year [1]	Fiscal Year of the Levy [2]		Collections in Subsequent Years [2]	Total Collections To Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2025	$ 2.6500	$ 357,088	$ 355,148	99.46%	$ -	$ -	0.00%
2024	2.6500	259,655	259,571	99.97%	45	259,616	99.99%
2023	2.6500	123,795	119,954	96.90%	42	119,996	96.93%
2022	2.6500	60,435	51,393	85.04%	3,215	54,608	90.36%

Notes: [1] Levy figures obtained from Maricopa County Secured Levy Report at 6/30/2025, Page 3450
[2] Collection amount obtained from Maricopa County Treasurer's Secured Levy Report at 6/30/2025, Page 3450

Source: Maricopa County Treasurer's Office
Maricopa County Assessor's Office
City financial records and reports

December 22, 2025

To the City Council
City of Peoria, Arizona

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Peoria, Arizona (City) for the year ended June 30, 2025. In addition, we have audited the financial statements of the Vistancia Community Facilities District, Vistancia West Community Facilities District, Vistancia North Community Facilities District, Mystic Lake at Pleasant Heights Community Facilities District, City of Peoria Employee Benefit Trust and City of Peoria Workers' Compensation Trust as of June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter provided to you during the planning phase of the audit. Professional standards also require that we communicate to you the following matters related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Peoria, Arizona are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

As described in Note 1 of the financial statements, the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences,* for the year ended June 30, 2025. GASB Statement No. 101 updates the recognition and measurement guidance for compensated absences. The City's analysis of compensated absences in effect at the beginning of the year resulted in no changes to beginning balances reported in the financial statements due to the implementation of this standard.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time management estimates those assets will provide some economic benefit in the future.
- Management's estimate of the more likely than not portion of the compensated absences balance is based on past experience and future expectations for the use or payment of leave.
- Management's estimate of the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.
- Management's estimate of the insurance claims incurred but not reported is based on information provided by the entity's third-party administrators and subsequent claims activity.
- The assumptions used in the actuarial valuations of the pension and other postemployment benefits plans are based on historical trends and industry standards.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. A misstatement is defined as a difference between the reported amount, classification, presentation, or disclosure of a financial statement item and the amount, classification, presentation, or disclosure that is required for the item to be presented fairly in accordance with the applicable financial reporting framework. During the course of the audit we did not identify any uncorrected misstatements which require communication.

In addition, as part of the professional services we provided to the City, we assisted with the preparation of the SEFA and related notes as well as the Data Collection Form submission to the Federal Audit Clearinghouse.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain written representations from management, which are included in the management representation letter provided to us at the conclusion of the audit.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants regarding auditing and accounting matters.

Discussions with Management

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management throughout the course of the year. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention as the City's auditors.

Compliance with Ethics Requirements Regarding Independence

The engagement team, others in our firm, and as appropriate, our firm, have complied with all relevant ethical requirements regarding independence. Heinfeld, Meech & Co., P.C. continually assesses client relationships to comply with relevant ethical requirements, including independence, integrity, and objectivity, and policies and procedures related to the acceptance and continuance of client relationships and specific engagements. Our firm follows the "Independence Rule" of the AICPA Code of Professional Conduct and the rules of state boards of accountancy and applicable regulatory agencies. It is the policy of the firm that all employees be familiar with and adhere to the independence, integrity, and objectivity rules, regulations, interpretations, and rulings of the AICPA, U.S. Government Accountability Office (GAO), and applicable state boards of accountancy.

Responsibility for Fraud

It is important for both management and the members of the governing body to recognize their role in preventing, deterring, and detecting fraud. One common misconception is that the auditors are responsible for detecting fraud. Auditors are required to plan and perform an audit to obtain reasonable assurance that the financial statements do not include material misstatements caused by fraud. Unfortunately most frauds which occur in an organization do not meet this threshold.

The attached document prepared by the Association of Certified Fraud Examiners (ACFE) is provided as a courtesy to test the effectiveness of the fraud prevention measures of your organization. Some of these steps may already be in place, others may not. Not even the most well-designed internal controls or procedures can prevent and detect all forms of fraud. However, an awareness of fraud related factors, as well as the active involvement by management and the members of the governing body in setting the proper "tone at the top", increases the likelihood that fraud will be prevented, deterred and detected.

Additional Reports Issued

In addition to the auditor's report on the financial statements we will also issue the following documents related to this audit. These reports are typically issued within 60 days of the date of this letter.

- Single Audit Report
- Examination report on the Annual Expenditure Limitation Report
- Report on compliance for the Highway User Revenue Fund
- Individual Communities Facilities District Reports
- Employee Benefit Trust Report
- Workers' Compensation Trust Report

Other Important Communications Related to the Audit

Attached to this letter are a copy of the signed engagement letter provided to us at the initiation of the audit, and a copy of the management representation letter provided to us at the conclusion of the audit. If there are any questions on the purpose or content of these letters please contact the engagement partner identified in the attached engagement letter.

Restriction on Use

This information is intended solely for the use of the members of the City Council and management of City of Peoria, Arizona and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona

Fraud Prevention Checklist

The most cost-effective way to limit fraud losses is to prevent fraud from occurring. This checklist is designed to help organizations test the effectiveness of their fraud prevention measures.

1. **Is ongoing anti-fraud training provided to all employees of the organization?**
    - Do employees understand what constitutes fraud?
    - Have the costs of fraud to the company and everyone in it — including lost profits, adverse publicity, job loss and decreased morale and productivity — been made clear to employees?
    - Do employees know where to seek advice when faced with uncertain ethical decisions, and do they believe that they can speak freely?
    - Has a policy of zero-tolerance for fraud been communicated to employees through words and actions?

2. **Is an effective fraud reporting mechanism in place?**
    - Have employees been taught how to communicate concerns about known or potential wrongdoing?
    - Is there an anonymous reporting channel available to employees, such as a third-party hotline?
    - Do employees trust that they can report suspicious activity anonymously and/or confidentially and without fear of reprisal?
    - Has it been made clear to employees that reports of suspicious activity will be promptly and thoroughly evaluated?
    - Do reporting policies and mechanisms extend to vendors, customers and other outside parties?

3. **To increase employees' perception of detection, are the following proactive measures taken and publicized to employees?**
    - Is possible fraudulent conduct aggressively sought out, rather than dealt with passively?
    - Does the organization send the message that it actively seeks out fraudulent conduct through fraud assessment questioning by auditors?
    - Are surprise fraud audits performed in addition to regularly scheduled audits?
    - Is continuous auditing software used to detect fraud and, if so, has the use of such software been made known throughout the organization?

4. **Is the management climate/tone at the top one of honesty and integrity?**
    - Are employees surveyed to determine the extent to which they believe management acts with honesty and integrity?
    - Are performance goals realistic?
    - Have fraud prevention goals been incorporated into the performance measures against which managers are evaluated and which are used to determine performance-related compensation?
    - Has the organization established, implemented and tested a process for oversight of fraud risks by the board of directors or others charged with governance (e.g., the audit committee)?

5. **Are fraud risk assessments performed to proactively identify and mitigate the company's vulnerabilities to internal and external fraud?**

6. **Are strong anti-fraud controls in place and operating effectively, including the following?**
    - Proper separation of duties
    - Use of authorizations
    - Physical safeguards
    - Job rotations
    - Mandatory vacations

7. **Does the internal audit department, if one exists, have adequate resources and authority to operate effectively and without undue influence from senior management?**

8. **Does the hiring policy include the following (where permitted by law)?**
    - Past employment verification
    - Criminal and civil background checks
    - Credit checks
    - Drug screening
    - Education verification
    - References check

9. **Are employee support programs in place to assist employees struggling with addictions, mental/ emotional health, family or financial problems?**

10. **Is an open-door policy in place that allows employees to speak freely about pressures, providing management the opportunity to alleviate such pressures before they become acute?**

11. **Are anonymous surveys conducted to assess employee morale?**

May 7, 2025

Honorable Mayor, Members of the City Council, and Management
City of Peoria
8401 West Monroe Street, 2nd Floor
Peoria, AZ 85345

We are pleased to confirm our understanding of the services we are to provide for City of Peoria, Arizona (City) for the year ended June 30, 2025. We encourage you to read this letter carefully as it includes important information regarding the services we will be providing to the City. If there are any questions on the content of the letter, or the services we will be providing, we would welcome the opportunity to meet with you to discuss this information further.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, business-type activities, each major fund, the aggregate remaining fund information, the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison statements for the general fund, half-cent sales tax special revenue fund, highway user revenues special revenue fund, transportation sales tax special revenue fund, and other grants special revenue fund, including the disclosures, which collectively comprise the basic financial statements of City of Peoria, Arizona as of and for the year ended June 30, 2025.

Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), and GASB-required supplementary pension and other post-employment benefit information to supplement the City's basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1. Management's discussion and analysis
2. Budgetary comparison schedules
3. GASB-required pension and other post-employment benefits schedule.

We have also been engaged to report on supplementary information other than RSI that accompanies the City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole.

1. Schedule of expenditures of federal awards
2. Combining and individual fund financial statements and schedules

In connection with our audit of the basic financial statements, we will read the following other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

1. Other information included with the audited financial statements such as the transmittal letter and statistical data

In addition, we will perform the necessary procedures to issue the applicable report for the following.

1. Examination report on the Annual Expenditure Limitation Report
2. Examination report on compliance for highway user revenue fund monies in accordance with ARS §9-481(B)(2)
3. Audit report for each of the following Community Facilities Districts (CFDs):
   Vistancia
   Vistancia West
   Vistancia North
   Mystic Lake at Pleasant Heights
4. Employee Health Insurance Trust
5. Workers' Compensation Insurance Trust

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP and report on the fairness of the supplementary information when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards.*
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)*.*

An important aspect to our expression of opinions on the financial statements is understanding the concept of materiality. Our determination of materiality is a matter of professional judgment and is affected by our perception of the financial information needs of users of the financial statements. For purposes of determining materiality we may assume that reasonable users –

1. have a reasonable knowledge of business and economic activities and accounting and a willingness to study the information in the financial statements with reasonable diligence;
2. understand that financial statements are prepared, presented, and audited to levels of materiality;
3. recognize the uncertainties inherent in the measurement of amounts based on the use of estimates, judgment, and the consideration of future events; and
4. make reasonable judgements based on the information in the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements and Single Audit

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records for the City, a determination of major programs in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the City or to acts by management or employees acting on behalf of the City. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in the financial statements nor do they expect auditors to provide reasonable assurance of detecting waste or abuse. However, auditors may consider whether and how to communicate such matters if they become aware of them. Auditors may discover that waste or abuse are indicative of fraud or noncompliance with provisions of laws, regulations, contract and grant agreements.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loos or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts. Our procedures will also include, as deemed necessary, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request, if deemed necessary, written representations from the City's attorneys as part of the engagement, and they may bill you for responding to this inquiry.

We have identified the following significant risks of material misstatement as part of our audit planning:

1. Management override of controls
2. Improper revenue recognition

Audit Procedures – Internal Control

We will obtain an understanding of the City and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.

Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with the provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards.*

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the City has complied with federal statutes, regulations and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. For federal programs that are included in the *OMB Compliance Supplement*, our compliance and internal control procedures will relate to the compliance requirements that the *OMB Compliance Supplement* identifies being subject to audit. The purpose of these procedures will be to express an opinion on the City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Responsibilities of Management for the Financial Statements and Single Audit

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management is reliable and financial information is reliable and properly reported.

Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America with the oversight of those charged with governance; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making drafts of financial statements, schedule of expenditures of federal awards, all financial records, and related information available to us; for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for the 12 months after the financial statement date or shortly thereafter (for example, within an additional three months if currently known). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under Uniform Guidance; (3) additional information we may request for the purpose of the audit; and (4) and unrestricted access to persons within the City from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; the schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

Management's responsibilities also include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

Management is responsible for the design and implementation of programs to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the City involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the City received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the City complies with applicable laws, regulations, contracts, agreements, and grants. You are also responsible taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review prior to issuance of our reports.

Management is responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received, and COVID-19 related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

Management is responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or to make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in a written representation letter that (1) you are responsible for presentation of supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, management understands that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Planned Scope of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Our tests will not include a detailed check of all transactions for the period.

Our audit will include obtaining an understanding of the City and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the City or to acts by management or employees acting on behalf of the City. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

Our audit of the financial statements does not relieve you of your responsibilities outlined in the Responsibilities of Management of the Financial Statements section of this letter.

Timeliness of Financial Reporting and the Audit

One basic characteristic of financial reporting is timeliness, which indicates that if financial statements are to be useful, they must be issued soon enough after the reported events to affect decisions. Timeliness alone does not make information useful, but the passage of time usually diminishes the usefulness that the information otherwise would have had.

To maintain a timely approach, we expect to begin our audit in May 2025 and conclude audit procedures and date our report in December 2025. In order to meet this expected timeline, we require that all requests for the following significant audit areas be provided by November 14, 2025. If these requests are not provided by the date indicated, it will result in delayed report issuance.

Significant audit areas include:

- Compensated absence schedules (that adhere to GASB 101)

Our audit of the financial statements does not relieve you of your responsibilities outlined in the *Responsibilities of Management for the Financial Statements* section of this letter.

Engagement Administration, Fees, and Other

Joshua Jumper is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

We will provide copies of our reports to the City; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are made available for public inspection.

We understand that your employees will prepare all cash, accounts receivable or other confirmations we request and will locate any documents selected by us for testing.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication form us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we ware unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We maintain internal policies, procedures, and safeguards to protect the confidentiality of your information. We may, depending on the circumstances, use third-party service providers in providing our professional services. The following service providers may be utilized in the completion of our engagement:

- Capital Confirmation, Inc. – electronic bank and account balance confirmation service
- Citrix ShareFile – web-based application service to transfer files
- Harvest Investments, Ltd. – investment portfolio valuation service

You hereby consent and authorize us to use the above service providers, if deemed necessary, to complete the professional services outlined in this letter.

Heinfeld, Meech & Co., P.C. does not host any of the City's information. Sharefile is used solely to transmit data and is not intended to store the City's information. The City is solely responsible for downloading any deliverables and other records form Sharefile that the City wishes to retain for its own records at the completion of the engagement. If the engagement occurs over multiple years, the City should download such information at least annually. The data and deliverable and other records will either be removed from Sharefile or otherwise become unavailable to the City after the completion of the audit. If the engagement is multi-year, the completion of the engagement occurs each year when the deliverables for that year are delivered to the City.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the Federal Audit Clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

We will provide copies of our reports to the City; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Heinfeld, Meech & Co., P.C., and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a cognizant or oversight agency or its designee, a federal agency providing direct or indirect funding, the U.S. Government Accountability Office, or other authorized governmental agency for the purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Heinfeld, Meech & Co., P.C., personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven (7) years after the report release date, or for any additional period requested by a regulator, cognizant agency, oversight agency for audit, or pass-through entity. Upon expiration of the seven year period, or any additional period, we will commence the process of destroying the contents of our engagement files. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

In the event we are required to respond to a subpoena, court order or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this engagement, you agree to compensate us at our hourly rates, for the time we expend in connection with such response, and to reimburse us for all of our out-of-pocket costs incurred in that regard.

Any disagreement, controversy, or claim ("dispute") that may arise from any aspect of our services, including this engagement or any prior engagement, will be submitted to mediation. The parties will engage in the mediation process in good faith once a written request to mediate has been given by any party. Any mediation initiated as a result of this engagement shall be administered by The American Arbitration Association, according to its mediation rules before resorting to litigation. The results of any such mediation shall be binding only upon agreement of each party to be bound. Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally.

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any dispute that may arise between us. The parties agree that, notwithstanding any statute or law of limitations that might otherwise apply to a dispute, including one arising out of this agreement or the services performed under this agreement, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any action or legal proceeding by you against us must be commenced within twenty-four (24) months ("limitation period") after the date when we deliver our final audit report under this agreement to you, regardless of whether we do other services for you relating to the audit report, or you shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery. The limitation period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a dispute.

Professional standards prohibit auditors from agreeing to indemnify attest clients for damages, losses or costs arising from lawsuits, claims or settlements that relate, directly or indirectly, to the client's acts. As such, professional standards will prevail for indemnification clauses included in audit contracts. In addition, we are unable to obtain waivers on our professional liability insurance policy for certain provisions, including indemnification provisions, provisions requiring the firm to name the City as additional insured party, and a waiver of subrogation rights.

Professional standards require us to be independent with respect to you in the performance of these services. Any discussion that you have with our personnel regarding potential employment with you could impair our independence with respect to this engagement. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence and objectivity. Further, any employment offers to any staff members working on this engagement without our prior knowledge may require substantial additional procedures to ensure our independence. You will be responsible for any additional costs incurred to perform these procedures.

Our fee for these services will be at the amount outlined in our proposal. We exercised care in estimating the fee and believe it accurately indicates the scope of the work. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

Our fees are based on anticipated cooperation from your personnel, timely receipt of information, and the assumption that unexpected circumstances will not be encountered during the audit, including factors beyond our control, such as new accounting pronouncements or legal requirements, additional advisory services, and assistance in correcting errors in your financial records. We will plan the engagement based on the assumption that your personnel will prepare and provide us with the items listed in our request for audit information, including preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reason, your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement resulting in additional costs for the additional services provided. If additional time is necessary, we will discuss it with before we invoice the additional costs. Additional fees incurred will be billed at the following hourly rates: Partner - $288; Manager - $236; Senior - $185; Staff - $123.

If any term or provision of this agreement is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

Reporting

We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Honorable Mayor and Members of the City Council. Circumstances may arise in which our reports may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. The Uniform Guidance report on internal control over compliance will state that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2024 peer review report accompanies this letter.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. Please feel free to contact us at any time if you have any questions or concerns. If you have any questions regarding this letter, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona

cc: Sean Kindell, Chief Financial Officer
Pamela Brogie, Accounting Supervisor
Peter Christensen, Deputy Finance Director

RESPONSE

This letter correctly sets forth the understanding of City of Peoria, Arizona, including our agreement to the audit documentation deadline established in the '*Timeliness of Financial Reporting and the Audit*' section above, and the potential for delayed issuance of the audit report.

Printed Name: Sean Kindell

Title: Chief Financial Officer

Signature: Sean Kindell

Date: 05/07/2025

Grant Bennett Associates
A PROFESSIONAL CORPORATION

Proud Member of AlliottGlobalAlliance™

Report on the Firm's System of Quality Control

October 4, 2024

To Heinfeld, Meech & Co., P.C. and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Heinfeld, Meech & Co., P.C. (the firm) in effect for the year ended May 31, 2024. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility
The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility
Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations
Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act and an audit of an employee benefit plan.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion
In our opinion, the system of quality control for the accounting and auditing practice of Heinfeld, Meech & Co., P.C. in effect for the year ended May 31, 2024, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Heinfeld, Meech & Co., P.C. has received a peer review rating of *pass*.

Grant Bennett Associates

GRANT BENNETT ASSOCIATES
A PROFESSIONAL CORPORATION
Certified Public Accountants

GBA CPA
www.gbacpa.com

10850 Gold Center Drive, Suite 260
Rancho Cordova, CA 95670
916/922-5109 FAX 916/641-5200

Princeville, HI
888/763-7323

Together as One. Grant Bennett Associates is a Member of the Alliott Global Alliance of independent professional firms.

Progress | RightSignature

SIGNATURE CERTIFICATE

REFERENCE NUMBER
83EF5E54-FA59-43B2-90E0-B1549B917573

TRANSACTION DETAILS	DOCUMENT DETAILS
Reference Number 83EF5E54-FA59-43B2-90E0-B1549B917573	**Document Name** Engagement Ltr FY25 Peoria City
Transaction Type Signature Request	**Filename** Engagement_Ltr_FY25_Peoria_City.pdf
Sent At 05/07/2025 13:59 MST	**Pages** 14 pages
Executed At 05/07/2025 15:56 MST	**Content Type** application/pdf
Identity Method email	**File Size** 435 KB
Distribution Method email	**Original Checksum** 82b0e03671ca71029fac53e419e52ef2c462c4d37528984f3873ca9a9d0a80cf
Signed Checksum ce73934ea4d87d8f483090629012ef793e694ab6ab969577e67cd56118fc45ee	
Signer Sequencing Disabled	
Document Passcode Disabled	

SIGNERS

SIGNER	E-SIGNATURE	EVENTS
Name Sean Kindell	**Status** signed	**Viewed At** 05/07/2025 15:18 MST
Email sean.kindell@peoriaaz.gov	**Multi-factor Digital Fingerprint Checksum** dcf2298e4ea3d52975c2a67b43a2d064d61d81f1afb50aa651e3d3acc412ea0a	**Identity Authenticated At** 05/07/2025 15:56 MST
Components 4	**IP Address** 207.108.129.27	**Signed At** 05/07/2025 15:56 MST
	Device Microsoft Edge via Windows	
	Typed Signature Sean Kindell	
	Signature Reference ID A61E95BA	

AUDITS

TIMESTAMP	AUDIT
05/07/2025 13:59 MST	Carri Corbett (carri.corbett@hm.cpa) created document 'Engagement_Ltr_FY25_Peoria_City.pdf' on Chrome via Windows from 76.134.178.164.
05/07/2025 13:59 MST	Sean Kindell (sean.kindell@peoriaaz.gov) was emailed a link to sign.
05/07/2025 15:18 MST	Sean Kindell (sean.kindell@peoriaaz.gov) viewed the document on Microsoft Edge via Windows from 207.108.129.27.
05/07/2025 15:56 MST	Sean Kindell (sean.kindell@peoriaaz.gov) authenticated via email on Microsoft Edge via Windows from 207.108.129.27.
05/07/2025 15:56 MST	Sean Kindell (sean.kindell@peoriaaz.gov) signed the document on Microsoft Edge via Windows from 207.108.129.27.

City of Peoria

FINANCE AND BUDGET DEPARTMENT

8401 West Monroe Street
Peoria, Arizona 85345
T 623.773.7160
F 623.773.7159

Heinfeld, Meech & Co., P.C.
1365 N. Scottsdale Road, Suite 300
Scottsdale, AZ 85257

This representation letter is provided in connection with your audit of the financial statements of City of Peoria, Arizona, which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund, highway user revenues special revenue fund, transportation sales tax special revenue fund, and other grants special revenue fund for the period then ended, and the disclosures (collectively the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

In addition, we provide this letter in connection with your audits of the financial statements of the Vistancia Community Facilities District, Vistancia West Community Facilities District, Vistancia North Community Facilities District, Mystic Lake at Pleasant Heights Community Facilities District, City of Peoria Employee Benefit Trust and City of Peoria Workers' Compensation Trust as of June 30, 2025 and the respective changes in financial position and, where applicable, cash flows for the period then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of our signature, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.

2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP. In addition, we believe:

    - The significant judgments made in making accounting estimates have considered all relevant information of which management is aware
    - The appropriateness and consistency of the measurement processes used by management in determining accounting estimates
    - That the assumptions appropriately reflect management's intent and ability to carry out specific courses of action
    - That the disclosures related to accounting estimates, including those describing estimation uncertainty are complete and appropriate under GAAP
    - That, when necessary, appropriate specialized skills or expertise have been applied
    - That no subsequent event requires adjustment to the accounting estimates and related disclosures included in the financial statements
    - That for any accounting estimates not recognized or disclosed in the financial statements, management has decided to exclude them after considering the appropriate recognition and disclosure criteria in GAAP.

6. There are no known related-party relationships or transactions that need to be accounted for or disclosed in accordance with U.S. GAAP.

7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.

8. You have proposed adjusting journal entries that have been posted to the entity's accounts. We are in agreement with those adjustments.

9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

10. Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11. We have provided you with:

    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.

    d. Minutes of the meetings of the City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.

12. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards (SEFA).

13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

14. We have no knowledge of any fraud or suspected fraud that affects the City and involves:
    - Management,
    - Employees who have significant roles in internal control, or
    - Others where the fraud could have a material effect on the financial statements.

15. We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements communicated by employees, former employees, grantors, regulators, or others.

16. We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.

17. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

18. We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20. If applicable, we have taken timely and appropriate steps to remedy identified and suspected fraud, or noncompliance with provisions of laws, regulations, contracts, and grant agreements that you have reported to us.

21. If applicable, we have a process to track the status of audit findings and recommendations.

22. We have identified and communicated to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.

23. We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

24. If applicable, we have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

25. The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, deferred outflows/inflows of resources, and fund balance or net position.

26. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

27. We have appropriately identified, recorded, and disclosed all leases in accordance with GASB Statement (GASBS) No. 87.

28. We have appropriately identified, recorded and disclosed subscription-based information technology arrangements in accordance with GASBS No. 96.

29. We have appropriately measured, recorded, and disclosed compensated absences and other salary-related payments in accordance with GASBS No. 101.

30. With respect to your compliance examination of highway user revenue fund monies and other dedicated state transportation revenues, we represent the following:
    - we are responsible for compliance with A.R.S. Title 28, Chapter 18, Article 2; and for establishing and maintaining effective internal controls to ensure compliance.
    - we have disclosed to you all known noncompliance with the aforementioned statutes and related requirements.
    - we have disclosed to you all communications from regulatory agencies, internal auditors, other independent accountants or consultants, and others regarding possible noncompliance with the aforementioned statutes and related requirements.

31. We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements

32. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

33. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

34. The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

35. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

36. If applicable, the financial statements include all component units, appropriately present majority equity interest in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

37. The financial statements include all fiduciary activities required by GASBS No. 84, as amended.

38. The financial statements properly classify all funds and activities in accordance with GASBS No. 34, as amended.

39. All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as a major fund are identified and presented as such and all other funds that are presented as a major fund are particularly important to financial statement users.

40. Components of net position (net investment in capital assets; restricted; and unrestricted) and classification of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

41. Investments are properly valued.

42. With regard to investments and other instruments reported at fair value:
    - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
    - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
    - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
    - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

43. If applicable, provisions for uncollectible receivables have been properly identified and recorded.

44. Direct borrowings and direct placements of debt have been properly separated from other debt; and unused lines of credit, collateral pledged to secure debt, terms in debt agreements related to significant default or termination events with finance-related consequences, and significant subjective acceleration clauses have been properly disclosed.

45. All payroll information and the individual employment data have been properly submitted to the state retirement systems, and the employer contributions have been properly submitted to the retirement systems.

46. We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.

47. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

48. Revenues are appropriately classified in the statement of activities within program revenues, and general revenues.

49. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

50. If applicable, special and extraordinary items (unusual items or infrequent items after implementing GASBS No. 103), are appropriately classified and reported.

51. Deposits and investment securities are properly classified as to risk and are properly disclosed.

52. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

53. If applicable, the government meets the GASB-established requirements for accounting for eligible infrastructure assets using the modified approach.

54. Asset retirement obligations associated with tangible capital assets have been properly recognized in accordance with GASBS No. 83.

55. Tax abatement agreements have been properly disclosed in the notes to the financial statements, including the names of all governments involved, the gross amount and specific taxes abated, and additional commitments.

56. We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

57. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

58. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

59. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

60. With respect to the supplementary information on which in-relation-to opinions are issued, presented, such as the combining and individual fund financial statements and schedules, and the SEFA.

    a. We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

    b. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

61. We acknowledge our responsibility for the other information included in the financial statements, such as the transmittal letter, statistical data, and continuing disclosures.

    a. We acknowledge that we have informed you of all documents that may comprise other information we expect to issue. The financial statements and other information you obtained prior to the auditor's report date are consistent with one another, and the other information does not contain any material misstatements.

    b. If applicable, with regard to the other information that will be included in the annual report that has not been obtained by you prior to the auditor's report date, we intend to prepare and issue the other information, as well as communicate the expected timing of issuance, and provide you with the final version of the document(s) when available and prior to the issuance of the annual report.

62. With respect to federal award programs:

a. We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards (SEFA).

b. We acknowledge our responsibility for preparing and presenting the SEFA and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.

c. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.

d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

e. We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

f. We are responsible for establishing, designing, implementing, and maintaining, and have established, designed, implemented, and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

g. We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.

h. We have received no requests from a federal agency to audit one or more specific programs as a major program.

i. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement,* relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards, or confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.

j. We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR Part 200, Subpart E).

m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

p. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.

q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.

r. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

s. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.

t. If applicable, we have monitored subrecipients to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.

u. If applicable, we have issued management decisions for audit findings that relate to federal awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient.

v. If applicable, we have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.

w. We have charged costs to federal awards in accordance with applicable cost principles.

x. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

y. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.

z. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

aa. We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

bb. If applicable, we have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

We understand that at the conclusion of the audit Heinfeld, Meech & Co, P.C. will submit to the City Council a communication to those charged with governance that will include a copy of this representation letter and a copy of the engagement letter.

Sean Kindell

_____ 12/18/2025

Sean Kindell, Chief Financial Officer
City of Peoria, Arizona

Date

Karen Erwin-Mikulski

_____ 12/22/2025

Karen Erwin-Mikulski, Accounting Manager
City of Peoria, Arizona

Date

Progress | RightSignature

SIGNATURE CERTIFICATE

REFERENCE NUMBER
E8841077-198E-4A3D-8F4F-8B9DD61DAB16

TRANSACTION DETAILS	DOCUMENT DETAILS
Reference Number E8841077-198E-4A3D-8F4F-8B9DD61DAB16	**Document Name** Representation Letter FY25 Audit - City of Peoria
Transaction Type Signature Request	**Filename** General_Rep_Single_Audit_25_Peoria_City.pdf
Sent At 12/18/2025 10:49:50 AM EST	**Pages** 10 pages
Executed At 12/22/2025 09:47:12 AM EST	**Content Type** application/pdf
Identity Method email	**File Size** 247 KB
Distribution Method email	**Original Checksum** bec7d20ce3739d5b0e8f152074b25b713bb45d4f25712846d473310c7080da2c
Signed Checksum ecb83131138873 87e63c0da83d3a4a24a39bd694083208fa5b8fdcc90980b459	
Signer Sequencing Disabled	
Document Passcode Disabled	

SIGNERS

SIGNER	E-SIGNATURE	EVENTS
Name Karen Erwin-Mikulski	**Status** signed	**Viewed At** 12/22/2025 09:46:14 AM EST
Email karen.erwinmikulski@peoriaaz.gov	**Multi-factor Digital Fingerprint Checksum** 4f53cda18c2baa0c0354bb5f9a3ecbe5ed12ab4d8e11ba873c2f11161202b945	**Identity Authenticated At** 12/22/2025 09:47:12 AM EST
Components 2	**IP Address** 98.185.71.231	**Signed At** 12/22/2025 09:47:12 AM EST
	Device Chrome via Windows	
	Typed Signature Karen Erwin-Mikulski	
	Signature Reference ID 45F6A28E	
Name Sean Kindell	**Status** signed	**Viewed At** 12/18/2025 01:59:06 PM EST
Email sean.kindell@peoriaaz.gov	**Multi-factor Digital Fingerprint Checksum** 4f53cda18c2baa0c0354bb5f9a3ecbe5ed12ab4d8e11ba873c2f11161202b945	**Identity Authenticated At** 12/18/2025 02:10:13 PM EST
Components 2	**IP Address** 207.108.129.27	**Signed At** 12/18/2025 02:10:13 PM EST
	Device Microsoft Edge via Windows	
	Typed Signature Sean Kindell	
	Signature Reference ID 452B9F3E	

AUDITS

TIMESTAMP	AUDIT
12/18/2025 10:49:50 AM EST	Kristen Conway (kristen.conway@hm.cpa) created document 'General_Rep_Single_Audit_25_Peoria_City.pdf' on Chrome via Windows from 72.222.195.208.
12/18/2025 10:49:51 AM EST	Sean Kindell (sean.kindell@peoriaaz.gov) was emailed a link to sign.
12/18/2025 10:49:51 AM EST	Karen Erwin-Mikulski (karen.erwinmikulski@peoriaaz.gov) was emailed a link to sign.
12/18/2025 01:59:06 PM EST	Sean Kindell (sean.kindell@peoriaaz.gov) viewed the document on Microsoft Edge via Windows from 207.108.129.27.
12/18/2025 02:10:13 PM EST	Sean Kindell (sean.kindell@peoriaaz.gov) authenticated via email on Microsoft Edge via Windows from 207.108.129.27.

TIMESTAMP	AUDIT
12/18/2025 02:10:13 PM EST	Sean Kindell (sean.kindell@peoriaaz.gov) signed the document on Microsoft Edge via Windows from 207.108.129.27.
12/18/2025 05:00:41 PM EST	Karen Erwin-Mikulski (karen.erwinmikulski@peoriaaz.gov) was emailed a reminder.
12/19/2025 04:58:48 PM EST	Karen Erwin-Mikulski (karen.erwinmikulski@peoriaaz.gov) was emailed a reminder.
12/22/2025 09:43:16 AM EST	Karen Erwin-Mikulski (karen.erwinmikulski@peoriaaz.gov) was emailed a reminder.
12/22/2025 09:46:14 AM EST	Karen Erwin-Mikulski (karen.erwinmikulski@peoriaaz.gov) viewed the document on Chrome via Windows from 98.185.71.231.
12/22/2025 09:47:12 AM EST	Karen Erwin-Mikulski (karen.erwinmikulski@peoriaaz.gov) authenticated via email on Chrome via Windows from 98.185.71.231.
12/22/2025 09:47:13 AM EST	Karen Erwin-Mikulski (karen.erwinmikulski@peoriaaz.gov) signed the document on Chrome via Windows from 98.185.71.231.

CITY OF PEORIA, ARIZONA
VISTANCIA NORTH COMMUNITY
FACILITIES DISTRICT COMMUNICATION

Agenda Item: 5C.

Date Prepared: 1/29/2026

Council Meeting Date: 2/10/2026

TO: Henry Darwin, District Manager

THROUGH: Travis Cutright, Deputy District Manager

FROM: Agnes Goodwine, City Clerk MMC

SUBJECT: Minutes

Purpose:

Discussion and possible action to approve the June 3, 2025 Vistancia North Community Facilities District meeting minutes.

ATTACHMENTS:

June 3, 2025 VNCFD Minutes

Contact Name and Number:
Agnes Goodwine, City Clerk (623) 773-7340

MINUTES OF THE VISTANCIA NORTH COMMUNITY FACILITIES DISTRICT BOARD
CITY OF PEORIA, ARIZONA
COUNCIL CHAMBER
June 3, 2025

The Vistancia North Community Facilities District Board met in open and public session at 8401 West Monroe Street prior to the Regular Meeting of the Peoria City Council at 6:10 p.m.

Members Present: Board Chairperson Jason Beck, Vice Chair Jennifer Crawford, and Board Members Denette Dunn (telephonically), Michael Finn, Rick Stokes, Jon Edwards, and Matt Bullock.

Council Youth Liaisons: None.

Members Absent: None

Other Municipal Officials Present: Henry Darwin, District Manager; Kevin Burke, Deputy District Manager; Travis Cutright, Deputy District Manager; Mike Faust, Deputy District Manager; Emily Jurmu, District Counsel; and Agnes Goodwine, District Clerk.

Note: The order in which items appear in the minutes is not necessarily the order in which they were discussed in the meeting.

CONSENT AGENDA

CONSENT AGENDA: All items listed on the Consent Agenda are considered to be routine or have been previously reviewed and/or discussed by the District Board and will be enacted by one motion. There will be no separate discussion of these items. If the Presiding Officer receives timely notice of a request for removal, an item may be removed from the Consent Agenda for consideration on the Regular Agenda.

Clerk's Note: The agenda item numbers shown below reflect the items as they were numbered on the agenda.

5 C. **Minutes**

Approved the May 13, 2025 Vistancia North Community Facilities District meeting minutes.

Having no requests from the District Board to remove items from the Consent Agenda, motion was made by Board Member Bullock, and seconded by Board Member Edwards, to approve the Consent Agenda.

Upon tabulation of votes, it showed:

AYES – Beck, Crawford, Finn, Stokes, Dunn, Edwards, Bullock
NAYS – None
ABSENT – None

Motion carried unanimously.

REGULAR MEETING

6 R. **PUBLIC HEARING – VNCFD District Budget and Tax Levy for Fiscal Year 2026**

Sean Kindell, Chief Financial Officer, presented a PowerPoint presentation on the Vistancia North Community Facility District Budget and Tax Levy for Fiscal Year (FY) 2026. Information included:

- FY 2026 Final Budget
- FY 2026 Final Tax Levy
- FY 2026 Budget Adoption
- FY 2026 Staff Recommendation

Mayor Beck opened the Public Hearing at 6:13 p.m.

With no public comment, Mayor Beck closed the Public Hearing at 6:13 p.m.

Motion was made by Board Member Finn, and seconded by Board Member Stokes, to adopt **RES. VNCFD 2025-02** approving the final budget and tax levy estimates for Fiscal Year 2026 for the Vistancia North Community Facilities District; ordering that an Ad Valorem Tax be levied and assessed on the assessed value of all property within the District; and providing for certified copies of this Resolution to be delivered to the appropriate agencies.

Upon tabulation of votes, it showed:

AYES – Beck, Crawford, Finn, Stokes, Dunn, Edwards, Bullock
NAYS – None
ABSENT – None

Motion carried unanimously.

ADJOURNMENT:

Being no further business to come before the District Board, the meeting was adjourned into the Vistancia North Community Facilities District agenda at 6:13 p.m.

_____
Jason Beck, Board Chairperson

CERTIFICATION AND ATTESTATION

I hereby certify that the foregoing minutes are a true and correct summary of the proceedings of the Vistancia North Community Facilities District Meeting held on the 3rd day of June 2025. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 10th day of February 2026.

_____
Agnes Goodwine, District Clerk

kh

CITY OF PEORIA, ARIZONA
VISTANCIA NORTH COMMUNITY
FACILITIES DISTRICT COMMUNICATION

Agenda Item: 6C.

Date Prepared: 1/29/2026

Council Meeting Date: 2/10/2026

TO: Henry Darwin, District Manager

THROUGH: Kevin Burke, Deputy District Manager

FROM: Sean Kindell, District Chief Financial Officer

SUBJECT: Fiscal Year 2025 Annual Financial Report

Purpose:

Discussion and possible action to receive and accept the Vistancia North Community Facilities District Annual Financial Report for the year ended June 30, 2025.

Summary:

Attached is the Annual Financial Report of the Vistancia North Community Facilities District for the fiscal year ended June 30, 2025. This report was prepared by the City's Finance Department and audited by an independent audit firm, Heinfeld, Meech & Co.

The District received a clean audit opinion with no material misstatements. The independent auditors' report on the financial statements expresses an opinion that the basic financial statements present fairly, in all material respects, the financial position and results of operations of the District in conformity with U.S. generally accepted accounting principles.

We are responsible for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures. We believe the data is accurate in all material respects and is presented in a manner which fairly sets forth the financial position and results of operation of the District.

The annual financial report includes the District-wide financial statements, fund financial statements and related footnotes as well as Management's Discussion and Analysis and budgetary comparison schedules. These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Previous Actions/Background:

The fiscal year 2024 Annual Financial Report was received and accepted by the Board on

January 28, 2025.

Options:

Staff Recommendation:

Staff recommends the Board receive and accept the Vistancia North Community Facilities District Annual Financial Report for the fiscal year ended June 30, 2025.

Fiscal Analysis:

This item has no financial implications.

ATTACHMENTS:

Annual Financial Report
Communication to Governance

Contact Name and Number:
Sean Kindell, (623) 773-7819

Vistancia North Community Facilities District

Peoria, Arizona

Annual Financial Report

For Fiscal Year Ended
June 30, 2025

District Board:
Jason Beck, Chairperson
Jennifer Crawford, Vice-Chairperson
Matt Bullock
Denette Dunn
Jon Edwards
Michael Finn
Rick Stokes

District Administrative Staff:
Henry Darwin, District Manager
Sean Kindell, Chief Financial Officer
Emily Jurmu, District Counsel
Agnes Goodwine, District Clerk

Prepared by City of Peoria Finance Department

VISTANCIA NORTH COMMUNITY FACILITIES DISTRICT
Peoria, Arizona
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2025

TABLE OF CONTENTS

		Page
Transmittal letter		ii
Independent Auditors' Report		1
Management's Discussion and Analysis		4
BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements		
Statement of Net Position		8
Statement of Activities		9
Fund Financial Statements		
Governmental Funds Balance Sheet		10
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Activities		11
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds		12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances Of Governmental Funds to the Statement of Activities – Governmental Activities		13
Notes to the Financial Statements		15
SUPPLEMENTAL INFORMATION		
Budgetary Comparison Schedule – General Fund		22
Budgetary Comparison Schedule – Debt Service Fund		23
CONTINUING DISCLOSURE INFORMATION	**Table**	
Property Valuations	1	25
Net Assessed Value by Property Class	2	26
Net Assessed Value by Major Taxpayers	3	27
Property Tax Levies and Collections	4	28

VISTANCIA NORTH
Community Facilities District
Peoria, Arizona

December 22, 2025

Honorable Board of Directors:

The accompanying basic financial statements of the Vistancia North Community Facilities District (the District) for the year ended June 30, 2025, have been prepared for the use of the District Board, staff and other interested parties. This report includes Management's Discussion and Analysis, the basic financial statements for the District including government-wide financial statements, fund financial statements and footnotes, and supplemental budget comparison schedules for the District's funds.

This report was prepared by the Financial Services Division of the Finance Department of the City of Peoria, Arizona (the City) as finance staff for the District. It is intended as District management's report to the District Board and other interested parties.

The District is a component unit of the City of Peoria, Arizona for financial reporting. As a component unit of the City, the accompanying financial statements were included in the annual audit of the City's Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2025. A copy of the City's ACFR may be obtained by contacting the City's Finance Department at 8401 West Monroe Street, Peoria, Arizona 85345. Additionally, the auditors, Heinfield, Meech & Co., P.C., have also expressed an opinion on the separate financial statements of the District included herein. That opinion may be found on page 1 of this financial report.

Questions about the financial statements included herein should be addressed to the City of Peoria, Finance Department at the above address.

Independent Auditor's Report

Board of Directors
Vistancia North Community Facilities District

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Vistancia North Community Facilities District (District), a component unit of the City of Peoria, Arizona, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Vistancia North Community Facilities District as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Vistancia North Community Facilities District, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the transmittal letter and continuing disclosure information, as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 22, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Vistancia North Community Facilities District (the District), we offer this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify changes in the District's financial position, and (4) identify individual fund issues or concerns.

On June 16, 2020, the District was formed by petition to the City Council of the City of Peoria, Arizona (City) pursuant to Title 48, Chapter 4, Article 6 of the Arizona Revised Statutes. The District is a special purpose taxing district and separate political subdivision under Arizona statues. As such, the District can levy taxes and issue bonds, independent of the City. Property owners within the District boundaries pay for District infrastructure and functions through secondary property tax assessments. The District's purpose is to acquire or construct public infrastructure in a specified area of the City. City staff administers the District. The Peoria City Council also serves as the District Board of Directors. The District is one of the City of Peoria's component units for the fiscal year ended June 30, 2025.

Financial Highlights

- The fiscal year 2025 tax levy was $0.88 per $100 valuation.
- District tax collections were used to pay District debt service during fiscal year 2025.
- The fund balance of the District's governmental funds at June 30, 2025, was $969,585, an increase of $878,897 compared to the prior year. This increase is primarily attributable to the timing of the District's bond issuance, which resulted in higher available resources at year-end. In addition, capital outlay expenditures increased as the District continued to invest in infrastructure development to support planned growth within the community. Of the total ending governmental fund balance, $235,511 is restricted for debt service.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis introduces the District's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements.

Government-wide Financial Statements

The *statement of net position* is designed to provide a broad overview of the District's finances in a manner similar to those used by private businesses. The statement of net position presents information on all of the District's assets and liabilities, both current and long-term, with the difference between assets and liabilities reported as net position. The focus on net position is designed to be similar to the emphasis for businesses. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District, other indicators, including non-financial indicators should also be considered.

The *statement of activities* presents information showing how the District's net position changed over the most recent fiscal year. Since full accrual accounting is used for the government-wide financial statements, all changes to net position are reported at the time that the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses related to accrued interest. This statement also focuses on both the gross and net costs of the various functions of the District, based only on direct functional revenues and expenses. This is designed to show the extent to which the various functions depend on general taxes and revenues for support.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or conditions. Funds are used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds and all are restricted, either by bond covenants or state law, as to use.

The District maintains two governmental funds, a general fund and a debt service fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for each fund.

The District adopts annual budgets for the debt service fund. Budgetary comparison statements and schedules are provided to demonstrate compliance with the adopted budgets.

Notes to the financial statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements and should be read in conjunction with the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As of June 30, 2025, the assets of the District exceed its liabilities by $309.5 thousand (net position). The purpose of the District is to acquire or construct certain capital infrastructure, primarily water and wastewater systems, within the boundaries of the District. Once the capital infrastructure is acquired or constructed, it is turned over to the City to operate. As a special purpose district and a separate political subdivision under the Arizona Constitution, the District can levy taxes and issue bonds independently of the City. Property owners within the District are assessed property taxes to pay the debt service over the life of the bonds. The City has no liability for debt of the District. Because the completed capital assets are generally reported in the City's financial statements, the Statement of Net Position for the District reflects a large liability (bonds payable) without an offsetting asset. Capital assets are only shown on the District's financial statements if they are classified as work-in-process at year end.

The following tables, graphs and analysis discuss the financial position and changes to the financial position for the District as a whole as of and for the year ended June 30, 2025, with comparative information for the previous year.

Net Position

Net position may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Position of the District for June 30, 2025, compared to the prior year.

Statement of Net Position
As of June 30
(In thousands of dollars)

	Governmental Activities	
	2025	2024
Current and other assets	$ 4,978.7	$ 96.1
Total assets	4,978.7	96.1
Other liabilities	107.4	-
Long-term liabilities outstanding	5,180.8	-
Total liabilities	5,288.2	-
Net position		
Unrestricted	$ (309.5)	$ 96.1

The District's current assets increased due to tax levy increase from $0.76 to $0.88 per $100 valuation. Total assets increased compared to the prior year. This growth is mainly due to capital expenditures associated with year-end Construction-in-Progress (CIP) projects, for which accumulated costs were capitalized in accordance with applicable accounting standards. The District's long term liabilities increased due to the issuance of debt. Since the net position of the District is negative at June 30, 2025, it is classified as unrestricted.

Changes in Net Position

The following table compares the revenue and expenses for the current and previous fiscal year.

Changes in Net Position
For the Year Ended June 30
(In thousands of dollars)

	Governmental Activities	
	2025	2024
REVENUES		
General revenues		
Property taxes	$ 120.8	$ 87.2
Investment earnings	44.6	1.2
Total revenues	165.4	88.4
EXPENSES:		
Program activities:		
General government	19.0	18.6
Interest expense on debt	552.0	0.2
Total expenses	571.0	18.8
Decrease in net position	$ (405.6)	$ 69.6

General government expenses are payments for liability insurance of the District. Interest expense on debt includes the issuance costs for the short-term bonds.

The net position of the District decreased $405.6 thousand in fiscal year 2025 compared to prior year. This was mainly the result of the timing of bonds issued and the debt service payments being made out of the fund.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District maintains fund accounting to demonstrate compliance with budgetary and legal requirements related to special purpose districts and general obligation bonds.

The focus of the governmental fund financial statements is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's ability to pay the debt service on the general obligation bonds it issues to fund construction or acquisition of public infrastructure.

The fund balance of the District's combined governmental funds is $969,585, an increase of $878,897 from the previous year was mainly the result of the timing of bonds issued and the debt service payments being made out of the fund. Of the balance of $239,469 in the Debt Service fund, $235,511 is restricted for debt service and $3,958 is non-spendable related to prepaid insurance costs. The remaining balance of $730,116 is in the General fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

The District was formed to finance the acquisition or construction of public infrastructure that is subsequently donated to the City for operation. The District does not own or operate infrastructure once completed.

The District is authorized, by an election held October 13, 2020, to issue $50 million in District general obligation bonds. As of June 30, 2025, the District has issued $35 thousand in short term general obligation bonds against this authorization. An additional $5.1 million in bonds were issued in fiscal year 2025 and are to begin repayment in fiscal year 2026 through property taxes levied on the property within the District.

In the event the District Board decides at a future time to dissolve the District, State statute provides that all taxable property in the District will remain subject to the lien for the payment of the bonds until all bonds have been defeased.

BUDGETARY HIGHLIGHTS

The District's annual budget is the legally adopted expenditure control document of the District. The budgetary comparison statement for Debt Service Fund is presented as the supplemental information. The statement compares the original adopted budget, the budget as amended throughout the fiscal year, and the actual expenditures prepared on a budgetary basis.

Amendments to the adopted budget may occur throughout the year in a legally permissible manner (see Note 1 for more information on budget policies). Some of these amendments include transfers from contingency to cover approved carryovers from the previous budget, capital projects with budget overages (or whose timing was accelerated), and other unanticipated costs. There were no amendments to the District's budget during fiscal year 2025.

ECONOMIC FACTORS

Local sales tax revenues grew 4.4% in fiscal year 2025, this was higher than the 2.3% growth in fiscal year 2024 and equal to the growth seen in fiscal year 2023. Retail sales tax, the City's largest category, increased by 4.5% from the prior year while restaurant/bar, the second largest category, increased by 2.8%. Beginning January 1, 2025 the City is no longer collecting residential rental sales tax which resulted in a decrease in rental sales tax collections. This was offset by a strong performance on contracting sales tax which increased 53.6% over fiscal year 2024 collections.

In fiscal year 2025 Peoria issued $289 million in building permits as compared to $355 million in fiscal year 2024 and $164 million is fiscal year 2023. The ten year average for permits is $317 million, so this may be an indicator of a slowing economy.

The adopted fiscal year 2026 budget for the District is $520,425. The tax rate for the District for fiscal year 2026 is $1.03, an increase of $0.15 from the fiscal year 2025 tax rate. The fiscal year 2026 Limited Assessed Value for the District is $20,636,613.

FINANCIAL CONTACT

This financial report is designed to provide a general overview of the District's finances and to demonstrate accountability for the use of public funds. Questions about any of the information provided in this report, or requests for additional financial information should be addressed to the City's Finance Department at the following address: City of Peoria, 8401 W. Monroe Street, Peoria, Arizona 85345.

BASIC FINANCIAL STATEMENTS

VISTANCIA NORTH COMMUNITY FACILITIES DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 26,258
Cash with fiscal agents	
Interest receivable	6,964
Due from other governments	1,110
Prepaid items	3,958
Restricted cash with fiscal agent	931,914
Capital assets:	
Construction in Progress	4,008,482
Total assets	4,978,686
LIABILITIES	
Accounts payable	619
Accrued interest payable	106,761
Due in more than one year:	
Noncurrent portion of bonds payable	5,180,772
Total liabilities	5,288,152
NET POSITION	
Unrestricted	(309,466)
Total net position	$ (309,466)

The accompanying notes are an integral part of the financial statements.

VISTANCIA NORTH COMMUNITY FACILITIES DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Net (Expenses) Revenues and Changes in Net Position Governmental Activities
Primary government:		
Governmental activites:		
General government	$ 18,982	$ (18,982)
Interest on long-term debt	551,952	(551,952)
Totals	$ 570,934	(570,934)
General revenues		
Taxes:		
Property taxes, levied for debt service		120,795
Investment earnings		44,554
Total general revenues		165,349
Change in net position		(405,585)
Net position - beginning		96,119
Net position - ending		$ (309,466)

The accompanying notes are an integral part of the financial statements.

VISTANCIA NORTH COMMUNITY FACILITIES DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Debt Service Fund	Totals
ASSETS			
Cash and cash equivalents	$ -	$ 26,258	$ 26,258
Interest receivable	5,336	1,628	6,964
Due from other funds		5,336	5,336
Due from other governments	-	1,110	1,110
Prepaid items	-	3,958	3,958
Restricted cash with fiscal agent	730,116	201,798	931,914
Total assets	$ 735,452	$ 240,088	$ 975,540
LIABILITIES & FUND BALANCES			
Liabilities:			
Accounts payable	$ -	$ 619	$ 619
Due to other funds	5,336	-	5,336
Total liabilities	5,336	619	5,955
Fund balances:			
Nonspendable:			
Prepaid items	-	3,958	3,958
Restricted for:			
Debt service	-	235,511	235,511
Unassigned	730,116	-	730,116
Total fund balance	730,116	239,469	969,585
Total fund balance and liabilities	$ 735,452	$ 240,088	$ 975,540

The accompanying notes are an integral part of the financial statements.

VISTANCIA NORTH COMMUNITY FACILITIES DISTRICT
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2025

Fund balances - total governmental funds	$	969,585
Amounts reported for governmental activities in the statement of net position are different because:		
Amounts reported for governmental activities in the statement of net position are the same as those reported in the balance sheet because the District has no capital assets and has only issued short-term bonds.		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets: Construction in Progress (CIP). CIP represents capital project costs incurred by the District. These assets are held by the District during construction and upon completion, are transferred to the City.		4,008,482
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.		
Governmental bonds payable		(5,080,000)
Bond premiums are recognized at the time of issuance in the governmental funds, but are amortized over the life of the bonds for government-wide reporting		(100,772)
Interest payable on long-term debt is not reported in the governmental funds.		(106,761)
Net position of governmental activities	$	(309,466)

The accompanying notes are an integral part of the financial statements.

VISTANCIA NORTH COMMUNITY FACILITIES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Debt Service Fund	Totals
REVENUES:			
Taxes	$ -	$ 126,226	$ 126,226
Investment earnings	34,136	10,418	44,554
Total revenues	34,136	136,644	170,780
EXPENDITURES:			
Current:			
General government	-	18,982	18,982
Debt service:			
Interest and other charges	330,339	119,051	449,390
Capital outlay	4,008,482	-	4,008,482
Total expenditures	4,338,821	138,033	4,476,854
Excess (deficiency) of revenues over expenditures	(4,304,685)	(1,389)	(4,306,074)
OTHER FINANCING SOURCES (USES):			
Issuance of debt	5,080,000	-	5,080,000
Premium on bonds issued	104,971	-	104,971
Transfers in	-	150,170	150,170
Transfers out	(150,170)	-	(150,170)
Total other financing sources and uses	5,034,801	150,170	5,184,971
Net change in fund balances	730,116	148,781	878,897
Fund balances - beginning		90,688	90,688
Fund balances - ending	$ 730,116	$ 239,469	$ 969,585

The accompanying notes are an integral part of the financial statements.

VISTANCIA NORTH COMMUNITY FACILITIES DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net change in fund balances - total governmental funds	$	878,897
Amounts reported for governmental activities in the statement of activities are different because:		
Certain revenues are recorded as deferred inflows of resources in the governmental funds because they do not provide current financial resources, but are considered revenue on the statement of activities.		(5,431)
Interest expense in the statement of activities differs from the amount reported in governmental funds because accrued interest was calculated for bonds and notes payable for the statement of activities, but is expensed when due for the governmental fund statements.		(106,761)
Amortization of bond premiums does not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		4,199
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		4,008,482
The issuance of long-term debt provides current financial resources in the governmental funds, but creates a long-term liability in the statement of activities.		(5,080,000)
Loss on refunding and bond premiums are expensed in the year of issuance for budgetary purposes but are amortized to interest expense over the life of the bonds for GAAP purposes.		(104,971)
Change in net position of governmental activities	$	(405,585)

The accompanying notes are an integral part of the financial statements.

VISTANCIA NORTH COMMUNITY FACILITIES DISTRICT
PEORIA, ARIZONA

NOTES TO THE FINANCIAL STATEMENTS

	Page
Summary of Significant Accounting Policies	15
Cash and Investments	19
Deficits In Fund Equity/Excess of Expenditures Over Appropriations	20
Long-Term Debt	21

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Vistancia North Community Facilities District, a component unit of the City of Peoria, Arizona (City), have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the City's more significant policies, as applicable to the District, follows.

A. Financial Reporting Entity

The Vistancia North Community Facilities District (the District) was formed by petition to the City Council in 2020. The District's purpose is to acquire or construct public infrastructure in a specified area of the City. As a special purpose district and separate political subdivision under the Arizona Constitution, the District can levy taxes and issue bonds independently of the City. Property owners in the designated areas are assessed for the District's property taxes, and thus for the costs of operating the District. The City Council serves as the Board of Directors of the District. The City has no liability for the District's debt. For financial reporting purposes, the transactions of the District are included as governmental type funds in the City's financial statements as if they were part of the City's operations.

B. Basis of Presentation – Government-wide Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report financial information on all of the activities of the District. All of the activities of the District are governmental activities.

Governmental activities for the District are normally supported by taxes and developer contributions.

The statement of activities demonstrates the degree to which the direct expenses for a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues may include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

The District does not currently employ an indirect cost allocation system. The City's General Fund and certain other funds charge administrative service fees to other operating funds to support general services used by the other operating funds (like purchasing, accounting and administration). These administrative fees are eliminated from the City's financial statements at both the government-wide and fund level like a reimbursement, by reducing revenues and expenditures/expenses in the allocating fund. Currently, the City does not charge any of these fees to the District.

Governmental Funds

Separate financial statements are provided for governmental funds (general fund and debt service funds). Major individual funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund accounts for the proceeds from the sales of Community Facilities District bonds and the acquisition of capital assets or construction of major capital projects within the District.

Debt Service Fund accounts for the resources accumulated for, and the servicing of the general long-term debt of the District, including principal, interest and other related costs.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are earned and available to pay liabilities of the current period (generally these revenues are earned by June 30 and are expected to be collected within six months after year-end, except for property taxes). For property taxes, the District uses a 60 day collection period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to debt service, claims and judgments, which are recorded only when payment is due.

Changes in fair value of investments are recognized in investment income at the end of the year. All other revenue items are considered to be measurable and available only when the District receives cash.

Because different measurement focuses and bases of accounting are used in the government-wide statement of net position and in governmental fund balance sheets, amounts reported as restricted fund balances in governmental funds may be different from amounts reported as restricted net position in the statement of net position. Generally, the District would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Generally, the effect of the interfund activity has been removed from these statements.

D. Budgets and Budgetary Accounting

The District prepares its annual budget on a basis consistent with generally accepted accounting principles. The District uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

- According to the laws of the State of Arizona, all operating budgets must be approved by their governing board on or before October 1 each year.
- Prior to June 30, the proposed budget for the following fiscal year is presented by the District Treasurer to the District Board. The budget includes proposed expenditures and the means of financing them. Public meetings are held to obtain taxpayer comment.
- Prior to June 30, the District Board legally enacts the budget, through the passage of a resolution. The resolution sets the limit for expenditures for the year. There were no supplemental appropriations made during fiscal year 2025.
- The initial budget for the fiscal year may be amended during the year in a legally permissible manner.
- All unencumbered expenditure appropriations expire at the end of the fiscal year.
- Encumbered amounts are re-budgeted in the following year as deemed appropriate and necessary. Budgetary carry forwards are approved by the District Board.
- All capital expenditure appropriations are considered encumbered and automatically carry forward to the following year.

- All funds of the District have legally adopted budgets. Formal integration of these budgets into the District's financial systems is employed as a management control device during the year for all funds.

E. Deposits and Investments

Cash Equivalents
The District considers short-term investments, including restricted investments, money market mutual funds and U.S. Treasury bills and notes with maturities of less than three months at acquisition date to be cash equivalents.

The City's Investment Policy applies to the District funds held by the City. The City's Investment Policy authorizes the District to invest in obligations of the U.S. Government or any of its agencies and instrumentalities, certificates of deposit, bankers' acceptances, commercial paper, money market funds, repurchase agreements, corporate securities, the State of Arizona local government investment pool and State of Arizona debt including counties, incorporated cities, towns or duly organized school districts. As required by statute, collateral is required for demand deposits, certificates of deposit and repurchase agreements at 102% of all deposits not covered by Federal depository insurance.

The City generally reports investments at fair value in the balance sheet and recognizes the corresponding change in the fair value of investments in the year in which the change occurred. The fair value of participants' position in the Local Government Investment Pool approximates the value of the pool shares. Other non-pooled investments are also generally carried at fair value. The fair value of non-pooled investments is determined annually and is based on current market prices. The fair value of investments in open-end mutual funds is determined based on the funds' current share price.

The District's deposits at June 30, 2025, were collateralized with securities held by the pledging financial institution's trust department in the District's name.

F. Capital Assets

Governmental Fund types do not display capital assets on the face of the fund financial statements. The costs of purchasing, or constructing, capital assets are shown as capital outlay expenditures in the Governmental Statement of Revenues, Expenditures and Changes in Fund Balance. The capital assets of the District, once completed and acceptable to the City, are transferred to the City. All subsequent costs of operating and maintaining those assets will be the responsibility of the City.

Since the capital assets acquired or constructed by the District are turned over to the City once they are operational, the District generally does not own capital assets. Capital assets still under construction at fiscal year-end are shown as work-in-progress on the District's government-wide financial statements.

G. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts in the period in which the bonds are issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The long-term debt of the District is serviced by the District's Debt Service Fund.

H. Net Position

In the government-wide fund financial statements, net position is reported in three categories: net investment in capital assets, restricted, and unrestricted. The net investment in capital assets balances are separately reported because capital assets make up a significant portion of net position. Restricted balances account for the portion of net position restricted by external resource providers or through enabling legislation. Unrestricted balances are the remaining balances not included in the previous two categories. The District reports only restricted net position and no unrestricted net position or net investment in capital assets.

I. Fund Balance Policies

In the fund financial statements, governmental funds distinguish between nonspendable and spendable fund balances. Nonspendable balances include amounts that cannot be spent because they are not in a spendable form, such as inventory or prepaid items, or because resources legally or contractually must remain intact. Spendable balances are further classified as restricted, committed, assigned and unassigned based on the relative strength of the constraints that control how specific amount can be spent.

Restricted fund balances include amounts that can be spent only for the specific purposes stipulated by external resource providers (creditors, grantors, etc.) or through enabling legislation.

Committed fund balances includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Such commitments are created by legislative action of the District Board, the District's highest level of decision making authority, by resolution or ordinance and would require the same legislative action to reverse. Ordinances and resolutions both require public votes of the District and, although the uses may differ, they are both considered to be of the highest level of decision making authority for the District.

Amounts in the *assigned* fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balances represent the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance.

As previously noted above, generally, the District would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. The order in which the District would apply resources when multiple categories of unrestricted fund balance are available is as follows: committed, assigned and unassigned.

J. Risk Management

The District is exposed to various risks and torts and therefore purchases general liability and professional liability insurance. The District is insured up to $3,000,000 and $1,000,000 per occurrence. The District is also insured up to $3,000,000 in aggregate for professional liability.

Claims liabilities will be reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. As of June 30, 2025, the District had no outstanding claims. Additionally, through a development agreement between the District and the developer, the developer is responsible

for up to $250,000 of any insurance deductibles that might be paid by the City on behalf of the District until such time that the developer's contractual commitments under the development agreement are met.

K. Property taxes

The District Board adopts the annual tax levy each year on or before the third Monday in August based on the full cash value as determined by the Maricopa County Assessor. For locally assessed property, the value is determined as of January 1 of the preceding year, known as the valuation year. For utilities and other centrally valued properties, the full cash value is determined as of January 1 of the tax year. The District has an enforceable claim on the property when the property tax is levied. Levies are due and payable in two installments, on October 1 and March 1, and become delinquent on November 1 and May 1, respectively. Delinquent amounts bear interest at the rate of 16 percent. A lien is placed on the property at the time the tax bill is sold. Maricopa County, at no charge to the taxing entities, bills and collects all property taxes. Public auctions for sale of delinquent real estate taxes are held in February following the May 1 date upon which the second half taxes become delinquent.

L. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet and the reported amounts of revenue and expenditures during the reported period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

The District participates in the pooled cash and investments of the City for daily transactions. The City then periodically requests reimbursement from the District's restricted funds held by the trustee. At June 30, 2025, the District had a balance of $26,258 in the City's pooled cash and investments. In addition, the District has $201,798 deposited with a fiscal agent for capital expenditures or to make the required debt service payments on the outstanding debt. The fiscal agent will bill the developer for any short-fall in the required debt service payments in accordance with the development agreement.

Below are the relevant policies with regard to interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

Interest rate risk: In order to limit interest and market rate risk, State law and the City's investment policy sets a maximum maturity on any investment of five years with a minimum of 20% invested for a period of one year or less. At June 30, 2025, 38.4% of the City's investments have a maturity of less than one year.

Credit risk: State law and the City's investment policy limits the purchase of Commercial Paper to prime quality securities rated within the top two ratings by a nationally recognized statistical rating organization. The City's investment policy limits the purchase of Corporate Bonds or Notes to those securities rated at least A-/A3 or equivalent at the time of purchase by a nationally recognized statistical rating organization and with a maximum maturity of three years. The City's investment policy also limits the purchase of Banker's Acceptances to those securities rated Aa or better at the time of purchase by two nationally recognized statistical rating organizations and with a maximum maturity of 180 days. At June 30, 2025, the City's investments include $30.3 million in Commercial Paper and $158.5 million in Corporate Notes. State law and the City's investment policy also restricts investments in certificates of deposit (CD) to fully collateralized or insured from eligible Arizona depositories limited on a statewide basis by their capital structure on a quarterly basis. Such CDs are further collateralized to 110% with pledged securities held by an independent custodian approved by the City. City policy requires that securities underlying

repurchase agreements must have a collateralization level of at least 102 percent of the market value of principal and accrued interest.

Investment Type	S&P Ratings range
Agency coupon securities	A-1+ to AA+
Commercial Paper	A-1 to A-1+
Corporate Bonds	BBB+ to AA+
Asset Backed Securities	AAA

The City's investment in the State of Arizona local government investment pool is limited to a pool (Pool 7) that invests only in government securities. Pool 7 is not rated.

Concentration of credit risk: The City's investment policy sets diversification limits on both security types and length of maturity. As of June 30, 2025, the City's investments include 49.2% in U.S. Treasury Notes, 22.8% in Corporate securities, 5.8% in Asset Backed Securities, 4.4% in Commercial Paper, 1.6% in the State of Arizona local government investment pool, 14.5% in Money Market Investments, and 1.5% in U.S. Agency Coupon securities.

There were no investments in any one issuer, excluding the U.S. Government, that represent 5% or more of total City investments.

Custodial credit risk: To control custodial credit risk, State law and the City's investment policy requires all securities and collateral to be held by an independent third party custodian in the City's name. The custodian provides the City with monthly safekeeping statements.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments classified as Level 2 inputs are valued using a matrix pricing model. The City has the following recurring fair value measurements as of June 30, 2025:

- All U.S. Treasury securities are valued using quoted prices in active markets (Level 1)
- All agency coupon securities are valued using other observable inputs (Level 2)
- All commercial paper is valued using other observable inputs (Level 2)
- All corporate bonds are valued using other observable inputs (Level 2)
- All asset backed securities are valued using other observable inputs (Level 2)

The City's cash and investments are combined with the State's pooled investments, and therefore, do not represent specific identifiable investments. The State categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as described above. The City's investment in the State of Arizona's local government investment pool and the money market funds are stated at fair value, which also approximates the value of the investment upon withdrawal

3. DEFICITS IN FUND EQUITY/EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As described in Note 1, the District was formed to finance and acquire or construct capital infrastructure assets that are subsequently dedicated to the City for operation. The District does not own or operate capital assets. Therefore, the Statement of Net Position reflects a large liability (bonds payable) without an offsetting asset and, therefore, negative net position at June 30, 2025.

4. LONG-TERM DEBT

Community Facilities Districts (CFD's), are special purpose districts created specifically to acquire or construct public infrastructure within specified areas of the City, are authorized under state law to issue general obligation (GO) or revenue bonds to be repaid by property (ad valorem) taxes levied on property within the district (for GO debt), or by specified revenues generated within the districts (revenue bonds). CFD's are created by petition to the City Council by property owners within the area to be covered by the district, and debt may be issued only after approval of the voters within the district.

On June 16, 2020, the District was formed by petition to the City Council of the City of Peoria, Arizona (City) pursuant to Title 48, Chapter 4, Article 6 of the Arizona Revised Statutes. The District was subsequently authorized, by an election held October 13, 2020, to issue $50 million in District general obligation bonds. As of June 30, 2025, the District has issued $35 thousand in short term general obligation bonds against this authorization. An additional $5.08 million in bonds were issued in fiscal year 2025 against this authorization. These bonds will be repaid by the property owners within the District. The bonds are obligations of the District only. The City has no obligation for the District debt other than the administration of the collection of the property taxes and payment of the debt service on behalf of the District.

Legal Debt Limit – General Obligation bonded indebtedness for the District cannot exceed 60 percent of the market value of the property in the District after the infrastructure is completed plus the value of the infrastructure improvements made.

The following is a summary of the long-term debt activity of the District for the fiscal year ended June 30, 2025.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds series	$ -	$ 5,080,000	$ -	$ 5,080,000	$ -
Bond premium	-	104,971	4,199	100,772	-
Total Debt	$ -	$ 5,184,971	$ 4,199	$ 5,180,772	$ -

The following table discloses the debt service requirements as of June 30, 2025, segregating principal and interest, for the next five years and in five-year increments thereafter.

Vistancia North Summary

Fiscal Year	Principal	Interest	Total
2026	-	232,925	232,925
2027	-	232,925	232,925
2028	125,000	229,800	354,800
2029	130,000	223,425	353,425
2030	140,000	216,675	356,675
2031-2035	800,000	969,875	1,769,875
2036-2040	1,025,000	742,750	1,767,750
2041-2045	1,280,000	482,163	1,762,163
2046-2050	1,580,000	178,937	1,758,937
	$ 5,080,000	$3,509,475	$8,589,475

SUPPLEMENTAL INFORMATION

VISTANCIA NORTH COMMUNITY FACILITIES DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
REVENUES:				
Investment earnings	$ -	$ -	$ 34,136	$ 34,136
Total revenues	-	-	34,136	34,136
EXPENDITURES:				
Debt service:				
Interest and other charges	400,000	400,000	330,339	(69,661)
Capital outlay	5,100,000	5,100,000	4,008,482	(1,091,518)
Total expenditures	5,500,000	5,500,000	4,338,821	(1,161,179)
Excess (deficiency) of revenues over (under) expenditures	(5,500,000)	(5,500,000)	(4,304,685)	1,195,315
OTHER FINANCING SOURCES (USES):				
Issuance of debt	5,500,000	5,500,000	5,080,000	(420,000)
Premium on bonds issued	-	-	104,971	104,971
Transfers out	-	-	(150,170)	(150,170)
Total other financing sources and uses	5,500,000	5,500,000	5,034,801	(465,199)
Net change in fund balances	-	-	730,116	730,116
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ 730,116	$ 730,116

VISTANCIA NORTH COMMUNITY FACILITIES DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	$ 126,230	$ 126,230	$ 126,226	$ (4)
Investment earnings	-	-	10,418	10,418
Developer contributions	275,000	275,000	-	(275,000)
Total revenues	401,230	401,230	136,644	(264,586)
EXPENDITURES:				
Current:				
General government	285,000	285,000	18,982	(266,018)
Debt service:				-
Interest and other charges	140,000	140,000	119,051	(20,949)
Total expenditures	425,000	425,000	138,033	(286,967)
Excess (deficiency) of revenues over (under) expenditures	(23,770)	(23,770)	(1,389)	22,381
OTHER FINANCING SOURCES (USES):				
Contigencies	(2,500)	(2,500)	-	2,500
Transfers in	-	-	150,170	150,170
Total other financing sources and uses	(2,500)	(2,500)	150,170	152,670
Net change in fund balances	(26,270)	(26,270)	148,781	175,051
Fund balances - beginning	34,890	34,890	90,688	55,798
Fund balances - ending	$ 8,620	$ 8,620	$ 239,469	$ 230,849

CONTINUING DISCLOSURE INFORMATION

VISTANCIA NORTH COMMUNITY FACILITIES DISTRICT
Peoria, Arizona

CONTINUING DISCLOSURE INFORMATION

SEC Rule 15c2-12, as amended, requires the City to provide Continuing Disclosure Annual Reports that include audited financial statements and other financial information for the benefit of owners and holders of bond obligations issued by the City. The Continuing Disclosure Annual Report shall contain or incorporate by reference certain information as set forth in the Continuing Disclosure Agreements and Undertakings executed by the City with the issuance of its municipal bond obligations.

Information in this section is provided solely pursuant to the requirements of SEC Rule 15c2-12 and Continuing Disclosure Agreements and Undertakings and include financial information that is not required for fair presentation in conformity with accounting principles generally accepted in the United States of America and is therefore unaudited and not covered by the auditor's opinion.

Annual continuing disclosure information is filed with the Municipal Securities Rulemaking Board (MSRB) for public access via their Electronic Municipal Market Access (EMMA) system at www.emma.msrb.org.

Tables Page

Table 1 – Property Valuations 25

Table 2 – Net Assessed Value by Property Class 26

Table 3 – Net Assessed Value by Major Taxpayers 27

Table 4 – Property Tax Levies and Collections 28

VISTANCIA NORTH COMMUNITY FACILITIES DISTRICT **Table 1**

PROPERTY VALUATIONS

LAST FOUR FISCAL YEARS

Fiscal Year Ended June 30,	Limited Property Value	Net Assessed Value
2025	$ 130,943,085	$ 14,347,723
2024	94,278,165	10,840,511
2023	50,675,922	7,326,762
2022	41,401,284	6,210,444

Source: Maricopa County Assessor, August State Abstract Report

VISTANCIA NORTH COMMUNITY FACILITIES DISTRICT
NET ASSESSED VALUE BY PROPERTY CLASS
AS OF JUNE 30, 2025

Table 2

Description		2024-25 Net Assessed Value	Percent of Total
Commercial, Industrial, Mining & Utilities	$	187,740	1.31%
Agriculture & Vacant Land		3,607,080	25.14%
Residential - Owner Occupied		8,884,233	61.92%
Residential - Leased or Rented		1,668,670	11.63%
Net Assessed Value	$	14,347,723	100.00%
Limited Property Value	$	130,943,085	
Net Assessed Value as a Percentage of Limited Property Value		10.96%	

Source: Maricopa County Assessor

VISTANCIA NORTH COMMUNITY FACILITIES DISTRICT **Table 3**
NET ASSESSED VALUE BY MAJOR TAXPAYERS
AS OF JUNE 30, 2025

Taxpayer	Type of Business	2024-25 Net Assessed Valuation	As % of District's 2024-25 Net Assessed Valuation
Pulte Home Company LLC	Real Estate Development	1,689,200	11.77%
Jen Arizona 61 LLC	Real Estate Development	550,628	3.84%
Weekley Homes LLC	Real Estate Development	532,169	3.71%
Beazer Homes Holdings LLC	Real Estate Development	458,400	3.19%
Jen Arizona 62 LLC	Real Estate Development	77,526	0.54%
Individual	Individual	49,903	0.35%
Individual	Individual	39,107	0.27%
Individual	Individual	38,555	0.27%
Individual	Individual	38,505	0.27%
Family Trust	Family Trust	38,378	0.27%
		3,512,371	24.48%

Note: Names of individual (private) taxpayers were not disclosed in the above table
Source: Maricopa County Assessor

VISTANCIA NORTH COMMUNITY FACILITIES DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST FOUR FISCAL YEARS

Table 4

Fiscal Year Ended June 30,	District Tax Rate	Taxes Levied for the Fiscal Year [1]	Fiscal Year of the Levy [2]		Collections in Subsequent Years [2]	Total Collections To Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2025	$ 0.8800	$ 126,256	$ 125,762	99.61%	$ -	$ -	0.00%
2024	0.7600	82,380	76,722	93.13%	5,418	82,139	99.71%
2023	0.5500	20,147	20,147	100.00%	-	20,147	100.00%
2022	0.5500	17,079	17,079	100.00%	-	17,079	100.00%

Notes: [1] Levy figures obtained from Maricopa County Secured Levy Report at 6/30/2025, Page 3450
[2] Collection amount obtained from Maricopa County Treasurer's Secured Levy Report at 6/30/2025, Page 3450

Source: Maricopa County Treasurer's Office
Maricopa County Assessor's Office
City financial records and reports

December 22, 2025

To the City Council
City of Peoria, Arizona

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Peoria, Arizona (City) for the year ended June 30, 2025. In addition, we have audited the financial statements of the Vistancia Community Facilities District, Vistancia West Community Facilities District, Vistancia North Community Facilities District, Mystic Lake at Pleasant Heights Community Facilities District, City of Peoria Employee Benefit Trust and City of Peoria Workers' Compensation Trust as of June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter provided to you during the planning phase of the audit. Professional standards also require that we communicate to you the following matters related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Peoria, Arizona are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

As described in Note 1 of the financial statements, the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences,* for the year ended June 30, 2025. GASB Statement No. 101 updates the recognition and measurement guidance for compensated absences. The City's analysis of compensated absences in effect at the beginning of the year resulted in no changes to beginning balances reported in the financial statements due to the implementation of this standard.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time management estimates those assets will provide some economic benefit in the future.
- Management's estimate of the more likely than not portion of the compensated absences balance is based on past experience and future expectations for the use or payment of leave.
- Management's estimate of the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.
- Management's estimate of the insurance claims incurred but not reported is based on information provided by the entity's third-party administrators and subsequent claims activity.
- The assumptions used in the actuarial valuations of the pension and other postemployment benefits plans are based on historical trends and industry standards.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. A misstatement is defined as a difference between the reported amount, classification, presentation, or disclosure of a financial statement item and the amount, classification, presentation, or disclosure that is required for the item to be presented fairly in accordance with the applicable financial reporting framework. During the course of the audit we did not identify any uncorrected misstatements which require communication.

In addition, as part of the professional services we provided to the City, we assisted with the preparation of the SEFA and related notes as well as the Data Collection Form submission to the Federal Audit Clearinghouse.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain written representations from management, which are included in the management representation letter provided to us at the conclusion of the audit.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants regarding auditing and accounting matters.

Discussions with Management

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management throughout the course of the year. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention as the City's auditors.

Compliance with Ethics Requirements Regarding Independence

The engagement team, others in our firm, and as appropriate, our firm, have complied with all relevant ethical requirements regarding independence. Heinfeld, Meech & Co., P.C. continually assesses client relationships to comply with relevant ethical requirements, including independence, integrity, and objectivity, and policies and procedures related to the acceptance and continuance of client relationships and specific engagements. Our firm follows the "Independence Rule" of the AICPA Code of Professional Conduct and the rules of state boards of accountancy and applicable regulatory agencies. It is the policy of the firm that all employees be familiar with and adhere to the independence, integrity, and objectivity rules, regulations, interpretations, and rulings of the AICPA, U.S. Government Accountability Office (GAO), and applicable state boards of accountancy.

Responsibility for Fraud

It is important for both management and the members of the governing body to recognize their role in preventing, deterring, and detecting fraud. One common misconception is that the auditors are responsible for detecting fraud. Auditors are required to plan and perform an audit to obtain reasonable assurance that the financial statements do not include material misstatements caused by fraud. Unfortunately most frauds which occur in an organization do not meet this threshold.

The attached document prepared by the Association of Certified Fraud Examiners (ACFE) is provided as a courtesy to test the effectiveness of the fraud prevention measures of your organization. Some of these steps may already be in place, others may not. Not even the most well-designed internal controls or procedures can prevent and detect all forms of fraud. However, an awareness of fraud related factors, as well as the active involvement by management and the members of the governing body in setting the proper "tone at the top", increases the likelihood that fraud will be prevented, deterred and detected.

Additional Reports Issued

In addition to the auditor's report on the financial statements we will also issue the following documents related to this audit. These reports are typically issued within 60 days of the date of this letter.

- Single Audit Report
- Examination report on the Annual Expenditure Limitation Report
- Report on compliance for the Highway User Revenue Fund
- Individual Communities Facilities District Reports
- Employee Benefit Trust Report
- Workers' Compensation Trust Report

Other Important Communications Related to the Audit

Attached to this letter are a copy of the signed engagement letter provided to us at the initiation of the audit, and a copy of the management representation letter provided to us at the conclusion of the audit. If there are any questions on the purpose or content of these letters please contact the engagement partner identified in the attached engagement letter.

Restriction on Use

This information is intended solely for the use of the members of the City Council and management of City of Peoria, Arizona and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona

Fraud Prevention Checklist

The most cost-effective way to limit fraud losses is to prevent fraud from occurring. This checklist is designed to help organizations test the effectiveness of their fraud prevention measures.

1. **Is ongoing anti-fraud training provided to all employees of the organization?**
    - Do employees understand what constitutes fraud?
    - Have the costs of fraud to the company and everyone in it — including lost profits, adverse publicity, job loss and decreased morale and productivity — been made clear to employees?
    - Do employees know where to seek advice when faced with uncertain ethical decisions, and do they believe that they can speak freely?
    - Has a policy of zero-tolerance for fraud been communicated to employees through words and actions?

2. **Is an effective fraud reporting mechanism in place?**
    - Have employees been taught how to communicate concerns about known or potential wrongdoing?
    - Is there an anonymous reporting channel available to employees, such as a third-party hotline?
    - Do employees trust that they can report suspicious activity anonymously and/or confidentially and without fear of reprisal?
    - Has it been made clear to employees that reports of suspicious activity will be promptly and thoroughly evaluated?
    - Do reporting policies and mechanisms extend to vendors, customers and other outside parties?

3. **To increase employees' perception of detection, are the following proactive measures taken and publicized to employees?**
    - Is possible fraudulent conduct aggressively sought out, rather than dealt with passively?
    - Does the organization send the message that it actively seeks out fraudulent conduct through fraud assessment questioning by auditors?
    - Are surprise fraud audits performed in addition to regularly scheduled audits?
    - Is continuous auditing software used to detect fraud and, if so, has the use of such software been made known throughout the organization?

4. **Is the management climate/tone at the top one of honesty and integrity?**
    - Are employees surveyed to determine the extent to which they believe management acts with honesty and integrity?
    - Are performance goals realistic?
    - Have fraud prevention goals been incorporated into the performance measures against which managers are evaluated and which are used to determine performance-related compensation?
    - Has the organization established, implemented and tested a process for oversight of fraud risks by the board of directors or others charged with governance (e.g., the audit committee)?

5. **Are fraud risk assessments performed to proactively identify and mitigate the company's vulnerabilities to internal and external fraud?**

6. **Are strong anti-fraud controls in place and operating effectively, including the following?**
    - Proper separation of duties
    - Use of authorizations
    - Physical safeguards
    - Job rotations
    - Mandatory vacations

7. **Does the internal audit department, if one exists, have adequate resources and authority to operate effectively and without undue influence from senior management?**

8. **Does the hiring policy include the following (where permitted by law)?**
    - Past employment verification
    - Criminal and civil background checks
    - Credit checks
    - Drug screening
    - Education verification
    - References check

9. **Are employee support programs in place to assist employees struggling with addictions, mental/ emotional health, family or financial problems?**

10. **Is an open-door policy in place that allows employees to speak freely about pressures, providing management the opportunity to alleviate such pressures before they become acute?**

11. **Are anonymous surveys conducted to assess employee morale?**

May 7, 2025

Honorable Mayor, Members of the City Council, and Management
City of Peoria
8401 West Monroe Street, 2nd Floor
Peoria, AZ 85345

We are pleased to confirm our understanding of the services we are to provide for City of Peoria, Arizona (City) for the year ended June 30, 2025. We encourage you to read this letter carefully as it includes important information regarding the services we will be providing to the City. If there are any questions on the content of the letter, or the services we will be providing, we would welcome the opportunity to meet with you to discuss this information further.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, business-type activities, each major fund, the aggregate remaining fund information, the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison statements for the general fund, half-cent sales tax special revenue fund, highway user revenues special revenue fund, transportation sales tax special revenue fund, and other grants special revenue fund, including the disclosures, which collectively comprise the basic financial statements of City of Peoria, Arizona as of and for the year ended June 30, 2025.

Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), and GASB-required supplementary pension and other post-employment benefit information to supplement the City's basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1. Management's discussion and analysis
2. Budgetary comparison schedules
3. GASB-required pension and other post-employment benefits schedule.

We have also been engaged to report on supplementary information other than RSI that accompanies the City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole.

1. Schedule of expenditures of federal awards
2. Combining and individual fund financial statements and schedules

In connection with our audit of the basic financial statements, we will read the following other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

1. Other information included with the audited financial statements such as the transmittal letter and statistical data

In addition, we will perform the necessary procedures to issue the applicable report for the following.

1. Examination report on the Annual Expenditure Limitation Report
2. Examination report on compliance for highway user revenue fund monies in accordance with ARS §9-481(B)(2)
3. Audit report for each of the following Community Facilities Districts (CFDs):
   Vistancia
   Vistancia West
   Vistancia North
   Mystic Lake at Pleasant Heights
4. Employee Health Insurance Trust
5. Workers' Compensation Insurance Trust

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP and report on the fairness of the supplementary information when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards.*
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)*.*

An important aspect to our expression of opinions on the financial statements is understanding the concept of materiality. Our determination of materiality is a matter of professional judgment and is affected by our perception of the financial information needs of users of the financial statements. For purposes of determining materiality we may assume that reasonable users –

1. have a reasonable knowledge of business and economic activities and accounting and a willingness to study the information in the financial statements with reasonable diligence;
2. understand that financial statements are prepared, presented, and audited to levels of materiality;
3. recognize the uncertainties inherent in the measurement of amounts based on the use of estimates, judgment, and the consideration of future events; and
4. make reasonable judgements based on the information in the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements and Single Audit

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records for the City, a determination of major programs in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the City or to acts by management or employees acting on behalf of the City. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in the financial statements nor do they expect auditors to provide reasonable assurance of detecting waste or abuse. However, auditors may consider whether and how to communicate such matters if they become aware of them. Auditors may discover that waste or abuse are indicative of fraud or noncompliance with provisions of laws, regulations, contract and grant agreements.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loos or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts. Our procedures will also include, as deemed necessary, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request, if deemed necessary, written representations from the City's attorneys as part of the engagement, and they may bill you for responding to this inquiry.

We have identified the following significant risks of material misstatement as part of our audit planning:

1. Management override of controls
2. Improper revenue recognition

Audit Procedures – Internal Control

We will obtain an understanding of the City and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.

Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with the provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards.*

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the City has complied with federal statutes, regulations and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. For federal programs that are included in the *OMB Compliance Supplement*, our compliance and internal control procedures will relate to the compliance requirements that the *OMB Compliance Supplement* identifies being subject to audit. The purpose of these procedures will be to express an opinion on the City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Responsibilities of Management for the Financial Statements and Single Audit

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management is reliable and financial information is reliable and properly reported.

Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America with the oversight of those charged with governance; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making drafts of financial statements, schedule of expenditures of federal awards, all financial records, and related information available to us; for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for the 12 months after the financial statement date or shortly thereafter (for example, within an additional three months if currently known). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under Uniform Guidance; (3) additional information we may request for the purpose of the audit; and (4) and unrestricted access to persons within the City from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; the schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

Management's responsibilities also include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

Management is responsible for the design and implementation of programs to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the City involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the City received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the City complies with applicable laws, regulations, contracts, agreements, and grants. You are also responsible taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review prior to issuance of our reports.

Management is responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received, and COVID-19 related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

Management is responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or to make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in a written representation letter that (1) you are responsible for presentation of supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, management understands that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Planned Scope of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Our tests will not include a detailed check of all transactions for the period.

Our audit will include obtaining an understanding of the City and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the City or to acts by management or employees acting on behalf of the City. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

Our audit of the financial statements does not relieve you of your responsibilities outlined in the Responsibilities of Management of the Financial Statements section of this letter.

Timeliness of Financial Reporting and the Audit

One basic characteristic of financial reporting is timeliness, which indicates that if financial statements are to be useful, they must be issued soon enough after the reported events to affect decisions. Timeliness alone does not make information useful, but the passage of time usually diminishes the usefulness that the information otherwise would have had.

To maintain a timely approach, we expect to begin our audit in May 2025 and conclude audit procedures and date our report in December 2025. In order to meet this expected timeline, we require that all requests for the following significant audit areas be provided by November 14, 2025. If these requests are not provided by the date indicated, it will result in delayed report issuance.

Significant audit areas include:

- Compensated absence schedules (that adhere to GASB 101)

Our audit of the financial statements does not relieve you of your responsibilities outlined in the *Responsibilities of Management for the Financial Statements* section of this letter.

Engagement Administration, Fees, and Other

Joshua Jumper is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

We will provide copies of our reports to the City; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are made available for public inspection.

We understand that your employees will prepare all cash, accounts receivable or other confirmations we request and will locate any documents selected by us for testing.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication form us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we ware unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We maintain internal policies, procedures, and safeguards to protect the confidentiality of your information. We may, depending on the circumstances, use third-party service providers in providing our professional services. The following service providers may be utilized in the completion of our engagement:

- Capital Confirmation, Inc. – electronic bank and account balance confirmation service
- Citrix ShareFile – web-based application service to transfer files
- Harvest Investments, Ltd. – investment portfolio valuation service

You hereby consent and authorize us to use the above service providers, if deemed necessary, to complete the professional services outlined in this letter.

Heinfeld, Meech & Co., P.C. does not host any of the City's information. Sharefile is used solely to transmit data and is not intended to store the City's information. The City is solely responsible for downloading any deliverables and other records form Sharefile that the City wishes to retain for its own records at the completion of the engagement. If the engagement occurs over multiple years, the City should download such information at least annually. The data and deliverable and other records will either be removed from Sharefile or otherwise become unavailable to the City after the completion of the audit. If the engagement is multi-year, the completion of the engagement occurs each year when the deliverables for that year are delivered to the City.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the Federal Audit Clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

We will provide copies of our reports to the City; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Heinfeld, Meech & Co., P.C., and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a cognizant or oversight agency or its designee, a federal agency providing direct or indirect funding, the U.S. Government Accountability Office, or other authorized governmental agency for the purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Heinfeld, Meech & Co., P.C., personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven (7) years after the report release date, or for any additional period requested by a regulator, cognizant agency, oversight agency for audit, or pass-through entity. Upon expiration of the seven year period, or any additional period, we will commence the process of destroying the contents of our engagement files. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

In the event we are required to respond to a subpoena, court order or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this engagement, you agree to compensate us at our hourly rates, for the time we expend in connection with such response, and to reimburse us for all of our out-of-pocket costs incurred in that regard.

Any disagreement, controversy, or claim ("dispute") that may arise from any aspect of our services, including this engagement or any prior engagement, will be submitted to mediation. The parties will engage in the mediation process in good faith once a written request to mediate has been given by any party. Any mediation initiated as a result of this engagement shall be administered by The American Arbitration Association, according to its mediation rules before resorting to litigation. The results of any such mediation shall be binding only upon agreement of each party to be bound. Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally.

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any dispute that may arise between us. The parties agree that, notwithstanding any statute or law of limitations that might otherwise apply to a dispute, including one arising out of this agreement or the services performed under this agreement, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any action or legal proceeding by you against us must be commenced within twenty-four (24) months ("limitation period") after the date when we deliver our final audit report under this agreement to you, regardless of whether we do other services for you relating to the audit report, or you shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery. The limitation period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a dispute.

Professional standards prohibit auditors from agreeing to indemnify attest clients for damages, losses or costs arising from lawsuits, claims or settlements that relate, directly or indirectly, to the client's acts. As such, professional standards will prevail for indemnification clauses included in audit contracts. In addition, we are unable to obtain waivers on our professional liability insurance policy for certain provisions, including indemnification provisions, provisions requiring the firm to name the City as additional insured party, and a waiver of subrogation rights.

Professional standards require us to be independent with respect to you in the performance of these services. Any discussion that you have with our personnel regarding potential employment with you could impair our independence with respect to this engagement. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence and objectivity. Further, any employment offers to any staff members working on this engagement without our prior knowledge may require substantial additional procedures to ensure our independence. You will be responsible for any additional costs incurred to perform these procedures.

Our fee for these services will be at the amount outlined in our proposal. We exercised care in estimating the fee and believe it accurately indicates the scope of the work. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

Our fees are based on anticipated cooperation from your personnel, timely receipt of information, and the assumption that unexpected circumstances will not be encountered during the audit, including factors beyond our control, such as new accounting pronouncements or legal requirements, additional advisory services, and assistance in correcting errors in your financial records. We will plan the engagement based on the assumption that your personnel will prepare and provide us with the items listed in our request for audit information, including preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reason, your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement resulting in additional costs for the additional services provided. If additional time is necessary, we will discuss it with before we invoice the additional costs. Additional fees incurred will be billed at the following hourly rates: Partner - $288; Manager - $236; Senior - $185; Staff - $123.

If any term or provision of this agreement is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

Reporting

We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Honorable Mayor and Members of the City Council. Circumstances may arise in which our reports may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. The Uniform Guidance report on internal control over compliance will state that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2024 peer review report accompanies this letter.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. Please feel free to contact us at any time if you have any questions or concerns. If you have any questions regarding this letter, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona

cc: Sean Kindell, Chief Financial Officer
Pamela Brogie, Accounting Supervisor
Peter Christensen, Deputy Finance Director

RESPONSE

This letter correctly sets forth the understanding of City of Peoria, Arizona, including our agreement to the audit documentation deadline established in the '*Timeliness of Financial Reporting and the Audit*' section above, and the potential for delayed issuance of the audit report.

Printed Name: Sean Kindell

Title: Chief Financial Officer

Signature: Sean Kindell

Date: 05/07/2025

Grant Bennett Associates
A PROFESSIONAL CORPORATION

Proud Member of AlliottGlobalAlliance™

Report on the Firm's System of Quality Control

October 4, 2024

To Heinfeld, Meech & Co., P.C. and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Heinfeld, Meech & Co., P.C. (the firm) in effect for the year ended May 31, 2024. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility
The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility
Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations
Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act and an audit of an employee benefit plan.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion
In our opinion, the system of quality control for the accounting and auditing practice of Heinfeld, Meech & Co., P.C. in effect for the year ended May 31, 2024, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Heinfeld, Meech & Co., P.C. has received a peer review rating of *pass*.

Grant Bennett Associates

GRANT BENNETT ASSOCIATES
A PROFESSIONAL CORPORATION
Certified Public Accountants

GBA CPA
www.gbacpa.com

10850 Gold Center Drive, Suite 260
Rancho Cordova, CA 95670
916/922-5109 FAX 916/641-5200

Princeville, HI
888/763-7323

Together as One. Grant Bennett Associates is a Member of the Alliott Global Alliance of independent professional firms.

Progress | RightSignature

SIGNATURE CERTIFICATE

REFERENCE NUMBER
83EF5E54-FA59-43B2-90E0-B1549B917573

TRANSACTION DETAILS	DOCUMENT DETAILS
Reference Number 83EF5E54-FA59-43B2-90E0-B1549B917573	**Document Name** Engagement Ltr FY25 Peoria City
Transaction Type Signature Request	**Filename** Engagement_Ltr_FY25_Peoria_City.pdf
Sent At 05/07/2025 13:59 MST	**Pages** 14 pages
Executed At 05/07/2025 15:56 MST	**Content Type** application/pdf
Identity Method email	**File Size** 435 KB
Distribution Method email	**Original Checksum** 82b0e03671ca71029fac53e419e52ef2c462c4d37528984f3873ca9a9d0a80cf
Signed Checksum ce73934ea4d87d8f483090629012ef793e694ab6ab969577e67cd56118fc45ee	
Signer Sequencing Disabled	
Document Passcode Disabled	

SIGNERS

SIGNER	E-SIGNATURE	EVENTS
Name Sean Kindell	**Status** signed	**Viewed At** 05/07/2025 15:18 MST
Email sean.kindell@peoriaaz.gov	**Multi-factor Digital Fingerprint Checksum** dcf2298e4ea3d52975c2a67b43a2d064d61d81f1afb50aa651e3d3acc412ea0a	**Identity Authenticated At** 05/07/2025 15:56 MST
Components 4	**IP Address** 207.108.129.27	**Signed At** 05/07/2025 15:56 MST
	Device Microsoft Edge via Windows	
	Typed Signature Sean Kindell	
	Signature Reference ID A61E95BA	

AUDITS

TIMESTAMP	AUDIT
05/07/2025 13:59 MST	Carri Corbett (carri.corbett@hm.cpa) created document 'Engagement_Ltr_FY25_Peoria_City.pdf' on Chrome via Windows from 76.134.178.164.
05/07/2025 13:59 MST	Sean Kindell (sean.kindell@peoriaaz.gov) was emailed a link to sign.
05/07/2025 15:18 MST	Sean Kindell (sean.kindell@peoriaaz.gov) viewed the document on Microsoft Edge via Windows from 207.108.129.27.
05/07/2025 15:56 MST	Sean Kindell (sean.kindell@peoriaaz.gov) authenticated via email on Microsoft Edge via Windows from 207.108.129.27.
05/07/2025 15:56 MST	Sean Kindell (sean.kindell@peoriaaz.gov) signed the document on Microsoft Edge via Windows from 207.108.129.27.

City of Peoria

FINANCE AND BUDGET DEPARTMENT

8401 West Monroe Street
Peoria, Arizona 85345
T 623.773.7160
F 623.773.7159

Heinfeld, Meech & Co., P.C.
1365 N. Scottsdale Road, Suite 300
Scottsdale, AZ 85257

This representation letter is provided in connection with your audit of the financial statements of City of Peoria, Arizona, which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund, highway user revenues special revenue fund, transportation sales tax special revenue fund, and other grants special revenue fund for the period then ended, and the disclosures (collectively the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

In addition, we provide this letter in connection with your audits of the financial statements of the Vistancia Community Facilities District, Vistancia West Community Facilities District, Vistancia North Community Facilities District, Mystic Lake at Pleasant Heights Community Facilities District, City of Peoria Employee Benefit Trust and City of Peoria Workers' Compensation Trust as of June 30, 2025 and the respective changes in financial position and, where applicable, cash flows for the period then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of our signature, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.

2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP. In addition, we believe:

    - The significant judgments made in making accounting estimates have considered all relevant information of which management is aware
    - The appropriateness and consistency of the measurement processes used by management in determining accounting estimates
    - That the assumptions appropriately reflect management's intent and ability to carry out specific courses of action
    - That the disclosures related to accounting estimates, including those describing estimation uncertainty are complete and appropriate under GAAP
    - That, when necessary, appropriate specialized skills or expertise have been applied
    - That no subsequent event requires adjustment to the accounting estimates and related disclosures included in the financial statements
    - That for any accounting estimates not recognized or disclosed in the financial statements, management has decided to exclude them after considering the appropriate recognition and disclosure criteria in GAAP.

6. There are no known related-party relationships or transactions that need to be accounted for or disclosed in accordance with U.S. GAAP.

7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.

8. You have proposed adjusting journal entries that have been posted to the entity's accounts. We are in agreement with those adjustments.

9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

10. Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11. We have provided you with:

    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.

    d. Minutes of the meetings of the City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.

12. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards (SEFA).

13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

14. We have no knowledge of any fraud or suspected fraud that affects the City and involves:
    - Management,
    - Employees who have significant roles in internal control, or
    - Others where the fraud could have a material effect on the financial statements.

15. We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements communicated by employees, former employees, grantors, regulators, or others.

16. We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.

17. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

18. We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20. If applicable, we have taken timely and appropriate steps to remedy identified and suspected fraud, or noncompliance with provisions of laws, regulations, contracts, and grant agreements that you have reported to us.

21. If applicable, we have a process to track the status of audit findings and recommendations.

22. We have identified and communicated to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.

23. We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

24. If applicable, we have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

25. The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, deferred outflows/inflows of resources, and fund balance or net position.

26. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

27. We have appropriately identified, recorded, and disclosed all leases in accordance with GASB Statement (GASBS) No. 87.

28. We have appropriately identified, recorded and disclosed subscription-based information technology arrangements in accordance with GASBS No. 96.

29. We have appropriately measured, recorded, and disclosed compensated absences and other salary-related payments in accordance with GASBS No. 101.

30. With respect to your compliance examination of highway user revenue fund monies and other dedicated state transportation revenues, we represent the following:
    - we are responsible for compliance with A.R.S. Title 28, Chapter 18, Article 2; and for establishing and maintaining effective internal controls to ensure compliance.
    - we have disclosed to you all known noncompliance with the aforementioned statutes and related requirements.
    - we have disclosed to you all communications from regulatory agencies, internal auditors, other independent accountants or consultants, and others regarding possible noncompliance with the aforementioned statutes and related requirements.

31. We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements

32. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

33. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

34. The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

35. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

36. If applicable, the financial statements include all component units, appropriately present majority equity interest in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

37. The financial statements include all fiduciary activities required by GASBS No. 84, as amended.

38. The financial statements properly classify all funds and activities in accordance with GASBS No. 34, as amended.

39. All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as a major fund are identified and presented as such and all other funds that are presented as a major fund are particularly important to financial statement users.

40. Components of net position (net investment in capital assets; restricted; and unrestricted) and classification of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

41. Investments are properly valued.

42. With regard to investments and other instruments reported at fair value:
    - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
    - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
    - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
    - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

43. If applicable, provisions for uncollectible receivables have been properly identified and recorded.

44. Direct borrowings and direct placements of debt have been properly separated from other debt; and unused lines of credit, collateral pledged to secure debt, terms in debt agreements related to significant default or termination events with finance-related consequences, and significant subjective acceleration clauses have been properly disclosed.

45. All payroll information and the individual employment data have been properly submitted to the state retirement systems, and the employer contributions have been properly submitted to the retirement systems.

46. We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.

47. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

48. Revenues are appropriately classified in the statement of activities within program revenues, and general revenues.

49. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

50. If applicable, special and extraordinary items (unusual items or infrequent items after implementing GASBS No. 103), are appropriately classified and reported.

51. Deposits and investment securities are properly classified as to risk and are properly disclosed.

52. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

53. If applicable, the government meets the GASB-established requirements for accounting for eligible infrastructure assets using the modified approach.

54. Asset retirement obligations associated with tangible capital assets have been properly recognized in accordance with GASBS No. 83.

55. Tax abatement agreements have been properly disclosed in the notes to the financial statements, including the names of all governments involved, the gross amount and specific taxes abated, and additional commitments.

56. We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

57. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

58. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

59. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

60. With respect to the supplementary information on which in-relation-to opinions are issued, presented, such as the combining and individual fund financial statements and schedules, and the SEFA.

    a. We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

    b. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

61. We acknowledge our responsibility for the other information included in the financial statements, such as the transmittal letter, statistical data, and continuing disclosures.

    a. We acknowledge that we have informed you of all documents that may comprise other information we expect to issue. The financial statements and other information you obtained prior to the auditor's report date are consistent with one another, and the other information does not contain any material misstatements.

    b. If applicable, with regard to the other information that will be included in the annual report that has not been obtained by you prior to the auditor's report date, we intend to prepare and issue the other information, as well as communicate the expected timing of issuance, and provide you with the final version of the document(s) when available and prior to the issuance of the annual report.

62. With respect to federal award programs:

a. We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards (SEFA).

b. We acknowledge our responsibility for preparing and presenting the SEFA and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.

c. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.

d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

e. We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

f. We are responsible for establishing, designing, implementing, and maintaining, and have established, designed, implemented, and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

g. We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.

h. We have received no requests from a federal agency to audit one or more specific programs as a major program.

i. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement,* relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards, or confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.

j. We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR Part 200, Subpart E).

m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

p. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.

q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.

r. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

s. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.

t. If applicable, we have monitored subrecipients to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.

u. If applicable, we have issued management decisions for audit findings that relate to federal awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient.

v. If applicable, we have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.

w. We have charged costs to federal awards in accordance with applicable cost principles.

x. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

y. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.

z. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

aa. We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

bb. If applicable, we have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

We understand that at the conclusion of the audit Heinfeld, Meech & Co, P.C. will submit to the City Council a communication to those charged with governance that will include a copy of this representation letter and a copy of the engagement letter.

Sean Kindell

_____ 12/18/2025

Sean Kindell, Chief Financial Officer
City of Peoria, Arizona

Date

Karen Erwin-Mikulski

_____ 12/22/2025

Karen Erwin-Mikulski, Accounting Manager
City of Peoria, Arizona

Date

Progress | RightSignature

SIGNATURE CERTIFICATE

REFERENCE NUMBER
E8841077-198E-4A3D-8F4F-8B9DD61DAB16

TRANSACTION DETAILS	DOCUMENT DETAILS
Reference Number E8841077-198E-4A3D-8F4F-8B9DD61DAB16	**Document Name** Representation Letter FY25 Audit - City of Peoria
Transaction Type Signature Request	**Filename** General_Rep_Single_Audit_25_Peoria_City.pdf
Sent At 12/18/2025 10:49:50 AM EST	**Pages** 10 pages
Executed At 12/22/2025 09:47:12 AM EST	**Content Type** application/pdf
Identity Method email	**File Size** 247 KB
Distribution Method email	**Original Checksum** bec7d20ce3739d5b0e8f152074b25b713bb45d4f25712846d473310c7080da2c
Signed Checksum ecb83131138873 87e63c0da83d3a4a24a39bd694083208fa5b8fdcc90980b459	
Signer Sequencing Disabled	
Document Passcode Disabled	

SIGNERS

SIGNER	E-SIGNATURE	EVENTS
Name Karen Erwin-Mikulski	**Status** signed	**Viewed At** 12/22/2025 09:46:14 AM EST
Email karen.erwinmikulski@peoriaaz.gov	**Multi-factor Digital Fingerprint Checksum** 4f53cda18c2baa0c0354bb5f9a3ecbe5ed12ab4d8e11ba873c2f11161202b945	**Identity Authenticated At** 12/22/2025 09:47:12 AM EST
Components 2	**IP Address** 98.185.71.231	**Signed At** 12/22/2025 09:47:12 AM EST
	Device Chrome via Windows	
	Typed Signature Karen Erwin-Mikulski	
	Signature Reference ID 45F6A28E	
Name Sean Kindell	**Status** signed	**Viewed At** 12/18/2025 01:59:06 PM EST
Email sean.kindell@peoriaaz.gov	**Multi-factor Digital Fingerprint Checksum** 4f53cda18c2baa0c0354bb5f9a3ecbe5ed12ab4d8e11ba873c2f11161202b945	**Identity Authenticated At** 12/18/2025 02:10:13 PM EST
Components 2	**IP Address** 207.108.129.27	**Signed At** 12/18/2025 02:10:13 PM EST
	Device Microsoft Edge via Windows	
	Typed Signature Sean Kindell	
	Signature Reference ID 452B9F3E	

AUDITS

TIMESTAMP	AUDIT
12/18/2025 10:49:50 AM EST	Kristen Conway (kristen.conway@hm.cpa) created document 'General_Rep_Single_Audit_25_Peoria_City.pdf' on Chrome via Windows from 72.222.195.208.
12/18/2025 10:49:51 AM EST	Sean Kindell (sean.kindell@peoriaaz.gov) was emailed a link to sign.
12/18/2025 10:49:51 AM EST	Karen Erwin-Mikulski (karen.erwinmikulski@peoriaaz.gov) was emailed a link to sign.
12/18/2025 01:59:06 PM EST	Sean Kindell (sean.kindell@peoriaaz.gov) viewed the document on Microsoft Edge via Windows from 207.108.129.27.
12/18/2025 02:10:13 PM EST	Sean Kindell (sean.kindell@peoriaaz.gov) authenticated via email on Microsoft Edge via Windows from 207.108.129.27.

TIMESTAMP	AUDIT
12/18/2025 02:10:13 PM EST	Sean Kindell (sean.kindell@peoriaaz.gov) signed the document on Microsoft Edge via Windows from 207.108.129.27.
12/18/2025 05:00:41 PM EST	Karen Erwin-Mikulski (karen.erwinmikulski@peoriaaz.gov) was emailed a reminder.
12/19/2025 04:58:48 PM EST	Karen Erwin-Mikulski (karen.erwinmikulski@peoriaaz.gov) was emailed a reminder.
12/22/2025 09:43:16 AM EST	Karen Erwin-Mikulski (karen.erwinmikulski@peoriaaz.gov) was emailed a reminder.
12/22/2025 09:46:14 AM EST	Karen Erwin-Mikulski (karen.erwinmikulski@peoriaaz.gov) viewed the document on Chrome via Windows from 98.185.71.231.
12/22/2025 09:47:12 AM EST	Karen Erwin-Mikulski (karen.erwinmikulski@peoriaaz.gov) authenticated via email on Chrome via Windows from 98.185.71.231.
12/22/2025 09:47:13 AM EST	Karen Erwin-Mikulski (karen.erwinmikulski@peoriaaz.gov) signed the document on Chrome via Windows from 98.185.71.231.

CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION

Agenda Item: 7C.

Date Prepared: 1/29/2026

Council Meeting Date: 2/10/2026

TO: Henry Darwin, District Manager

THROUGH: Travis Cutright, Deputy District Manager

FROM: Agnes Goodwine, City Clerk MMC

SUBJECT: Minutes

Purpose:

Discussion and possible action to approve the June 3, 2025 Vistancia Community Facilities District meeting minutes.

ATTACHMENTS:

June 3, 2025 VCFD Minutes

Contact Name and Number:
Agnes Goodwine, City Clerk (623) 773-7340

MINUTES OF THE VISTANCIA COMMUNITY FACILITIES DISTRICT BOARD

CITY OF PEORIA, ARIZONA
COUNCIL CHAMBER
June 3, 2025

The Vistancia Community Facilities District Board met in open and public session at 8401 West Monroe Street prior to the Regular Meeting of the Peoria City Council at 6:14 p.m.

Members Present: Board Chairperson Jason Beck, Vice Chair Jennifer Crawford, and Board Members Denette Dunn (telephonically), Michael Finn, Rick Stokes, Jon Edwards, and Matt Bullock.

Council Youth Liaisons: None.

Members Absent: None

Other Municipal Officials Present: Henry Darwin, District Manager; Kevin Burke, Deputy District Manager; Travis Cutright, Deputy District Manager; Mike Faust, Deputy District Manager; Emily Jurmu, District Counsel; and Agnes Goodwine, District Clerk.

Note: The order in which items appear in the minutes is not necessarily the order in which they were discussed in the meeting.

CONSENT AGENDA

CONSENT AGENDA: All items listed on the Consent Agenda are considered to be routine or have been previously reviewed and/or discussed by the District Board and will be enacted by one motion. There will be no separate discussion of these items. If the Presiding Officer receives timely notice of a request for removal, an item may be removed from the Consent Agenda for consideration on the Regular Agenda.

Clerk's Note: The agenda item numbers shown below reflect the items as they were numbered on the agenda.

7 C. **Minutes**

Approved the May 13, 2025 Vistancia Community Facilities District meeting minutes.

Having no requests from the District Board to remove items from the Consent Agenda, motion was made by Board Member Stokes, and seconded by Board Member Bullock, to approve the Consent Agenda.

Upon tabulation of votes, it showed:

AYES – Beck, Crawford, Finn, Stokes, Dunn, Edwards, Bullock
NAYS – None
ABSENT – None

Motion carried unanimously.

REGULAR MEETING

8 R. **PUBLIC HEARING – VCFD District Budget and Tax Levy for Fiscal Year 2026**

Sean Kindell, Chief Financial Officer, presented a PowerPoint presentation on the Vistancia Community Facility District Budget and Tax Levy for Fiscal Year (FY) 2026. Information included:

- FY 2026 Final Budget
- FY 2026 Final Tax Levy
- FY 2026 Budget Adoption
- FY 2026 Staff Recommendation

Mayor Beck opened the Public Hearing at 6:16 p.m.

With no public comment, Mayor Beck closed the Public Hearing at 6:16 p.m.

Motion was made by Vice Chair Crawford, and seconded by Board Member Stokes, to adopt **RES. VCFD 2025-02** approving the final budget and tax levy estimates for Fiscal Year 2026 for the Vistancia Community Facilities District; ordering that an Ad Valorem Tax be levied and assessed on the assessed value of all property within the District; and providing for certified copies of this Resolution to be delivered to the appropriate agencies.

Upon tabulation of votes, it showed:

AYES – Beck, Crawford, Finn, Stokes, Dunn, Edwards, Bullock
NAYS – None
ABSENT – None

Motion carried unanimously.

ADJOURNMENT:

Being no further business to come before the District Board, the meeting was adjourned into the Vistancia Community Facilities District agenda at 6:17 p.m.

_____
Jason Beck, Board Chairperson

CERTIFICATION AND ATTESTATION

I hereby certify that the foregoing minutes are a true and correct summary of the proceedings of the Vistancia Community Facilities District Meeting held on the 3rd day of June 2025. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 10th day of February 2026.

_____
Agnes Goodwine, District Clerk

kh

CITY OF PEORIA, ARIZONA
VISTANCIA COMMUNITY FACILITIES DISTRICT COMMUNICATION

Agenda Item: 8C.

Date Prepared: 1/29/2026

Council Meeting Date: 2/10/2026

TO: Henry Darwin, District Manager

THROUGH: Kevin Burke, Deputy District Manager

FROM: Sean Kindell, District Chief Financial Officer

SUBJECT: Fiscal Year 2025 Annual Financial Report

Purpose:

Discussion and possible action to receive and accept the Vistancia Community Facilities District Annual Financial Report for the year ended June 30, 2025.

Summary:

Attached is the Annual Financial Report of the Vistancia Community Facilities District for the fiscal year ended June 30, 2025. This report was prepared by the City's Finance Department and audited by an independent audit firm, Heinfeld, Meech & Co.

An annual audit by an independent audit firm is required to meet the District's continuing disclosure requirements for its outstanding bond obligations. The Annual Financial Report is posted on the Municipal Securities Rule Making Board's website and District website.

The District received a clean audit opinion with no material misstatements. The independent auditors' report on the financial statements expresses an opinion that the basic financial statements present fairly, in all material respects, the financial position and results of operations of the District in conformity with U.S. generally accepted accounting principles.

We are responsible for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures. We believe the data is accurate in all material respects and is presented in a manner which fairly sets forth the financial position and results of operation of the District.

The annual financial report includes the District-wide financial statements, fund financial statements and related footnotes as well as Management's Discussion and Analysis and budgetary comparison schedules. These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Previous Actions/Background:

The fiscal year 2024 Annual Financial Report was received and accepted by the Board on January 28, 2025.

Staff Recommendation:

Staff recommends the Board receive and accept the Vistancia Community Facilities District Annual Financial Report for the fiscal year ended June 30, 2025.

Fiscal Analysis:

This item has no financial implications.

ATTACHMENTS:

Communication to Governance
Annual Financial Report

Contact Name and Number:
Sean Kindell, (623) 773-7819

December 22, 2025

To the City Council
City of Peoria, Arizona

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Peoria, Arizona (City) for the year ended June 30, 2025. In addition, we have audited the financial statements of the Vistancia Community Facilities District, Vistancia West Community Facilities District, Vistancia North Community Facilities District, Mystic Lake at Pleasant Heights Community Facilities District, City of Peoria Employee Benefit Trust and City of Peoria Workers' Compensation Trust as of June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter provided to you during the planning phase of the audit. Professional standards also require that we communicate to you the following matters related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Peoria, Arizona are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

As described in Note 1 of the financial statements, the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences,* for the year ended June 30, 2025. GASB Statement No. 101 updates the recognition and measurement guidance for compensated absences. The City's analysis of compensated absences in effect at the beginning of the year resulted in no changes to beginning balances reported in the financial statements due to the implementation of this standard.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time management estimates those assets will provide some economic benefit in the future.
- Management's estimate of the more likely than not portion of the compensated absences balance is based on past experience and future expectations for the use or payment of leave.
- Management's estimate of the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.
- Management's estimate of the insurance claims incurred but not reported is based on information provided by the entity's third-party administrators and subsequent claims activity.
- The assumptions used in the actuarial valuations of the pension and other postemployment benefits plans are based on historical trends and industry standards.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. A misstatement is defined as a difference between the reported amount, classification, presentation, or disclosure of a financial statement item and the amount, classification, presentation, or disclosure that is required for the item to be presented fairly in accordance with the applicable financial reporting framework. During the course of the audit we did not identify any uncorrected misstatements which require communication.

In addition, as part of the professional services we provided to the City, we assisted with the preparation of the SEFA and related notes as well as the Data Collection Form submission to the Federal Audit Clearinghouse.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain written representations from management, which are included in the management representation letter provided to us at the conclusion of the audit.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants regarding auditing and accounting matters.

Discussions with Management

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management throughout the course of the year. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention as the City's auditors.

Compliance with Ethics Requirements Regarding Independence

The engagement team, others in our firm, and as appropriate, our firm, have complied with all relevant ethical requirements regarding independence. Heinfeld, Meech & Co., P.C. continually assesses client relationships to comply with relevant ethical requirements, including independence, integrity, and objectivity, and policies and procedures related to the acceptance and continuance of client relationships and specific engagements. Our firm follows the "Independence Rule" of the AICPA Code of Professional Conduct and the rules of state boards of accountancy and applicable regulatory agencies. It is the policy of the firm that all employees be familiar with and adhere to the independence, integrity, and objectivity rules, regulations, interpretations, and rulings of the AICPA, U.S. Government Accountability Office (GAO), and applicable state boards of accountancy.

Responsibility for Fraud

It is important for both management and the members of the governing body to recognize their role in preventing, deterring, and detecting fraud. One common misconception is that the auditors are responsible for detecting fraud. Auditors are required to plan and perform an audit to obtain reasonable assurance that the financial statements do not include material misstatements caused by fraud. Unfortunately most frauds which occur in an organization do not meet this threshold.

The attached document prepared by the Association of Certified Fraud Examiners (ACFE) is provided as a courtesy to test the effectiveness of the fraud prevention measures of your organization. Some of these steps may already be in place, others may not. Not even the most well-designed internal controls or procedures can prevent and detect all forms of fraud. However, an awareness of fraud related factors, as well as the active involvement by management and the members of the governing body in setting the proper "tone at the top", increases the likelihood that fraud will be prevented, deterred and detected.

Additional Reports Issued

In addition to the auditor's report on the financial statements we will also issue the following documents related to this audit. These reports are typically issued within 60 days of the date of this letter.

- Single Audit Report
- Examination report on the Annual Expenditure Limitation Report
- Report on compliance for the Highway User Revenue Fund
- Individual Communities Facilities District Reports
- Employee Benefit Trust Report
- Workers' Compensation Trust Report

Other Important Communications Related to the Audit

Attached to this letter are a copy of the signed engagement letter provided to us at the initiation of the audit, and a copy of the management representation letter provided to us at the conclusion of the audit. If there are any questions on the purpose or content of these letters please contact the engagement partner identified in the attached engagement letter.

Restriction on Use

This information is intended solely for the use of the members of the City Council and management of City of Peoria, Arizona and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona

Fraud Prevention Checklist

The most cost-effective way to limit fraud losses is to prevent fraud from occurring. This checklist is designed to help organizations test the effectiveness of their fraud prevention measures.

1. **Is ongoing anti-fraud training provided to all employees of the organization?**
    - Do employees understand what constitutes fraud?
    - Have the costs of fraud to the company and everyone in it — including lost profits, adverse publicity, job loss and decreased morale and productivity — been made clear to employees?
    - Do employees know where to seek advice when faced with uncertain ethical decisions, and do they believe that they can speak freely?
    - Has a policy of zero-tolerance for fraud been communicated to employees through words and actions?

2. **Is an effective fraud reporting mechanism in place?**
    - Have employees been taught how to communicate concerns about known or potential wrongdoing?
    - Is there an anonymous reporting channel available to employees, such as a third-party hotline?
    - Do employees trust that they can report suspicious activity anonymously and/or confidentially and without fear of reprisal?
    - Has it been made clear to employees that reports of suspicious activity will be promptly and thoroughly evaluated?
    - Do reporting policies and mechanisms extend to vendors, customers and other outside parties?

3. **To increase employees' perception of detection, are the following proactive measures taken and publicized to employees?**
    - Is possible fraudulent conduct aggressively sought out, rather than dealt with passively?
    - Does the organization send the message that it actively seeks out fraudulent conduct through fraud assessment questioning by auditors?
    - Are surprise fraud audits performed in addition to regularly scheduled audits?
    - Is continuous auditing software used to detect fraud and, if so, has the use of such software been made known throughout the organization?

4. **Is the management climate/tone at the top one of honesty and integrity?**
    - Are employees surveyed to determine the extent to which they believe management acts with honesty and integrity?
    - Are performance goals realistic?
    - Have fraud prevention goals been incorporated into the performance measures against which managers are evaluated and which are used to determine performance-related compensation?
    - Has the organization established, implemented and tested a process for oversight of fraud risks by the board of directors or others charged with governance (e.g., the audit committee)?

5. **Are fraud risk assessments performed to proactively identify and mitigate the company's vulnerabilities to internal and external fraud?**

6. **Are strong anti-fraud controls in place and operating effectively, including the following?**
    - Proper separation of duties
    - Use of authorizations
    - Physical safeguards
    - Job rotations
    - Mandatory vacations

7. **Does the internal audit department, if one exists, have adequate resources and authority to operate effectively and without undue influence from senior management?**

8. **Does the hiring policy include the following (where permitted by law)?**
    - Past employment verification
    - Criminal and civil background checks
    - Credit checks
    - Drug screening
    - Education verification
    - References check

9. **Are employee support programs in place to assist employees struggling with addictions, mental/ emotional health, family or financial problems?**

10. **Is an open-door policy in place that allows employees to speak freely about pressures, providing management the opportunity to alleviate such pressures before they become acute?**

11. **Are anonymous surveys conducted to assess employee morale?**

May 7, 2025

Honorable Mayor, Members of the City Council, and Management
City of Peoria
8401 West Monroe Street, 2nd Floor
Peoria, AZ 85345

We are pleased to confirm our understanding of the services we are to provide for City of Peoria, Arizona (City) for the year ended June 30, 2025. We encourage you to read this letter carefully as it includes important information regarding the services we will be providing to the City. If there are any questions on the content of the letter, or the services we will be providing, we would welcome the opportunity to meet with you to discuss this information further.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, business-type activities, each major fund, the aggregate remaining fund information, the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison statements for the general fund, half-cent sales tax special revenue fund, highway user revenues special revenue fund, transportation sales tax special revenue fund, and other grants special revenue fund, including the disclosures, which collectively comprise the basic financial statements of City of Peoria, Arizona as of and for the year ended June 30, 2025.

Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), and GASB-required supplementary pension and other post-employment benefit information to supplement the City's basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1. Management's discussion and analysis
2. Budgetary comparison schedules
3. GASB-required pension and other post-employment benefits schedule.

We have also been engaged to report on supplementary information other than RSI that accompanies the City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole.

1. Schedule of expenditures of federal awards
2. Combining and individual fund financial statements and schedules

In connection with our audit of the basic financial statements, we will read the following other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

1. Other information included with the audited financial statements such as the transmittal letter and statistical data

In addition, we will perform the necessary procedures to issue the applicable report for the following.

1. Examination report on the Annual Expenditure Limitation Report
2. Examination report on compliance for highway user revenue fund monies in accordance with ARS §9-481(B)(2)
3. Audit report for each of the following Community Facilities Districts (CFDs):
   Vistancia
   Vistancia West
   Vistancia North
   Mystic Lake at Pleasant Heights
4. Employee Health Insurance Trust
5. Workers' Compensation Insurance Trust

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP and report on the fairness of the supplementary information when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards.*
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)*.*

An important aspect to our expression of opinions on the financial statements is understanding the concept of materiality. Our determination of materiality is a matter of professional judgment and is affected by our perception of the financial information needs of users of the financial statements. For purposes of determining materiality we may assume that reasonable users –

1. have a reasonable knowledge of business and economic activities and accounting and a willingness to study the information in the financial statements with reasonable diligence;
2. understand that financial statements are prepared, presented, and audited to levels of materiality;
3. recognize the uncertainties inherent in the measurement of amounts based on the use of estimates, judgment, and the consideration of future events; and
4. make reasonable judgements based on the information in the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements and Single Audit

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records for the City, a determination of major programs in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the City or to acts by management or employees acting on behalf of the City. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in the financial statements nor do they expect auditors to provide reasonable assurance of detecting waste or abuse. However, auditors may consider whether and how to communicate such matters if they become aware of them. Auditors may discover that waste or abuse are indicative of fraud or noncompliance with provisions of laws, regulations, contract and grant agreements.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loos or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts. Our procedures will also include, as deemed necessary, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request, if deemed necessary, written representations from the City's attorneys as part of the engagement, and they may bill you for responding to this inquiry.

We have identified the following significant risks of material misstatement as part of our audit planning:

1. Management override of controls
2. Improper revenue recognition

Audit Procedures – Internal Control

We will obtain an understanding of the City and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.

Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with the provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards.*

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the City has complied with federal statutes, regulations and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. For federal programs that are included in the *OMB Compliance Supplement*, our compliance and internal control procedures will relate to the compliance requirements that the *OMB Compliance Supplement* identifies being subject to audit. The purpose of these procedures will be to express an opinion on the City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Responsibilities of Management for the Financial Statements and Single Audit

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management is reliable and financial information is reliable and properly reported.

Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America with the oversight of those charged with governance; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making drafts of financial statements, schedule of expenditures of federal awards, all financial records, and related information available to us; for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for the 12 months after the financial statement date or shortly thereafter (for example, within an additional three months if currently known). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under Uniform Guidance; (3) additional information we may request for the purpose of the audit; and (4) and unrestricted access to persons within the City from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; the schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

Management's responsibilities also include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

Management is responsible for the design and implementation of programs to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the City involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the City received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the City complies with applicable laws, regulations, contracts, agreements, and grants. You are also responsible taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review prior to issuance of our reports.

Management is responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received, and COVID-19 related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

Management is responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or to make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in a written representation letter that (1) you are responsible for presentation of supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, management understands that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Planned Scope of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Our tests will not include a detailed check of all transactions for the period.

Our audit will include obtaining an understanding of the City and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the City or to acts by management or employees acting on behalf of the City. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

Our audit of the financial statements does not relieve you of your responsibilities outlined in the Responsibilities of Management of the Financial Statements section of this letter.

Timeliness of Financial Reporting and the Audit

One basic characteristic of financial reporting is timeliness, which indicates that if financial statements are to be useful, they must be issued soon enough after the reported events to affect decisions. Timeliness alone does not make information useful, but the passage of time usually diminishes the usefulness that the information otherwise would have had.

To maintain a timely approach, we expect to begin our audit in May 2025 and conclude audit procedures and date our report in December 2025. In order to meet this expected timeline, we require that all requests for the following significant audit areas be provided by November 14, 2025. If these requests are not provided by the date indicated, it will result in delayed report issuance.

Significant audit areas include:

- Compensated absence schedules (that adhere to GASB 101)

Our audit of the financial statements does not relieve you of your responsibilities outlined in the *Responsibilities of Management for the Financial Statements* section of this letter.

Engagement Administration, Fees, and Other

Joshua Jumper is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

We will provide copies of our reports to the City; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are made available for public inspection.

We understand that your employees will prepare all cash, accounts receivable or other confirmations we request and will locate any documents selected by us for testing.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication form us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we ware unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We maintain internal policies, procedures, and safeguards to protect the confidentiality of your information. We may, depending on the circumstances, use third-party service providers in providing our professional services. The following service providers may be utilized in the completion of our engagement:

- Capital Confirmation, Inc. – electronic bank and account balance confirmation service
- Citrix ShareFile – web-based application service to transfer files
- Harvest Investments, Ltd. – investment portfolio valuation service

You hereby consent and authorize us to use the above service providers, if deemed necessary, to complete the professional services outlined in this letter.

Heinfeld, Meech & Co., P.C. does not host any of the City's information. Sharefile is used solely to transmit data and is not intended to store the City's information. The City is solely responsible for downloading any deliverables and other records form Sharefile that the City wishes to retain for its own records at the completion of the engagement. If the engagement occurs over multiple years, the City should download such information at least annually. The data and deliverable and other records will either be removed from Sharefile or otherwise become unavailable to the City after the completion of the audit. If the engagement is multi-year, the completion of the engagement occurs each year when the deliverables for that year are delivered to the City.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the Federal Audit Clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

We will provide copies of our reports to the City; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Heinfeld, Meech & Co., P.C., and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a cognizant or oversight agency or its designee, a federal agency providing direct or indirect funding, the U.S. Government Accountability Office, or other authorized governmental agency for the purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Heinfeld, Meech & Co., P.C., personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven (7) years after the report release date, or for any additional period requested by a regulator, cognizant agency, oversight agency for audit, or pass-through entity. Upon expiration of the seven year period, or any additional period, we will commence the process of destroying the contents of our engagement files. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

In the event we are required to respond to a subpoena, court order or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this engagement, you agree to compensate us at our hourly rates, for the time we expend in connection with such response, and to reimburse us for all of our out-of-pocket costs incurred in that regard.

Any disagreement, controversy, or claim ("dispute") that may arise from any aspect of our services, including this engagement or any prior engagement, will be submitted to mediation. The parties will engage in the mediation process in good faith once a written request to mediate has been given by any party. Any mediation initiated as a result of this engagement shall be administered by The American Arbitration Association, according to its mediation rules before resorting to litigation. The results of any such mediation shall be binding only upon agreement of each party to be bound. Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally.

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any dispute that may arise between us. The parties agree that, notwithstanding any statute or law of limitations that might otherwise apply to a dispute, including one arising out of this agreement or the services performed under this agreement, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any action or legal proceeding by you against us must be commenced within twenty-four (24) months ("limitation period") after the date when we deliver our final audit report under this agreement to you, regardless of whether we do other services for you relating to the audit report, or you shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery. The limitation period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a dispute.

Professional standards prohibit auditors from agreeing to indemnify attest clients for damages, losses or costs arising from lawsuits, claims or settlements that relate, directly or indirectly, to the client's acts. As such, professional standards will prevail for indemnification clauses included in audit contracts. In addition, we are unable to obtain waivers on our professional liability insurance policy for certain provisions, including indemnification provisions, provisions requiring the firm to name the City as additional insured party, and a waiver of subrogation rights.

Professional standards require us to be independent with respect to you in the performance of these services. Any discussion that you have with our personnel regarding potential employment with you could impair our independence with respect to this engagement. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence and objectivity. Further, any employment offers to any staff members working on this engagement without our prior knowledge may require substantial additional procedures to ensure our independence. You will be responsible for any additional costs incurred to perform these procedures.

Our fee for these services will be at the amount outlined in our proposal. We exercised care in estimating the fee and believe it accurately indicates the scope of the work. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

Our fees are based on anticipated cooperation from your personnel, timely receipt of information, and the assumption that unexpected circumstances will not be encountered during the audit, including factors beyond our control, such as new accounting pronouncements or legal requirements, additional advisory services, and assistance in correcting errors in your financial records. We will plan the engagement based on the assumption that your personnel will prepare and provide us with the items listed in our request for audit information, including preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reason, your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement resulting in additional costs for the additional services provided. If additional time is necessary, we will discuss it with before we invoice the additional costs. Additional fees incurred will be billed at the following hourly rates: Partner - $288; Manager - $236; Senior - $185; Staff - $123.

If any term or provision of this agreement is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

Reporting

We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Honorable Mayor and Members of the City Council. Circumstances may arise in which our reports may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. The Uniform Guidance report on internal control over compliance will state that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2024 peer review report accompanies this letter.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. Please feel free to contact us at any time if you have any questions or concerns. If you have any questions regarding this letter, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona

cc: Sean Kindell, Chief Financial Officer
Pamela Brogie, Accounting Supervisor
Peter Christensen, Deputy Finance Director

RESPONSE

This letter correctly sets forth the understanding of City of Peoria, Arizona, including our agreement to the audit documentation deadline established in the '*Timeliness of Financial Reporting and the Audit*' section above, and the potential for delayed issuance of the audit report.

Printed Name: Sean Kindell

Title: Chief Financial Officer

Signature: Sean Kindell

Date: 05/07/2025

Grant Bennett Associates
A PROFESSIONAL CORPORATION

Proud Member of AlliottGlobalAlliance™

Report on the Firm's System of Quality Control

October 4, 2024

To Heinfeld, Meech & Co., P.C. and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Heinfeld, Meech & Co., P.C. (the firm) in effect for the year ended May 31, 2024. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility
The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility
Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations
Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act and an audit of an employee benefit plan.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion
In our opinion, the system of quality control for the accounting and auditing practice of Heinfeld, Meech & Co., P.C. in effect for the year ended May 31, 2024, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Heinfeld, Meech & Co., P.C. has received a peer review rating of *pass*.

Grant Bennett Associates

GRANT BENNETT ASSOCIATES
A PROFESSIONAL CORPORATION
Certified Public Accountants

GBA CPA
www.gbacpa.com

10850 Gold Center Drive, Suite 260
Rancho Cordova, CA 95670
916/922-5109 FAX 916/641-5200

Princeville, HI
888/763-7323

Together as One. Grant Bennett Associates is a Member of the Alliott Global Alliance of independent professional firms.

Progress | RightSignature

SIGNATURE CERTIFICATE

REFERENCE NUMBER
83EF5E54-FA59-43B2-90E0-B1549B917573

TRANSACTION DETAILS	DOCUMENT DETAILS
Reference Number 83EF5E54-FA59-43B2-90E0-B1549B917573	**Document Name** Engagement Ltr FY25 Peoria City
Transaction Type Signature Request	**Filename** Engagement_Ltr_FY25_Peoria_City.pdf
Sent At 05/07/2025 13:59 MST	**Pages** 14 pages
Executed At 05/07/2025 15:56 MST	**Content Type** application/pdf
Identity Method email	**File Size** 435 KB
Distribution Method email	**Original Checksum** 82b0e03671ca71029fac53e419e52ef2c462c4d37528984f3873ca9a9d0a80cf
Signed Checksum ce73934ea4d87d8f483090629012ef793e694ab6ab969577e67cd56118fc45ee	
Signer Sequencing Disabled	
Document Passcode Disabled	

SIGNERS

SIGNER	E-SIGNATURE	EVENTS
Name Sean Kindell	**Status** signed	**Viewed At** 05/07/2025 15:18 MST
Email sean.kindell@peoriaaz.gov	**Multi-factor Digital Fingerprint Checksum** dcf2298e4ea3d52975c2a67b43a2d064d61d81f1afb50aa651e3d3acc412ea0a	**Identity Authenticated At** 05/07/2025 15:56 MST
Components 4	**IP Address** 207.108.129.27	**Signed At** 05/07/2025 15:56 MST
	Device Microsoft Edge via Windows	
	Typed Signature Sean Kindell	
	Signature Reference ID A61E95BA	

AUDITS

TIMESTAMP	AUDIT
05/07/2025 13:59 MST	Carri Corbett (carri.corbett@hm.cpa) created document 'Engagement_Ltr_FY25_Peoria_City.pdf' on Chrome via Windows from 76.134.178.164.
05/07/2025 13:59 MST	Sean Kindell (sean.kindell@peoriaaz.gov) was emailed a link to sign.
05/07/2025 15:18 MST	Sean Kindell (sean.kindell@peoriaaz.gov) viewed the document on Microsoft Edge via Windows from 207.108.129.27.
05/07/2025 15:56 MST	Sean Kindell (sean.kindell@peoriaaz.gov) authenticated via email on Microsoft Edge via Windows from 207.108.129.27.
05/07/2025 15:56 MST	Sean Kindell (sean.kindell@peoriaaz.gov) signed the document on Microsoft Edge via Windows from 207.108.129.27.

City of Peoria

FINANCE AND BUDGET DEPARTMENT

8401 West Monroe Street
Peoria, Arizona 85345
T 623.773.7160
F 623.773.7159

Heinfeld, Meech & Co., P.C.
1365 N. Scottsdale Road, Suite 300
Scottsdale, AZ 85257

This representation letter is provided in connection with your audit of the financial statements of City of Peoria, Arizona, which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund, highway user revenues special revenue fund, transportation sales tax special revenue fund, and other grants special revenue fund for the period then ended, and the disclosures (collectively the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

In addition, we provide this letter in connection with your audits of the financial statements of the Vistancia Community Facilities District, Vistancia West Community Facilities District, Vistancia North Community Facilities District, Mystic Lake at Pleasant Heights Community Facilities District, City of Peoria Employee Benefit Trust and City of Peoria Workers' Compensation Trust as of June 30, 2025 and the respective changes in financial position and, where applicable, cash flows for the period then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of our signature, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.

2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP. In addition, we believe:

    - The significant judgments made in making accounting estimates have considered all relevant information of which management is aware
    - The appropriateness and consistency of the measurement processes used by management in determining accounting estimates
    - That the assumptions appropriately reflect management's intent and ability to carry out specific courses of action
    - That the disclosures related to accounting estimates, including those describing estimation uncertainty are complete and appropriate under GAAP
    - That, when necessary, appropriate specialized skills or expertise have been applied
    - That no subsequent event requires adjustment to the accounting estimates and related disclosures included in the financial statements
    - That for any accounting estimates not recognized or disclosed in the financial statements, management has decided to exclude them after considering the appropriate recognition and disclosure criteria in GAAP.

6. There are no known related-party relationships or transactions that need to be accounted for or disclosed in accordance with U.S. GAAP.

7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.

8. You have proposed adjusting journal entries that have been posted to the entity's accounts. We are in agreement with those adjustments.

9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

10. Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11. We have provided you with:

    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.

    d. Minutes of the meetings of the City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.

12. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards (SEFA).

13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

14. We have no knowledge of any fraud or suspected fraud that affects the City and involves:
    - Management,
    - Employees who have significant roles in internal control, or
    - Others where the fraud could have a material effect on the financial statements.

15. We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements communicated by employees, former employees, grantors, regulators, or others.

16. We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.

17. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

18. We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20. If applicable, we have taken timely and appropriate steps to remedy identified and suspected fraud, or noncompliance with provisions of laws, regulations, contracts, and grant agreements that you have reported to us.

21. If applicable, we have a process to track the status of audit findings and recommendations.

22. We have identified and communicated to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.

23. We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

24. If applicable, we have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

25. The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, deferred outflows/inflows of resources, and fund balance or net position.

26. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

27. We have appropriately identified, recorded, and disclosed all leases in accordance with GASB Statement (GASBS) No. 87.

28. We have appropriately identified, recorded and disclosed subscription-based information technology arrangements in accordance with GASBS No. 96.

29. We have appropriately measured, recorded, and disclosed compensated absences and other salary-related payments in accordance with GASBS No. 101.

30. With respect to your compliance examination of highway user revenue fund monies and other dedicated state transportation revenues, we represent the following:
    - we are responsible for compliance with A.R.S. Title 28, Chapter 18, Article 2; and for establishing and maintaining effective internal controls to ensure compliance.
    - we have disclosed to you all known noncompliance with the aforementioned statutes and related requirements.
    - we have disclosed to you all communications from regulatory agencies, internal auditors, other independent accountants or consultants, and others regarding possible noncompliance with the aforementioned statutes and related requirements.

31. We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements

32. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

33. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

34. The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

35. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

36. If applicable, the financial statements include all component units, appropriately present majority equity interest in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

37. The financial statements include all fiduciary activities required by GASBS No. 84, as amended.

38. The financial statements properly classify all funds and activities in accordance with GASBS No. 34, as amended.

39. All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as a major fund are identified and presented as such and all other funds that are presented as a major fund are particularly important to financial statement users.

40. Components of net position (net investment in capital assets; restricted; and unrestricted) and classification of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

41. Investments are properly valued.

42. With regard to investments and other instruments reported at fair value:
    - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
    - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
    - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
    - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

43. If applicable, provisions for uncollectible receivables have been properly identified and recorded.

44. Direct borrowings and direct placements of debt have been properly separated from other debt; and unused lines of credit, collateral pledged to secure debt, terms in debt agreements related to significant default or termination events with finance-related consequences, and significant subjective acceleration clauses have been properly disclosed.

45. All payroll information and the individual employment data have been properly submitted to the state retirement systems, and the employer contributions have been properly submitted to the retirement systems.

46. We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.

47. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

48. Revenues are appropriately classified in the statement of activities within program revenues, and general revenues.

49. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

50. If applicable, special and extraordinary items (unusual items or infrequent items after implementing GASBS No. 103), are appropriately classified and reported.

51. Deposits and investment securities are properly classified as to risk and are properly disclosed.

52. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

53. If applicable, the government meets the GASB-established requirements for accounting for eligible infrastructure assets using the modified approach.

54. Asset retirement obligations associated with tangible capital assets have been properly recognized in accordance with GASBS No. 83.

55. Tax abatement agreements have been properly disclosed in the notes to the financial statements, including the names of all governments involved, the gross amount and specific taxes abated, and additional commitments.

56. We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

57. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

58. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

59. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

60. With respect to the supplementary information on which in-relation-to opinions are issued, presented, such as the combining and individual fund financial statements and schedules, and the SEFA.

    a. We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

    b. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

61. We acknowledge our responsibility for the other information included in the financial statements, such as the transmittal letter, statistical data, and continuing disclosures.

    a. We acknowledge that we have informed you of all documents that may comprise other information we expect to issue. The financial statements and other information you obtained prior to the auditor's report date are consistent with one another, and the other information does not contain any material misstatements.

    b. If applicable, with regard to the other information that will be included in the annual report that has not been obtained by you prior to the auditor's report date, we intend to prepare and issue the other information, as well as communicate the expected timing of issuance, and provide you with the final version of the document(s) when available and prior to the issuance of the annual report.

62. With respect to federal award programs:

a. We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards (SEFA).

b. We acknowledge our responsibility for preparing and presenting the SEFA and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.

c. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.

d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

e. We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

f. We are responsible for establishing, designing, implementing, and maintaining, and have established, designed, implemented, and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

g. We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.

h. We have received no requests from a federal agency to audit one or more specific programs as a major program.

i. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement,* relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards, or confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.

j. We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR Part 200, Subpart E).

m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

p. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.

q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.

r. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

s. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.

t. If applicable, we have monitored subrecipients to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.

u. If applicable, we have issued management decisions for audit findings that relate to federal awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient.

v. If applicable, we have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.

w. We have charged costs to federal awards in accordance with applicable cost principles.

x. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

y. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.

z. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

aa. We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

bb. If applicable, we have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

We understand that at the conclusion of the audit Heinfeld, Meech & Co, P.C. will submit to the City Council a communication to those charged with governance that will include a copy of this representation letter and a copy of the engagement letter.

Sean Kindell

_____ 12/18/2025

Sean Kindell, Chief Financial Officer
City of Peoria, Arizona

Date

Karen Erwin-Mikulski

_____ 12/22/2025

Karen Erwin-Mikulski, Accounting Manager
City of Peoria, Arizona

Date

Progress | RightSignature

SIGNATURE CERTIFICATE

REFERENCE NUMBER
E8841077-198E-4A3D-8F4F-8B9DD61DAB16

TRANSACTION DETAILS	DOCUMENT DETAILS
Reference Number E8841077-198E-4A3D-8F4F-8B9DD61DAB16	**Document Name** Representation Letter FY25 Audit - City of Peoria
Transaction Type Signature Request	**Filename** General_Rep_Single_Audit_25_Peoria_City.pdf
Sent At 12/18/2025 10:49:50 AM EST	**Pages** 10 pages
Executed At 12/22/2025 09:47:12 AM EST	**Content Type** application/pdf
Identity Method email	**File Size** 247 KB
Distribution Method email	**Original Checksum** bec7d20ce3739d5b0e8f152074b25b713bb45d4f25712846d473310c7080da2c
Signed Checksum ecb83131138873 87e63c0da83d3a4a24a39bd694083208fa5b8fdcc90980b459	
Signer Sequencing Disabled	
Document Passcode Disabled	

SIGNERS

SIGNER	E-SIGNATURE	EVENTS
Name Karen Erwin-Mikulski	**Status** signed	**Viewed At** 12/22/2025 09:46:14 AM EST
Email karen.erwinmikulski@peoriaaz.gov	**Multi-factor Digital Fingerprint Checksum** 4f53cda18c2baa0c0354bb5f9a3ecbe5ed12ab4d8e11ba873c2f11161202b945	**Identity Authenticated At** 12/22/2025 09:47:12 AM EST
Components 2	**IP Address** 98.185.71.231	**Signed At** 12/22/2025 09:47:12 AM EST
	Device Chrome via Windows	
	Typed Signature Karen Erwin-Mikulski	
	Signature Reference ID 45F6A28E	
Name Sean Kindell	**Status** signed	**Viewed At** 12/18/2025 01:59:06 PM EST
Email sean.kindell@peoriaaz.gov	**Multi-factor Digital Fingerprint Checksum** 4f53cda18c2baa0c0354bb5f9a3ecbe5ed12ab4d8e11ba873c2f11161202b945	**Identity Authenticated At** 12/18/2025 02:10:13 PM EST
Components 2	**IP Address** 207.108.129.27	**Signed At** 12/18/2025 02:10:13 PM EST
	Device Microsoft Edge via Windows	
	Typed Signature Sean Kindell	
	Signature Reference ID 452B9F3E	

AUDITS

TIMESTAMP	AUDIT
12/18/2025 10:49:50 AM EST	Kristen Conway (kristen.conway@hm.cpa) created document 'General_Rep_Single_Audit_25_Peoria_City.pdf' on Chrome via Windows from 72.222.195.208.
12/18/2025 10:49:51 AM EST	Sean Kindell (sean.kindell@peoriaaz.gov) was emailed a link to sign.
12/18/2025 10:49:51 AM EST	Karen Erwin-Mikulski (karen.erwinmikulski@peoriaaz.gov) was emailed a link to sign.
12/18/2025 01:59:06 PM EST	Sean Kindell (sean.kindell@peoriaaz.gov) viewed the document on Microsoft Edge via Windows from 207.108.129.27.
12/18/2025 02:10:13 PM EST	Sean Kindell (sean.kindell@peoriaaz.gov) authenticated via email on Microsoft Edge via Windows from 207.108.129.27.

TIMESTAMP	AUDIT
12/18/2025 02:10:13 PM EST	Sean Kindell (sean.kindell@peoriaaz.gov) signed the document on Microsoft Edge via Windows from 207.108.129.27.
12/18/2025 05:00:41 PM EST	Karen Erwin-Mikulski (karen.erwinmikulski@peoriaaz.gov) was emailed a reminder.
12/19/2025 04:58:48 PM EST	Karen Erwin-Mikulski (karen.erwinmikulski@peoriaaz.gov) was emailed a reminder.
12/22/2025 09:43:16 AM EST	Karen Erwin-Mikulski (karen.erwinmikulski@peoriaaz.gov) was emailed a reminder.
12/22/2025 09:46:14 AM EST	Karen Erwin-Mikulski (karen.erwinmikulski@peoriaaz.gov) viewed the document on Chrome via Windows from 98.185.71.231.
12/22/2025 09:47:12 AM EST	Karen Erwin-Mikulski (karen.erwinmikulski@peoriaaz.gov) authenticated via email on Chrome via Windows from 98.185.71.231.
12/22/2025 09:47:13 AM EST	Karen Erwin-Mikulski (karen.erwinmikulski@peoriaaz.gov) signed the document on Chrome via Windows from 98.185.71.231.

Vistancia
Community Facilities
District
Peoria, Arizona

Annual
Financial Report
For Fiscal Year Ended
June 30, 2025

District Board:
Jason Beck, Chairperson
Jennifer Crawford, Vice-Chairperson
Denette Dunn
Michael Finn
Rick Stokes
Jon Edwards
Matt Bullock

District Administrative Staff:
Henry Darwin, District Manager
Sean Kindell, Chief Financial Officer
Emily Jurmu, District Counsel
Agnes Goodwine, District Clerk

Prepared by City of Peoria Finance Department

VISTANCIA COMMUNITY FACILITIES DISTRICT
Peoria, Arizona
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2025

TABLE OF CONTENTS

		Page
Transmittal letter		ii
Independent Auditors' Report		1
Management's Discussion and Analysis		4
BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements		
Statement of Net Position		9
Statement of Activities		10
Fund Financial Statements		
Governmental Funds Balance Sheet		11
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Activities		12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds		13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances Of Governmental Funds to the Statement of Activities – Governmental Activities		14
Notes to the Financial Statements		16
SUPPLEMENTAL INFORMATION		
Budgetary Comparison Schedule – Debt Service Fund		24
CONTINUING DISCLOSURE INFORMATION	**Table**	
Property Valuations	1	26
Net Assessed Value by Property Class	2	27
Net Assessed Value by Major Taxpayers	3	28
Property Tax Levies and Collections	4	29

Vistancia Community Facilities District
Peoria, Arizona

December 22, 2025

Honorable Board of Directors:

The accompanying basic financial statements of the Vistancia Community Facilities District (the District) for the year ended June 30, 2025, have been prepared for the use of the District Board, staff and other interested parties. This report includes Management's Discussion and Analysis, the basic financial statements for the District including government-wide financial statements, fund financial statements and footnotes, and supplemental budget comparison schedules for the District's funds.

This report was prepared by the Financial Services Division of the Finance Department of the City of Peoria, Arizona (the City) as finance staff for the District. It is intended as District management's report to the District Board and other interested parties.

The District is a component unit of the City of Peoria, Arizona for financial reporting. As a component unit of the City, the accompanying financial statements were included in the annual audit of the City's Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2025. A copy of the City's ACFR may be obtained by contacting the City's Finance Department at 8401 West Monroe Street, Peoria, Arizona 85345. Additionally, the auditors, Heinfield, Meech & Co., P.C., have also expressed an opinion on the separate financial statements of the District included herein. That opinion may be found on page 1 of this financial report.

Questions about the financial statements included herein should be addressed to the City of Peoria, Finance Department at the above address.

Independent Auditor's Report

Board of Directors
Vistancia Community Facilities District

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Vistancia Community Facilities District (District), a component unit of the City of Peoria, Arizona, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Vistancia Community Facilities District as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Vistancia Community Facilities District, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the transmittal letter and continuing disclosure information, as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 22, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Vistancia Community Facilities District (the District), we offer this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify changes in the District's financial position, and (4) identify individual fund issues or concerns.

On October 15, 2002, the District was formed by petition to the City Council of the City of Peoria, Arizona (City) pursuant to Title 48, Chapter 4, Article 6 of the Arizona Revised Statutes. The District is a special purpose taxing district and separate political subdivision under Arizona statutes. As such, the District can levy taxes and issue bonds, independent of the City. Property owners within the District boundaries pay for District infrastructure and functions through secondary property tax assessments. The District's purpose is to acquire or construct public infrastructure in a specified area of the City. City staff administers the District. The Peoria City Council also serves as the District Board of Directors. The District is one of the City of Peoria's component units for the fiscal year ended June 30, 2025.

Financial Highlights

- The fiscal year 2025 tax levy decreased to $1.77 per $100 valuation.
- District tax collections plus developer contributions were used to pay District debt service during fiscal year 2025.
- The fund balance of the District's governmental funds at June 30, 2025 was $4.4 million, a $0.2 million increase compared to prior year. The ending governmental fund balance of $4.4 million is primarily restricted for debt service.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis introduces the District's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements.

Government-wide Financial Statements

The *statement of net position* is designed to provide a broad overview of the District's finances in a manner similar to those used by private businesses. The statement of net position presents information on all of the District's assets and liabilities, both current and long-term, with the difference between assets and liabilities reported as net position. The focus on net position is designed to be similar to the emphasis for businesses. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District, other indicators, including non-financial indicators should also be considered.

The *statement of activities* presents information showing how the District's net position changed over the most recent fiscal year. Since full accrual accounting is used for the government-wide financial statements, all changes to net position are reported at the time that the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses related to accrued interest. This statement also focuses on both the gross and net costs of the various functions of the District, based only on direct functional revenues and expenses. This is designed to show the extent to which the various functions depend on general taxes and revenues for support.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or conditions. Funds are used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds and all are restricted, either by bond covenants or state law, as to use.

The District maintains two governmental funds, a general fund and a debt service fund. Information is presented separately in the governmental fund statement of revenues, expenditures and changes in fund balances for these funds. There are no balances in the general fund, so only the debt service fund is presented on the governmental fund balance sheet.

The District adopts an annual budget for the debt service fund. There was no budget for the general fund as all planned activity was in the debt service fund. Budgetary comparison statement and schedule is provided to demonstrate compliance with the adopted budget.

Notes to the financial statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements and should be read in conjunction with the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As of June 30, 2025, the liabilities of the District exceed its assets by $4.25 million (net position). The deficit in net position is due to the nature of the District's operations. The purpose of the District is to acquire or construct certain capital infrastructure, primarily water and wastewater systems, within the boundaries of the District. Once the capital infrastructure is acquired or constructed, it is turned over to the City to operate. As a special purpose district and a separate political subdivision under the Arizona Constitution, the District can levy taxes and issue bonds independently of the City. Property owners within the District are assessed property taxes to pay the debt service over the life of the bonds. The City has no liability for debt of the District. Because the completed capital assets are generally reported in the City's financial statements, the Statement of Net Position for the District reflects a large liability (bonds payable) without an offsetting asset. Capital assets are only shown on the District's financial statements if they are classified as work-in-progress at year end.

The following tables, graphs and analysis discuss the financial position and changes to the financial position for the District as a whole as of and for the year ended June 30, 2025, with comparative information for the previous year.

Net Position

Net position may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Position of the District for June 30, 2025, compared to the prior year.

Statement of Net Position
As of June 30
(In thousands of dollars)

	Governmental Activities	
	2025	2024
Current and other assets	$ 4,460	$ 5,019
Total assets	4,460	5,019
Other liabilities	206	1,021
Long-term liabilities outstanding	8,506	12,742
Total liabilities	8,712	13,763
Net position		
Unrestricted	$ (4,252)	$ (8,744)

The District's long-term liabilities decreased due to the payment of outstanding debt. Since the net position of the District is negative at June 30, 2025, it is classified as unrestricted.

Changes in Net Position

The following table compares the revenues and expenses for the current and previous fiscal year.

Changes in Net Position
For the Year Ended June 30
(In thousands of dollars)

	Governmental Activities	
	2025	2024
REVENUES		
Program revenues:		
Developer contributions	$ 17	$ 16
General revenues		
Property taxes	4,381	4,497
Investment earnings	105	110
Total revenues	4,503	4,623
EXPENSES:		
Program activities:		
General government	107	823
Interest expense on debt	(96)	57
Total expenses	11	880
Increase in net position	$ 4,492	$ 3,743

Property tax collections decreased due to lower assessments. The negative interest expense balance is due to the decrease in interest payable, resulting in a decrease in interest expense. Additionally, the amortization amount of the bond premium further reduced interest expense, leading to the negative interest expense.

Under an agreement between the District and the developer, the developer is required to cover any deficits between tax collections and debt service requirements. In fiscal year 2025, the developer contributed $17 thousand for payments on district debt, an increase of $1.61 thousand from the previous year. The net position of the District increased by $4.5 million compared to the prior year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District maintains fund accounting to demonstrate compliance with budgetary and legal requirements related to special purpose districts and general obligation bonds.

The focus of the governmental fund financial statements is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's ability to pay the debt service on the general obligation bonds it issues to fund construction or acquisition of public infrastructure.

The fund balance of the District's combined governmental funds is $4.4 million, which is an increase from the previous year. The ending fund balance is primarily restricted for debt service.

CAPITAL ASSET AND DEBT ADMINISTRATION

The District was formed to finance the acquisition or construction of public infrastructure that is subsequently donated to the City for operation. The District does not own or operate infrastructure once completed. Since formation, District bonds have been issued and the proceeds used to construct public infrastructure such as a water reclamation plant, wells, oversized sewer line, and booster stations.

The District is authorized, by an election held November 12, 2002, to issue $100 million in District general obligation or revenue bonds. As of June 30, 2025, the District has $30.6 million remaining bond authorization. These bonds are to be repaid through property taxes levied on the property within the District.

In the event the District Board decides at a future time to dissolve the District, State statute provides that all taxable property in the District will remain subject to the lien for the payment of the bonds until all bonds have been defeased.

	Outstanding Long-Term Debt at June 30	
	2025	2024
General obligation bonds	$ 4,120,000	$ 11,890,000

BUDGETARY HIGHLIGHTS

The District's annual budget is the legally adopted expenditure control document of the District. The budgetary comparison schedule for the Debt Service Fund is presented as supplemental information. The schedule compares the original adopted budget, the budget as amended throughout the fiscal year, and the actual expenditures prepared on a budgetary basis.

Amendments to the adopted budget may occur throughout the year in a legally permissible manner (see Note 1 for more information on budget policies). Some of these amendments include transfers from contingency to cover approved carryovers from the previous budget, capital projects with budget overages (or whose timing was accelerated), and other unanticipated costs. Further, capital expenditure appropriations are considered encumbered and automatically carry forward to the following year. The District did not have any amendments or carryforwards during fiscal year 2025.

ECONOMIC FACTORS

The City of Peoria, where the District is located, has experienced continued sales tax revenue growth in fiscal year 2025. Local sales tax revenues grew 4.4% in fiscal year 2025, this was higher than the 2.3% growth in fiscal year 2024 and equal to the growth seen in fiscal year 2023. Retail sales tax, the City's largest category, increased by 4.5% from the prior year while restaurant/bar, the second largest category, increased by 2.8%.

Beginning January 1, 2025 the City is no longer collecting residential rental sales tax which resulted in a decrease in rental sales tax collections. This was offset by a strong performance on contracting sales tax which increased 53.6% over fiscal year 2024 collections.

In fiscal year 2025 Peoria issued $289 million in building permits as compared to $355 million in fiscal year 2024 and $164 million is fiscal year 2023. The ten-year average for permits is $317 million, so this may be an indicator of a slowing economy.

The adopted fiscal year 2026 budget for the District is $4,575,300. The tax rate for the District for fiscal year 2026 is $1.62, a decrease of $0.15 from the fiscal year 2025 tax rate. The fiscal year 2026 Limited Assessed Value for the District is $272,267,369.

FINANCIAL CONTACT

This financial report is designed to provide a general overview of the District's finances and to demonstrate accountability for the use of public funds. Questions about any of the information provided in this report, or requests for additional financial information should be addressed to the City's Finance Department at the following address: City of Peoria, 8401 W. Monroe Street, Peoria, Arizona 85345.

BASIC FINANCIAL STATEMENTS

VISTANCIA COMMUNITY FACILITIES DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 1,083,183
Interest receivable	16,321
Due from other governments	59,619
Prepaid items	4,268
Restricted cash with fiscal agent	3,297,050
Total assets	4,460,441
LIABILITIES	
Accrued interest payable	148,139
Claims and judgements payable	58,893
Non-current liabilities:	
Due within one year:	
Current portion of bonds payable	3,960,000
Due in more than one year:	
Noncurrent portion of bonds payable	4,545,788
Total liabilities	8,712,820
NET POSITION	
Unrestricted (deficit)	(4,252,379)
Total net position (deficit)	$ (4,252,379)

The accompanying notes are an integral part of the financial statements.

VISTANCIA COMMUNITY FACILITIES DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position Governmental Activities
Primary government:			
Governmental activites:			
General government	$ 106,944	$ -	$ (106,945)
Community Facilities District	-	17,184	17,184
Interest on long-term debt	(96,240)	-	96,240
Totals	$ 10,704	$ 17,184	$ 6,479
General revenues			
Taxes:			
Property taxes, levied for debt service			4,381,040
Investment earnings			104,408
Total general revenues			4,485,448
Change in net position			4,491,927
Net position - beginning (deficit)			(8,744,306)
Net position - ending (deficit)			$ (4,252,379)

The accompanying notes are an integral part of the financial statements.

VISTANCIA COMMUNITY FACILITIES DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	Debt Service Fund
ASSETS	
Cash and cash equivalents	$ 1,083,183
Interest receivable	16,321
Due from other governments	59,619
Prepaid Costs-Misc	4,268
Restricted cash with fiscal agent	3,297,050
Total assets	$ 4,460,441
LIABILITIES & FUND BALANCES	
Liabilities:	
Claims and judgements payable	58,893
Total liabilities	58,893
Fund balances:	
Nonspendable:	
Prepaid items	4,268
Restricted for:	
Debt service	4,397,280
Total fund balances	4,401,548
Total inflow of resources & fund balances	$ 4,460,441

The accompanying notes are an integral part of the financial statements.

VISTANCIA COMMUNITY FACILITIES DISTRICT
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2025

Fund balances - total governmental funds	$	4,401,548
Amounts reported for governmental activities in the statement of net position are different because:		
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.		
Governmental bonds payable		(8,080,000)
Bond premiums are recognized at the time of issuance in the governmental funds, but are amortized over the life of the bonds for government-wide reporting		(425,788)
Interest payable on long-term debt is not reported in the governmental funds.		(148,139)
Net position of governmental activities	$	(4,252,379)

The accompanying notes are an integral part of the financial statements.

VISTANCIA COMMUNITY FACILITIES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Debt Service Fund
REVENUES:	
Taxes	$ 4,412,802
Investment earnings	104,408
Developer contributions	17,184
Total revenues	4,534,394
EXPENDITURES:	
Current:	
General government	106,945
Debt service:	
Principal payments	3,810,000
Interest and other charges	399,400
	4,316,345
Excess (deficiency) of revenues over expenditures	218,049
Net change in fund balances	218,049
Fund balances - beginning	4,183,499
Fund balances - ending	$ 4,401,548

The accompanying notes are an integral part of the financial statements.

VISTANCIA COMMUNITY FACILITIES DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net change in fund balances - total governmental funds	$ 218,049
Amounts reported for governmental activities in the statement of activities are different because:	
Certain revenues are recorded as deferred inflows of resources in the governmental funds because they do not provide current financial resources, but are considered revenue on the statement of activities.	(31,762)
Interest expense in the statement of activities differs from the amount reported in governmental funds because accrued interest was calculated for bonds and notes payable for the statement of activities, but is expensed when due for the governmental fund statements.	69,852
Amortization of bond premiums and deferred losses do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	425,788
Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position.	3,810,000
Change in net position of governmental activities	$ 4,491,927

The accompanying notes are an integral part of the financial statements.

VISTANCIA COMMUNITY FACILITIES DISTRICT
PEORIA, ARIZONA

NOTES TO THE FINANCIAL STATEMENTS

	Page
Summary of Significant Accounting Policies	16
Cash and Investments	21
Deficits in Fund Equity/Excess of Expenditures over Appropriations	22
Long-Term Debt	22

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Vistancia Community Facilities District, a component unit of the City of Peoria, Arizona (City), have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the City's more significant policies, as applicable to the District, follows.

A. Financial Reporting Entity

The Vistancia Community Facilities District (the District) was formed by petition to the City Council in 2002. The District's purpose is to acquire or construct public infrastructure in a specified area of the City. As a special purpose district and separate political subdivision under the Arizona Constitution, the District can levy taxes and issue bonds independently of the City. Property owners in the designated areas are assessed for the District's property taxes, and thus for the costs of operating the District. The City Council serves as the Board of Directors of the District. The City has no liability for the District's debt. For financial reporting purposes, the transactions of the District are included as governmental type funds in the City's financial statements as if they were part of the City's operations.

B. Basis of Presentation – Government-wide Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report financial information on all of the activities of the District. All of the activities of the District are governmental activities.

Governmental activities for the District are normally supported by taxes and developer contributions.

The statement of activities demonstrates the degree to which the direct expenses for a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues may include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

The District does not currently employ an indirect cost allocation system. The City's General Fund and certain other funds charge administrative service fees to other operating funds to support general services used by the other operating funds (like purchasing, accounting and administration). These administrative fees are eliminated from the City's financial statements at both the government-wide and fund level like a reimbursement, by reducing revenues and expenditures/expenses in the allocating fund. Currently, the City does not charge any of these fees to the District.

Governmental Funds

Separate financial statements are provided for governmental funds (general fund and debt service funds). Major individual funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental fund:

General Fund accounts for the proceeds from the sales of Community Facilities District bonds and the acquisition of capital assets or construction of major capital projects within the District.

Debt Service Fund accounts for the resources accumulated for, and the servicing of the long-term debt of the District, including principal, interest and other related costs.

At June 30, 2025, the District had no activity in the General Fund and therefore did not provide financial statements for the General Fund.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are earned and available to pay liabilities of the current period (generally these revenues are earned by June 30 and are expected to be collected within six months after year-end, except for property taxes). For property taxes, the District uses a 60 day collection period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to debt service, claims and judgments, which are recorded only when payment is due.

Changes in fair value of investments are recognized in investment income at the end of the year. All other revenue items are considered to be measurable and available only when the District receives cash.

Because different measurement focuses and bases of accounting are used in the government-wide statement of net position and in governmental fund balance sheets, amounts reported as restricted fund balances in governmental funds may be different from amounts reported as restricted net position in the statement of net position. Generally, the District would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Generally, the effect of the interfund activity has been removed from these statements.

D. Budgets and Budgetary Accounting

The District prepares its annual budget on a basis consistent with generally accepted accounting principles. The District uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

- According to the laws of the State of Arizona, all operating budgets must be approved by their governing board on or before October 1 each year.

- Prior to June 30, the proposed budget for the following fiscal year is presented by the District Treasurer to the District Board. The budget includes proposed expenditures and the means of financing them. Public meetings are held to obtain taxpayer comment.

- Prior to June 30, the District Board legally enacts the budget, through the passage of a resolution. The resolution sets the limit for expenditures for the year. There were no supplemental appropriations made during fiscal year 2025.

- The initial budget for the fiscal year may be amended during the year in a legally permissible manner.

- All unencumbered operating expenditure appropriations expire at the end of the fiscal year.

- Encumbered operating amounts are re-budgeted in the following year as deemed appropriate and necessary. Budgetary carry forwards are approved by the District Board.

- All capital expenditure appropriations are considered encumbered and automatically carry forward to the following year.

- All funds of the District have legally adopted budgets. Formal integration of these budgets into the District's financial systems is employed as a management control device during the year for all funds.

There was no budget for the General Fund of the District in fiscal year 2025 as all planned activity was in the Debt Service Fund.

E. Deposits and Investments

Cash Equivalents
The District considers short-term investments, including restricted investments, money market mutual funds and U.S. Treasury bills and notes with maturities of less than three months at acquisition date to be cash equivalents.

The City's Investment Policy applies to the District funds held by the City. The City's Investment Policy authorizes the District to invest in obligations of the U.S. Government or any of its agencies and instrumentalities, certificates of deposit, bankers' acceptances, commercial paper, money market funds, repurchase agreements, corporate securities, the State of Arizona local government investment pool and State of Arizona debt including counties, incorporated cities, towns or duly organized school districts. As required by statute, collateral is required for demand deposits, certificates of deposit and repurchase agreements at 102% of all deposits not covered by Federal depository insurance.

The City generally reports investments at fair value in the balance sheet and recognizes the corresponding change in the fair value of investments in the year in which the change occurred. The fair value of participants' position in the Local Government Investment Pool approximates the value of the pool shares. Other non-pooled investments are also generally carried at fair value. The fair value of non-pooled investments is determined annually and is based on current market prices. The fair value of investments in open-end mutual funds is determined based on the funds' current share price.

The District's deposits at June 30, 2025 , were collateralized with securities held by the pledging financial institution's trust department in the District's name.

F. Capital Assets

Governmental Fund types do not display capital assets on the face of the fund financial statements. The costs of purchasing, or constructing, capital assets are shown as capital outlay expenditures in the Governmental Statement of Revenues, Expenditures and Changes in Fund Balance. The capital assets of the District, once completed and acceptable to the City, are contributed to the City. All subsequent costs of operating and maintaining those assets will be the responsibility of the City.

Since the capital assets acquired or constructed by the District are turned over to the City once they are operational, the District generally does not own capital assets. Capital assets still under construction at fiscal year-end are shown as work-in-progress on the District's government-wide financial statements.

G. Restricted Assets

Certain proceeds of the District's bonds, as well as certain resources set aside for their repayments, are classified as restricted on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable debt covenants.

H. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.
In the fund financial statements, governmental fund types recognize bond premiums and discounts in the period in which the bonds are issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The long-term debt of the District is serviced by the District's Debt Service Fund.

I. Net Position

In the government-wide financial statements, net position is reported in three categories: net investment in capital assets, restricted, and unrestricted. The net investment in capital assets balances are separately reported because capital assets make up a significant portion of net position. Restricted balances account for the portion of net position restricted by external resource providers or through enabling legislation. Unrestricted balances are the remaining balances not included in the previous two categories. The District reports only unrestricted net position and no restricted net position or net investment in capital assets.

J. Fund Balance policies

In the fund financial statements, governmental funds distinguish between nonspendable and spendable fund balances. Nonspendable balances include amounts that cannot be spent because they are not in a spendable form, such as inventory or prepaid items, or because resources legally or contractually must remain intact. Spendable balances are further classified as restricted, committed, assigned and unassigned based on the relative strength of the constraints that control how specific amount can be spent.

Restricted fund balances include amounts that can be spent only for the specific purposes stipulated by external resource providers (creditors, grantors, etc.) or through enabling legislation.

Committed fund balances includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Such commitments are created by legislative action of the District Board, the District's highest level of decision making authority, by resolution or ordinance and would require the same legislative action to reverse. Ordinances and resolutions both require public votes of the District and, although the uses may differ, they are both considered to be of the highest level of decision making authority for the District.

Amounts in the *assigned* fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balances represent the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance.

As previously noted above, generally, the District would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. The order in which the District would apply resources when multiple categories of unrestricted fund balance are available is as follows: committed, assigned and unassigned.

K. Risk Management

The District is exposed to various risks and torts and therefore purchases general liability and professional liability insurance. The District is insured up to an aggregate of $3,000,000 and $1,000,000 per occurrence. The District is also insured up to $3,000,000 in aggregate for professional liability.

Claims liabilities will be reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. As of June 30, 2025, the District had no outstanding claims. Additionally, through a development agreement between the District and the developer, the developer is responsible for up to $250,000 of any insurance deductibles that might be paid by the City on behalf of the District until such time that the developer's contractual commitments under the development agreement are met.

L. Property taxes

The District Board adopts the annual tax levy each year on or before the third Monday in August based on the full cash value as determined by the Maricopa County Assessor. For locally assessed property, the value is determined as of January 1 of the preceding year, known as the valuation year. For utilities and other centrally valued properties, the full cash value is determined as of January 1 of the tax year. The District has an enforceable claim on the property when the property tax is levied. Levies are due and payable in two installments, on October 1 and March 1, and become delinquent on November 1 and May 1, respectively. Delinquent amounts bear interest at the rate of 16 percent. A lien is placed on the property at the time the tax bill is sold. Maricopa County, at no charge to the taxing entities, bills and

collects all property taxes. Public auctions for sale of delinquent real estate taxes are held in February following the May 1 date upon which the second half taxes become delinquent.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet and the reported amounts of revenue and expenditures during the reported period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

The District participates in the pooled cash and investments of the City for daily transactions. The City then periodically requests reimbursement from the District's restricted funds held by the trustee. At June 30, 2025, the District had a balance of $1,083,183 in the City's pooled cash and investments. In addition, the District has $3,297,050 deposited with a fiscal agent for capital expenditures or to make the required debt service payments on the outstanding debt. The fiscal agent will bill the developer for any short-fall in the required debt service payments in accordance with the development agreement.

Below are the relevant policies with regard to interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

Interest rate risk: In order to limit interest and market rate risk, State law and the City's investment policy sets a maximum maturity on any investment of five years with a minimum of 20% invested for a period of one year or less. At June 30, 2025, 38.4% of the City's investments have a maturity of less than one year.

Credit risk: State law and the City's investment policy limits the purchase of Commercial Paper to prime quality securities rated within the top two ratings by a nationally recognized statistical rating organization. The City's investment policy limits the purchase of Corporate Bonds or Notes to those securities rated at least A-/A3 or equivalent at the time of purchase by a nationally recognized statistical rating organization and with a maximum maturity of three years. The City's investment policy also limits the purchase of Banker's Acceptances to those securities rated Aa or better at the time of purchase by two nationally recognized statistical rating organizations and with a maximum maturity of 180 days. At June 30, 2025, the City's investments include $30.3 million in Commercial Paper and $158.5 million in Corporate Notes. State law and the City's investment policy also restricts investments in certificates of deposit (CD) to fully collateralized or insured from eligible Arizona depositories limited on a statewide basis by their capital structure on a quarterly basis. Such CDs are further collateralized to 110% with pledged securities held by an independent custodian approved by the City. City policy requires that securities underlying repurchase agreements must have a collateralization level of at least 102 percent of the market value of principal and accrued interest.

Investment Type	S&P Ratings range
Agency coupon securities	A-1+ to AA+
Commercial Paper	A-1 to A-1+
Corporate Bonds	BBB+ to AA+
Asset Backed Securities	AAA

The City's investment in the State of Arizona local government investment pool is limited to a pool (Pool 7) that invests only in government securities. Pool 7 is not rated.

Concentration of credit risk: The City's investment policy sets diversification limits on both security types and length of maturity. As of June 30, 2025, the City's investments include 49.2% in U.S. Treasury Notes, 22.8% in Corporate securities, 5.8% in Asset Backed Securities, 4.4% in Commercial Paper, 1.6% in the State of Arizona local government investment pool, 14.5% in Money Market Investments, and 1.5% in U.S. Agency Coupon securities.

There were no investments in any one issuer, excluding the U.S. Government, that represent 5% or more of total City investments.

Custodial credit risk: To control custodial credit risk, State law and the City's investment policy requires all securities and collateral to be held by an independent third party custodian in the City's name. The custodian provides the City with monthly safekeeping statements.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments classified as Level 2 inputs are valued using a matrix pricing model. The City has the following recurring fair value measurements as of June 30, 2025:

- All U.S. Treasury securities are valued using quoted prices in active markets (Level 1)
- All agency coupon securities are valued using other observable inputs (Level 2)
- All commercial paper is valued using other observable inputs (Level 2)
- All corporate bonds are valued using other observable inputs (Level 2)
- All asset backed securities are valued using other observable inputs (Level 2)

The City's cash and investments are combined with the State's pooled investments, and therefore, do not represent specific identifiable investments. The State categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as described above. The City's investment in the State of Arizona's local government investment pool and the money market funds are stated at fair value, which also approximates the value of the investment upon withdrawal.

3. DEFICITS IN FUND EQUITY/EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As described in Note 1, the District was formed to finance and acquire or construct capital infrastructure assets that are subsequently dedicated to the City for operation. The District does not own or operate capital assets. Therefore the Statement of Net Position reflects a large liability (bonds payable) without an offsetting asset and, therefore, negative net position at June 30, 2025.

4. LONG-TERM DEBT

Community Facilities Districts (CFD's), are special purpose districts created specifically to acquire or construct public infrastructure within specified areas of the City, are authorized under state law to issue general obligation (GO) or revenue bonds to be repaid by property (ad valorem) taxes levied on property within the district (for GO debt), or by specified revenues generated within the districts (revenue bonds). CFD's are created by petition to the City Council by property owners within the area to be covered by the district, and debt may be issued only after approval of the voters within the district.

On October 15, 2002 the City Council formed the Vistancia Community Facilities District pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes. The District was subsequently authorized, by the voters of the district on November 12, 2002, to issue up to $100,000,000 in general obligation bonds to construct public infrastructure within the District. The District issued $21,250,000 in fiscal year 2003, $23,550,000 in fiscal year 2005, and $22,760,000 in fiscal year 2007 of general obligation bonds against this authorization. The District refunded all these obligations in fiscal year 2016 through the issuance of $36,985,000 in general obligation bonds. The District refunded the 2016 obligation in fiscal year 2021 through the issuance of $22,725,000 in general obligation bonds. These bonds will be repaid by the property owners within the District. The bonds are obligations of the District only. The City has no obligation for the District debt other than the administration of the collection of the property taxes and payment of the debt service on behalf of the District.

Legal Debt Limit – General Obligation bonded indebtedness for the District cannot exceed 60 percent of the market value of the property in the District after the infrastructure is completed plus the value of the infrastructure improvements made.

The following is a summary of the long-term debt activity of the District for the fiscal year ended June 30, 2025.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds series	$ 11,890,000	$ -	$ 3,810,000	$ 8,080,000	$ 3,960,000
Bond premium	851,576	-	425,788	425,788	-
Total Debt	$ 12,741,576	$ -	$ 4,235,788	$ 8,505,788	$ 3,960,000

The following table discloses the long-term debt obligations of the District as of June 30, 2025, for the government-wide financial statements.

Description	Purpose	Maturity Dates	Net Interest Rate	Original Principal Balance	Principal Balance Outstanding
Series 2020	Refund the existing Series 2015 bonds and provide an addition of $2 million for construction costs.	7/15/21-26	0.87%	$ 36,985,000	$ 8,080,000

The following table discloses the debt service requirements as of June 30, 2025, segregating principal and interest, for each of the remaining years of the bonds.

Fiscal Year	Principal	Interest	Total
2026	3,960,000	244,000	4,204,000
2027	4,120,000	82,400	4,202,400
	$ 8,080,000	$ 326,400	$ 8,406,400

SUPPLEMENTAL INFORMATION

VISTANCIA COMMUNITY FACILITIES DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	$ 4,528,375	$ 4,528,375	$ 4,412,802	$ (115,573)
Investment earnings	-	-	104,408	104,408
Developer contributions	265,000	265,000	17,184	(247,816)
Total revenues	4,793,375	4,793,375	4,534,394	(258,981)
EXPENDITURES:				
Current:				
General government	285,000	285,000	106,945	(178,055)
Debt service:				
Principal payments	3,810,000	3,810,000	3,810,000	-
Interest and other charges	399,400	399,400	399,400	-
Total expenditures	4,494,400	4,494,400	4,316,345	(178,055)
Excess (deficiency) of revenues over (under) expenditures	298,975	298,975	218,049	(80,926)
OTHER FINANCING SOURCES (USES):				
Contigencies	(2,500)	(2,500)	-	2,500
Total other financing sources and uses	(2,500)	(2,500)	-	2,500
Net change in fund balances	296,475	296,475	218,049	(78,426)
Fund balances - beginning	4,841,947	4,841,947	4,183,499	(658,448)
Fund balances - ending	$ 5,138,422	$ 5,138,422	$ 4,401,548	$ (736,874)

CONTINUING DISCLOSURE INFORMATION

VISTANCIA COMMUNITY FACILITIES DISTRICT
Peoria, Arizona

CONTINUING DISCLOSURE INFORMATION

SEC Rule 15c2-12, as amended, requires the City to provide Continuing Disclosure Annual Reports that include audited financial statements and other financial information for the benefit of owners and holders of bond obligations issued by the City. The Continuing Disclosure Annual Report shall contain or incorporate by reference certain information as set forth in the Continuing Disclosure Agreements and Undertakings executed by the City with the issuance of its municipal bond obligations.

Information in this section is provided solely pursuant to the requirements of SEC Rule 15c2-12 and Continuing Disclosure Agreements and Undertakings and include financial information that is not required for fair presentation in conformity with accounting principles generally accepted in the United States of America and is therefore unaudited and not covered by the auditor's opinion.

Annual continuing disclosure information is filed with the Municipal Securities Rulemaking Board (MSRB) for public access via their Electronic Municipal Market Access (EMMA) system at www.emma.msrb.org.

Tables Page

Table 1 – Property Valuations 26

Table 2 – Net Assessed Value by Property Class 27

Table 3 – Net Assessed Value by Major Taxpayers 28

Table 4 – Property Tax Levies and Collections 29

VISTANCIA COMMUNITY FACILITIES DISTRICT **Table 1**

PROPERTY VALUATIONS

LAST FIVE FISCAL YEARS

Fiscal Year Ended June 30,	Limited Property Value	Net Assessed Value
2025	$ 2,485,780,411	$ 249,935,376
2024	2,388,946,524	239,248,009
2023	2,202,728,734	220,576,959
2022	2,052,255,448	205,775,682
2021	1,889,176,540	188,892,327

Source: Maricopa County Assessor, August State Abstract Report

VISTANCIA COMMUNITY FACILITIES DISTRICT
NET ASSESSED VALUE BY PROPERTY CLASS
AS OF JUNE 30, 2025

Table 2

Description	2024-25 Net Assessed Value	Percent of Total
Commercial, Industrial, Mining & Utilities	$ 12,581,233	5.03%
Agriculture & Vacant Land	7,122,128	2.85%
Residential - Owner Occupied	169,084,323	67.65%
Residential - Leased or Rented	61,147,692	24.47%
Net Assessed Value	$ 249,935,376	100.00%
Limited Property Value	$ 2,485,780,411	
Net Assessed Value as a Percentage of Limited Property Value	10.05%	

VISTANCIA COMMUNITY FACILITIES DISTRICT
NET ASSESSED VALUE BY MAJOR TAXPAYERS
AS OF JUNE 30, 2025

Table 3

Taxpayer	Type of Business	2024-25 Net Assessed Valuation	As % of District's 2024-25 Net Assessed Valuation
Vista Winds LLC	Retirement Home	3,369,387	1.35%
Tah Ms-2 Borrower LLC	Investment	1,884,454	0.75%
Pulte Home Company LLC	Real Estate Development	1,689,200	0.68%
Blackstone Country Club	Sports and Recreation Clubs	1,536,698	0.61%
Vistancia MP LLC	Real Estate Development	1,192,036	0.48%
Shops At Vistancia LLC	Real Estate Development	754,050	0.30%
Beazer Homes Holdings LLC	Real Estate Development	607,745	0.24%
Circle K Stores Inc	Convenience Stores	553,851	0.22%
Jen Arizona 61 LLC	Real Estate Development	550,628	0.22%
Weekley Homes LLC	Real Estate Development	532,169	0.21%
		$ 12,670,218	5.07%

Source: Maricopa County Assessor

VISTANCIA COMMUNITY FACILITIES DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST FIVE FISCAL YEARS

Table 4

Fiscal Year Ended June 30,	District Tax Rate	Taxes Levied for the Fiscal Year [1]	Fiscal Year of the Levy [2]		Collections in Subsequent Years [2]	Total Collections To Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2025	$ 1.6200	$ 4,421,361	$ 4,391,805	99.33%	$ -	$ -	0.00%
2024	1.8900	4,518,714	4,449,751	98.47%	(81,229)	4,368,522	96.68%
2023	2.1000	4,632,123	4,594,156	99.18%	(124,421)	4,469,735	96.49%
2022	2.1000	4,321,289	4,299,085	99.49%	(108,469)	4,190,616	96.98%
2021	2.1000	3,966,745	3,937,797	99.27%	(73,703)	3,864,094	97.41%

Notes: [1] Levy figures obtained from Maricopa County Secured Levy Report at 6/30/2025, Page 3373
[2] Collection amount obtained from Maricopa County Treasurer's Secured Levy Report at 6/30/2025, Page 3373

Source: Maricopa County Treasurer's Office
Maricopa County Assessor's Office
City financial records and reports

CITY OF PEORIA, ARIZONA
VISTANCIA COMMUNITY FACILITIES DISTRICT COMMUNICATION

Agenda Item: 9C.

Date Prepared: 1/29/2026

Council Meeting Date: 2/10/2026

TO: Henry Darwin, District Manager

THROUGH: Kevin Burke, Deputy District Manager

FROM: Sean Kindell, District Chief Financial Officer

SUBJECT: Release of Standby Letter of Credit, Vistancia Community Facilities District Series 2020 Bonds

Purpose:

Discussion and possible action to adopt **VCFD RES. 2026-01** approving and authorizing the release of the Standby Letter of Credit for the Vistancia Community Facilities District Series 2020 General Obligation Bonds.

Summary:

In accordance with the Vistancia Community Facilities District (VCFD) Series 2020 Depository Agreement, Vistancia Residential, LLC established an irrevocable Letter of Credit (LOC) in the amount of $2,272,500.

Per Section 1.12(B) of the Depository Agreement, upon receipt by the Issuer Representative in any fiscal year of evidence satisfactory to the Issuer Representative that, for three successive Fiscal Years, a tax rate of $2.10 per $100 of limited assessed valuation of property within the boundaries of the District owned by other than Vistancia Residential and Vistancia Master Holdings would have been sufficient to pay Maximum Annual Debt Service for any subsequent Fiscal Year plus the historical, annual, average of amounts necessary for payment of amounts described in Section 9.1 of the Restated Development Agreement as of such fiscal year for that fiscal year, the LOC may be released.

After receipt of proof of satisfaction of such condition, the Board is to approve in writing such release, and the Depository is to be notified as such by the Issuer Representative and directed to take such action as is necessary to release the Letter of Credit. Proof of satisfaction of such condition is included as an attachment to this communication.

Previous Actions/Background:

On September 8, 2020 the VCFD Board adopted resolution VCFD 2020-03 authorizing and approving: (1) an Amended and Restated Feasibility Report; (2) the sale and issuance of general

obligation bonds series 2020; and (3) approving the form and authorizing the execution of an Amended and Restated Development, Financing Participation and Intergovernmental Agreement, the Standby Contribution Agreement, Letter of Credit Depository Agreement and all other necessary documents relating to the series 2020 bond transaction;

Staff Recommendation:

Staff recommends adoption of the attached Resolution as presented.

Fiscal Analysis:

This resolution has no fiscal impact

ATTACHMENTS:

Resolution
LOC Release Memo

Contact Name and Number:
Sean Kindell, (623) 773-7819

VISTANCIA COMMUNITY FACILITIES DISTRICT

RESOLUTION NO. VCFD 2026-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF VISTANCIA COMMUNITY FACILITIES DISTRICT APPROVING RELEASE OF THE LETTER OF CREDIT HELD PURSUANT TO A SERIES 2020 LETTER OF CREDIT DEPOSITORY AGREEMENT WITH RESPECT TO SERIES 2020 BONDS ISSUED BY THE DISTRICT

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF VISTANCIA COMMUNITY FACILITIES DISTRICT as follows:

1. Findings.

a. Pursuant to a Resolution of the board of directors (hereinafter called the "*Board*") of Vistancia Community Facilities District (hereinafter called the "*District*") adopted on September 8, 2020 (hereinafter referred to as the "*Bond Resolution*"), the Board (1) authorized the sale and issuance of its General Obligation Bonds, Series 2020, in the aggregate principal amount of $22,725,000 (hereinafter referred to as the "*Bonds*") to provide funds for any and all of the public infrastructure purposes described in the feasibility report presented to and approved by the Board on September 8, 2020, and to refund certain outstanding bonds of the District, and (2) entered in its minutes a record of the Bonds sold and their numbers and dates and has levied, and will continue to levy, and cause an *ad valorem* tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the boundaries of the District sufficient, together with moneys from the sources described therein to pay debt service with respect to the Bonds when due.

b. The Board, by the Bond Resolution, duly authorized the issuance of the Bonds and, in order to provide terms for, to secure, and to provide for authentication and delivery of the Bonds, duly authorized the execution and delivery of a Series 2020 Indenture of Trust and Security Agreement, dated as of September 1, 2020 (hereinafter referred to as the "*Indenture*"), from the District.

c. In consideration for the issuance of the Bonds, and the actions taken in the Indenture, by the District, Vistancia Residential, LLC (hereinafter called "*Vistancia Residential*"), had established by Bank of America, N.A. (hereinafter called the "*Bank*") in favor of U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as depository (hereinafter called the "*Depository*"), an irrevocable standby letter of credit in the face amount of $2,272,500.00 (hereinafter referred to as the "*Letter of Credit*") to be held under the terms of the Series 2020 Depository Agreement, dated as of September 1, 2020 (hereinafter referred to as the "*Depository Agreement*"), by and between the District and the Depository.

d. Section 1.12(B) of the Depository Agreement provides that, upon receipt by the Issuer Representative (as such term and all other capitalized terms used but not

otherwise defined herein are defined in the Indenture) in any Fiscal Year of evidence satisfactory to the Issuer Representative that, for three successive Fiscal Years, a tax rate of $2.10 per $100 of limited assessed valuation of property within the boundaries of the District owned by other than Vistancia Residential and Vistancia Master Holdings or any entity owned or controlled (as such term is used in the federal Securities Act of 1933, as amended) by, or which owns or controls, Vistancia Residential and Vistancia Master Holdings would have been sufficient to pay Maximum Annual Debt Service for any subsequent Fiscal Year plus the historical, annual, average of amounts necessary for payment of amounts described in Section 9.1 of the Restated Development Agreement as of such Fiscal Year for that Fiscal Year, the Letter of Credit may be released. After receipt of proof of satisfaction of such condition, the Board is to approve in writing such reduction, and the Depository is to be notified as such by the Issuer Representative and directed to take such action as is necessary to release the Letter of Credit.

e. It has been proven to the satisfaction of the Issuer Representative that, for purposes of the foregoing, the Letter of Credit should be released.

2. Approval of Release. The Board approves the release of the Letter of Credit as indicated in the recitals hereto. (The District Chief Financial Officer shall notify the Depository of such release and shall take such action as is necessary to release the Letter of Credit.)

3. Other Actions Necessary; Severability; Amendment; Effective Date.

a. The District Manager, the District Chief Financial Officer, the District Clerk and the other officers of the District shall take all action necessary or reasonably required to carry out, give effect to and consummate the actions contemplated by this Resolution.

b. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

c. All resolutions or parts thereof inconsistent herewith are hereby waived to the extent only of such inconsistency.

d. This Resolution shall be effective immediately.

PASSED by the Board of Directors of Vistancia Community Facilities District this 10th day of February 2026.

.....
Chairman, Board of Directors, Vistancia
Community Facilities District

ATTEST:

.....
District Clerk, Vistancia Community
Facilities District

APPROVED AS TO FORM:

.....
District Counsel, Vistancia Community
Facilities District

* * *

City of Peoria

FINANCE AND BUDGET

8401 West Monroe Avenue
Peoria, Arizona 85345
T 623.773.7150
F 623.773.7033

Memorandum

Date: January 20, 2026

To: Board of Directors, Vistancia Community Facilities District

From: Sean Kindell, District Chief Financial Officer

Re: Standby Contribution, Letter of Credit

Per Section 1.12 of the Vistancia Community Facilities District (VCFD) Series 2020 Bonds, if the tax rate of $2.10 per $100 of limited assessed valuation of property within the boundaries of the District owned by other than Vistancia Residential and Vistancia Master Holdings would have been sufficient to pay Maximum Annual Debt Service for any subsequent Fiscal Year plus the historical, annual average of amounts necessary for payment of amounts described in Section 9.1 of the Restated Development Agreement as of such fiscal year for three consecutive fiscal years, the Letter of Credit (LOC) may be released.

The below table shows the previous three fiscal years.

	FY23/24	FY24/25	FY25/26
Tax Levy at $2.10 per $100 LPV Net Assessed	$5,029,007	$5,372,648	$5,717,615
Maximum Annual Debt Service	$4,285,600	$4,284,800	$4,284,800
Section 9.1 Estimated Costs	$ 22,500	$ 22,500	$ 22,500

Based on the above amounts, the qualifications for release of the LOC have been met.

Cordially,

Sean Kindell
District Chief Financial Officer

CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION

Agenda Item: 10C.

Date Prepared: 1/29/2026

Council Meeting Date: 2/10/2026

TO: Henry Darwin, District Manager

THROUGH: Travis Cutright, Deputy District Manager

FROM: Agnes Goodwine, City Clerk MMC

SUBJECT: Minutes

Purpose:

Discussion and possible action to approve the June 3, 2025 Vistancia West Community Facilities District meeting minutes.

ATTACHMENTS:

June 3, 2025 VWCFD Minutes

Contact Name and Number:
Agnes Goodwine, City Clerk (623) 773-7340

MINUTES OF THE VISTANCIA WEST COMMUNITY FACILITIES DISTRICT BOARD
CITY OF PEORIA, ARIZONA
COUNCIL CHAMBER
June 3, 2025

The Vistancia West Community Facilities District Board met in open and public session at 8401 West Monroe Street prior to the Regular Meeting of the Peoria City Council at 6:17 p.m.

Members Present: Board Chairperson Jason Beck, Vice Chair Jennifer Crawford, and Board Members Denette Dunn (telephonically), Michael Finn, Rick Stokes, Jon Edwards, and Matt Bullock.

Council Youth Liaisons: None.

Members Absent: None

Other Municipal Officials Present: Henry Darwin, District Manager; Kevin Burke, Deputy District Manager; Travis Cutright, Deputy District Manager; Mike Faust, Deputy District Manager; Emily Jurmu, District Counsel; and Agnes Goodwine, District Clerk.

Note: The order in which items appear in the minutes is not necessarily the order in which they were discussed in the meeting.

CONSENT AGENDA

CONSENT AGENDA: All items listed on the Consent Agenda are considered to be routine or have been previously reviewed and/or discussed by the District Board and will be enacted by one motion. There will be no separate discussion of these items. If the Presiding Officer receives timely notice of a request for removal, an item may be removed from the Consent Agenda for consideration on the Regular Agenda.

Clerk's Note: The agenda item numbers shown below reflect the items as they were numbered on the agenda.

9 C. **Minutes**

Approved the May 13, 2025 Vistancia West Community Facilities District meeting minutes.

10 C. **Termination of Standby Letter of Credit, Vistancia West Community Facilities District Series 2016 and 2019 Bonds**

Adopted **RES. VWCFD 2025-02** approving and authorizing the termination of the Standby Letter of Credit for the Vistancia West Community Facilities District Series 2016 and Series 2019 General Obligation Bonds.

Having no requests from the District Board to remove items from the Consent Agenda, motion was made by Board Member Stokes, and seconded by Board Member Edwards, to approve the Consent Agenda.

Upon tabulation of votes, it showed:

AYES – Beck, Crawford, Finn, Stokes, Dunn, Edwards, Bullock
NAYS – None
ABSENT – None

Motion carried unanimously.

REGULAR MEETING

11 R. **PUBLIC HEARING – VWCFD District Budget and Tax Levy for Fiscal Year 2026**

Sean Kindell, Chief Financial Officer, presented a PowerPoint presentation on the Vistancia West Community Facility District Budget and Tax Levy for Fiscal Year (FY) 2026. Information included:

- FY 2026 Final Budget
- FY 2026 Final Tax Levy
- FY 2026 Budget Adoption
- FY 2026 Staff Recommendation

Mayor Beck opened the Public Hearing at 6:19 p.m.

With no public comment, Mayor Beck closed the Public Hearing at 6:19 p.m.

Motion was made by Board Member Bullock, and seconded by Board Member Stokes, to adopt **RES. VWCFD 2025-03** approving the final budget and tax levy estimates for Fiscal Year 2026 for the Vistancia West Community Facilities District; ordering that an Ad Valorem Tax be levied and assessed on the assessed value of all property within the District; and providing for certified copies of this Resolution to be delivered to the appropriate agencies.

Upon tabulation of votes, it showed:

AYES – Beck, Crawford, Finn, Stokes, Dunn, Edwards, Bullock
NAYS – None
ABSENT – None

Motion carried unanimously.

ADJOURNMENT:

Being no further business to come before the District Board, the meeting was adjourned into the Vistancia West Community Facilities District agenda at 6:19 p.m.

_____
Jason Beck, Board Chairperson

CERTIFICATION AND ATTESTATION

I hereby certify that the foregoing minutes are a true and correct summary of the proceedings of the Vistancia West Community Facilities District Meeting held on the 3rd day of June 2025. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 10th day of February 2026.

_____
Agnes Goodwine, District Clerk

kh

CITY OF PEORIA, ARIZONA
VISTANCIA WEST COMMUNITY
FACILITIES DISTRICT COMMUNICATION

Agenda Item: 11C.

Date Prepared: 1/29/2026

Council Meeting Date: 2/10/2026

TO: Henry Darwin, District Manager

THROUGH: Kevin Burke, Deputy District Manager

FROM: Sean Kindell, District Chief Financial Officer

SUBJECT: Fiscal Year 2025 Annual Financial Report

Purpose:

Discussion and possible action to receive and accept the Vistancia West Community Facilities District Annual Financial Report for the year ended June 30, 2025.

Summary:

Attached is the Annual Financial Report of the Vistancia West Community Facilities District for the fiscal year ended June 30, 2025. This report was prepared by the City's Finance Department and audited by an independent audit firm, Heinfeld, Meech & Co.

An annual audit by an independent audit firm is required to meet the District's continuing disclosure requirements for its outstanding bond obligations. The Annual Financial Report is posted on the Municipal Securities Rule Making Board's website and District website.

The District received a clean audit opinion with no material misstatements. The independent auditors' report on the financial statements expresses an opinion that the basic financial statements present fairly, in all material respects, the financial position and results of operations of the District in conformity with U.S. generally accepted accounting principles.

We are responsible for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures. We believe the data is accurate in all material respects and is presented in a manner which fairly sets forth the financial position and results of operation of the District.

The annual financial report includes the District-wide financial statements, fund financial statements and related footnotes as well as Management's Discussion and Analysis and budgetary comparison schedules. These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Previous Actions/Background:

The fiscal year 2024 Annual Financial Report was received and accepted by the Board on January 28, 2025.

Staff Recommendation:

Staff recommends the Board receive and accept the Vistancia West Community Facilities District Annual Financial Report for the fiscal year ended June 30, 2025.

Fiscal Analysis:

This item has no financial implications.

ATTACHMENTS:

Communication to Governance
Annual Financial Report

Contact Name and Number:
Sean Kindell, (623) 773-7819

December 22, 2025

To the City Council
City of Peoria, Arizona

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Peoria, Arizona (City) for the year ended June 30, 2025. In addition, we have audited the financial statements of the Vistancia Community Facilities District, Vistancia West Community Facilities District, Vistancia North Community Facilities District, Mystic Lake at Pleasant Heights Community Facilities District, City of Peoria Employee Benefit Trust and City of Peoria Workers' Compensation Trust as of June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter provided to you during the planning phase of the audit. Professional standards also require that we communicate to you the following matters related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Peoria, Arizona are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

As described in Note 1 of the financial statements, the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences,* for the year ended June 30, 2025. GASB Statement No. 101 updates the recognition and measurement guidance for compensated absences. The City's analysis of compensated absences in effect at the beginning of the year resulted in no changes to beginning balances reported in the financial statements due to the implementation of this standard.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time management estimates those assets will provide some economic benefit in the future.
- Management's estimate of the more likely than not portion of the compensated absences balance is based on past experience and future expectations for the use or payment of leave.
- Management's estimate of the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.
- Management's estimate of the insurance claims incurred but not reported is based on information provided by the entity's third-party administrators and subsequent claims activity.
- The assumptions used in the actuarial valuations of the pension and other postemployment benefits plans are based on historical trends and industry standards.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. A misstatement is defined as a difference between the reported amount, classification, presentation, or disclosure of a financial statement item and the amount, classification, presentation, or disclosure that is required for the item to be presented fairly in accordance with the applicable financial reporting framework. During the course of the audit we did not identify any uncorrected misstatements which require communication.

In addition, as part of the professional services we provided to the City, we assisted with the preparation of the SEFA and related notes as well as the Data Collection Form submission to the Federal Audit Clearinghouse.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain written representations from management, which are included in the management representation letter provided to us at the conclusion of the audit.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants regarding auditing and accounting matters.

Discussions with Management

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management throughout the course of the year. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention as the City's auditors.

Compliance with Ethics Requirements Regarding Independence

The engagement team, others in our firm, and as appropriate, our firm, have complied with all relevant ethical requirements regarding independence. Heinfeld, Meech & Co., P.C. continually assesses client relationships to comply with relevant ethical requirements, including independence, integrity, and objectivity, and policies and procedures related to the acceptance and continuance of client relationships and specific engagements. Our firm follows the "Independence Rule" of the AICPA Code of Professional Conduct and the rules of state boards of accountancy and applicable regulatory agencies. It is the policy of the firm that all employees be familiar with and adhere to the independence, integrity, and objectivity rules, regulations, interpretations, and rulings of the AICPA, U.S. Government Accountability Office (GAO), and applicable state boards of accountancy.

Responsibility for Fraud

It is important for both management and the members of the governing body to recognize their role in preventing, deterring, and detecting fraud. One common misconception is that the auditors are responsible for detecting fraud. Auditors are required to plan and perform an audit to obtain reasonable assurance that the financial statements do not include material misstatements caused by fraud. Unfortunately most frauds which occur in an organization do not meet this threshold.

The attached document prepared by the Association of Certified Fraud Examiners (ACFE) is provided as a courtesy to test the effectiveness of the fraud prevention measures of your organization. Some of these steps may already be in place, others may not. Not even the most well-designed internal controls or procedures can prevent and detect all forms of fraud. However, an awareness of fraud related factors, as well as the active involvement by management and the members of the governing body in setting the proper "tone at the top", increases the likelihood that fraud will be prevented, deterred and detected.

Additional Reports Issued

In addition to the auditor's report on the financial statements we will also issue the following documents related to this audit. These reports are typically issued within 60 days of the date of this letter.

- Single Audit Report
- Examination report on the Annual Expenditure Limitation Report
- Report on compliance for the Highway User Revenue Fund
- Individual Communities Facilities District Reports
- Employee Benefit Trust Report
- Workers' Compensation Trust Report

Other Important Communications Related to the Audit

Attached to this letter are a copy of the signed engagement letter provided to us at the initiation of the audit, and a copy of the management representation letter provided to us at the conclusion of the audit. If there are any questions on the purpose or content of these letters please contact the engagement partner identified in the attached engagement letter.

Restriction on Use

This information is intended solely for the use of the members of the City Council and management of City of Peoria, Arizona and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona

Fraud Prevention Checklist

The most cost-effective way to limit fraud losses is to prevent fraud from occurring. This checklist is designed to help organizations test the effectiveness of their fraud prevention measures.

1. **Is ongoing anti-fraud training provided to all employees of the organization?**
    - Do employees understand what constitutes fraud?
    - Have the costs of fraud to the company and everyone in it — including lost profits, adverse publicity, job loss and decreased morale and productivity — been made clear to employees?
    - Do employees know where to seek advice when faced with uncertain ethical decisions, and do they believe that they can speak freely?
    - Has a policy of zero-tolerance for fraud been communicated to employees through words and actions?

2. **Is an effective fraud reporting mechanism in place?**
    - Have employees been taught how to communicate concerns about known or potential wrongdoing?
    - Is there an anonymous reporting channel available to employees, such as a third-party hotline?
    - Do employees trust that they can report suspicious activity anonymously and/or confidentially and without fear of reprisal?
    - Has it been made clear to employees that reports of suspicious activity will be promptly and thoroughly evaluated?
    - Do reporting policies and mechanisms extend to vendors, customers and other outside parties?

3. **To increase employees' perception of detection, are the following proactive measures taken and publicized to employees?**
    - Is possible fraudulent conduct aggressively sought out, rather than dealt with passively?
    - Does the organization send the message that it actively seeks out fraudulent conduct through fraud assessment questioning by auditors?
    - Are surprise fraud audits performed in addition to regularly scheduled audits?
    - Is continuous auditing software used to detect fraud and, if so, has the use of such software been made known throughout the organization?

4. **Is the management climate/tone at the top one of honesty and integrity?**
    - Are employees surveyed to determine the extent to which they believe management acts with honesty and integrity?
    - Are performance goals realistic?
    - Have fraud prevention goals been incorporated into the performance measures against which managers are evaluated and which are used to determine performance-related compensation?
    - Has the organization established, implemented and tested a process for oversight of fraud risks by the board of directors or others charged with governance (e.g., the audit committee)?

5. **Are fraud risk assessments performed to proactively identify and mitigate the company's vulnerabilities to internal and external fraud?**

6. **Are strong anti-fraud controls in place and operating effectively, including the following?**
    - Proper separation of duties
    - Use of authorizations
    - Physical safeguards
    - Job rotations
    - Mandatory vacations

7. **Does the internal audit department, if one exists, have adequate resources and authority to operate effectively and without undue influence from senior management?**

8. **Does the hiring policy include the following (where permitted by law)?**
    - Past employment verification
    - Criminal and civil background checks
    - Credit checks
    - Drug screening
    - Education verification
    - References check

9. **Are employee support programs in place to assist employees struggling with addictions, mental/ emotional health, family or financial problems?**

10. **Is an open-door policy in place that allows employees to speak freely about pressures, providing management the opportunity to alleviate such pressures before they become acute?**

11. **Are anonymous surveys conducted to assess employee morale?**

May 7, 2025

Honorable Mayor, Members of the City Council, and Management
City of Peoria
8401 West Monroe Street, 2nd Floor
Peoria, AZ 85345

We are pleased to confirm our understanding of the services we are to provide for City of Peoria, Arizona (City) for the year ended June 30, 2025. We encourage you to read this letter carefully as it includes important information regarding the services we will be providing to the City. If there are any questions on the content of the letter, or the services we will be providing, we would welcome the opportunity to meet with you to discuss this information further.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, business-type activities, each major fund, the aggregate remaining fund information, the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison statements for the general fund, half-cent sales tax special revenue fund, highway user revenues special revenue fund, transportation sales tax special revenue fund, and other grants special revenue fund, including the disclosures, which collectively comprise the basic financial statements of City of Peoria, Arizona as of and for the year ended June 30, 2025.

Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), and GASB-required supplementary pension and other post-employment benefit information to supplement the City's basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1. Management's discussion and analysis
2. Budgetary comparison schedules
3. GASB-required pension and other post-employment benefits schedule.

We have also been engaged to report on supplementary information other than RSI that accompanies the City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole.

1. Schedule of expenditures of federal awards
2. Combining and individual fund financial statements and schedules

In connection with our audit of the basic financial statements, we will read the following other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

1. Other information included with the audited financial statements such as the transmittal letter and statistical data

In addition, we will perform the necessary procedures to issue the applicable report for the following.

1. Examination report on the Annual Expenditure Limitation Report
2. Examination report on compliance for highway user revenue fund monies in accordance with ARS §9-481(B)(2)
3. Audit report for each of the following Community Facilities Districts (CFDs):
   Vistancia
   Vistancia West
   Vistancia North
   Mystic Lake at Pleasant Heights
4. Employee Health Insurance Trust
5. Workers' Compensation Insurance Trust

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP and report on the fairness of the supplementary information when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards.*
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)*.*

An important aspect to our expression of opinions on the financial statements is understanding the concept of materiality. Our determination of materiality is a matter of professional judgment and is affected by our perception of the financial information needs of users of the financial statements. For purposes of determining materiality we may assume that reasonable users –

1. have a reasonable knowledge of business and economic activities and accounting and a willingness to study the information in the financial statements with reasonable diligence;
2. understand that financial statements are prepared, presented, and audited to levels of materiality;
3. recognize the uncertainties inherent in the measurement of amounts based on the use of estimates, judgment, and the consideration of future events; and
4. make reasonable judgements based on the information in the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements and Single Audit

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records for the City, a determination of major programs in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the City or to acts by management or employees acting on behalf of the City. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in the financial statements nor do they expect auditors to provide reasonable assurance of detecting waste or abuse. However, auditors may consider whether and how to communicate such matters if they become aware of them. Auditors may discover that waste or abuse are indicative of fraud or noncompliance with provisions of laws, regulations, contract and grant agreements.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loos or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts. Our procedures will also include, as deemed necessary, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request, if deemed necessary, written representations from the City's attorneys as part of the engagement, and they may bill you for responding to this inquiry.

We have identified the following significant risks of material misstatement as part of our audit planning:

1. Management override of controls
2. Improper revenue recognition

Audit Procedures – Internal Control

We will obtain an understanding of the City and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.

Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with the provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards.*

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the City has complied with federal statutes, regulations and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. For federal programs that are included in the *OMB Compliance Supplement*, our compliance and internal control procedures will relate to the compliance requirements that the *OMB Compliance Supplement* identifies being subject to audit. The purpose of these procedures will be to express an opinion on the City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Responsibilities of Management for the Financial Statements and Single Audit

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management is reliable and financial information is reliable and properly reported.

Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America with the oversight of those charged with governance; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making drafts of financial statements, schedule of expenditures of federal awards, all financial records, and related information available to us; for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for the 12 months after the financial statement date or shortly thereafter (for example, within an additional three months if currently known). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under Uniform Guidance; (3) additional information we may request for the purpose of the audit; and (4) and unrestricted access to persons within the City from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; the schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

Management's responsibilities also include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

Management is responsible for the design and implementation of programs to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the City involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the City received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the City complies with applicable laws, regulations, contracts, agreements, and grants. You are also responsible taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review prior to issuance of our reports.

Management is responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received, and COVID-19 related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

Management is responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or to make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in a written representation letter that (1) you are responsible for presentation of supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, management understands that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Planned Scope of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Our tests will not include a detailed check of all transactions for the period.

Our audit will include obtaining an understanding of the City and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the City or to acts by management or employees acting on behalf of the City. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

Our audit of the financial statements does not relieve you of your responsibilities outlined in the Responsibilities of Management of the Financial Statements section of this letter.

Timeliness of Financial Reporting and the Audit

One basic characteristic of financial reporting is timeliness, which indicates that if financial statements are to be useful, they must be issued soon enough after the reported events to affect decisions. Timeliness alone does not make information useful, but the passage of time usually diminishes the usefulness that the information otherwise would have had.

To maintain a timely approach, we expect to begin our audit in May 2025 and conclude audit procedures and date our report in December 2025. In order to meet this expected timeline, we require that all requests for the following significant audit areas be provided by November 14, 2025. If these requests are not provided by the date indicated, it will result in delayed report issuance.

Significant audit areas include:

- Compensated absence schedules (that adhere to GASB 101)

Our audit of the financial statements does not relieve you of your responsibilities outlined in the *Responsibilities of Management for the Financial Statements* section of this letter.

Engagement Administration, Fees, and Other

Joshua Jumper is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

We will provide copies of our reports to the City; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are made available for public inspection.

We understand that your employees will prepare all cash, accounts receivable or other confirmations we request and will locate any documents selected by us for testing.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication form us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we ware unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We maintain internal policies, procedures, and safeguards to protect the confidentiality of your information. We may, depending on the circumstances, use third-party service providers in providing our professional services. The following service providers may be utilized in the completion of our engagement:

- Capital Confirmation, Inc. – electronic bank and account balance confirmation service
- Citrix ShareFile – web-based application service to transfer files
- Harvest Investments, Ltd. – investment portfolio valuation service

You hereby consent and authorize us to use the above service providers, if deemed necessary, to complete the professional services outlined in this letter.

Heinfeld, Meech & Co., P.C. does not host any of the City's information. Sharefile is used solely to transmit data and is not intended to store the City's information. The City is solely responsible for downloading any deliverables and other records form Sharefile that the City wishes to retain for its own records at the completion of the engagement. If the engagement occurs over multiple years, the City should download such information at least annually. The data and deliverable and other records will either be removed from Sharefile or otherwise become unavailable to the City after the completion of the audit. If the engagement is multi-year, the completion of the engagement occurs each year when the deliverables for that year are delivered to the City.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the Federal Audit Clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

We will provide copies of our reports to the City; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Heinfeld, Meech & Co., P.C., and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a cognizant or oversight agency or its designee, a federal agency providing direct or indirect funding, the U.S. Government Accountability Office, or other authorized governmental agency for the purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Heinfeld, Meech & Co., P.C., personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven (7) years after the report release date, or for any additional period requested by a regulator, cognizant agency, oversight agency for audit, or pass-through entity. Upon expiration of the seven year period, or any additional period, we will commence the process of destroying the contents of our engagement files. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

In the event we are required to respond to a subpoena, court order or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this engagement, you agree to compensate us at our hourly rates, for the time we expend in connection with such response, and to reimburse us for all of our out-of-pocket costs incurred in that regard.

Any disagreement, controversy, or claim ("dispute") that may arise from any aspect of our services, including this engagement or any prior engagement, will be submitted to mediation. The parties will engage in the mediation process in good faith once a written request to mediate has been given by any party. Any mediation initiated as a result of this engagement shall be administered by The American Arbitration Association, according to its mediation rules before resorting to litigation. The results of any such mediation shall be binding only upon agreement of each party to be bound. Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally.

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any dispute that may arise between us. The parties agree that, notwithstanding any statute or law of limitations that might otherwise apply to a dispute, including one arising out of this agreement or the services performed under this agreement, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any action or legal proceeding by you against us must be commenced within twenty-four (24) months ("limitation period") after the date when we deliver our final audit report under this agreement to you, regardless of whether we do other services for you relating to the audit report, or you shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery. The limitation period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a dispute.

Professional standards prohibit auditors from agreeing to indemnify attest clients for damages, losses or costs arising from lawsuits, claims or settlements that relate, directly or indirectly, to the client's acts. As such, professional standards will prevail for indemnification clauses included in audit contracts. In addition, we are unable to obtain waivers on our professional liability insurance policy for certain provisions, including indemnification provisions, provisions requiring the firm to name the City as additional insured party, and a waiver of subrogation rights.

Professional standards require us to be independent with respect to you in the performance of these services. Any discussion that you have with our personnel regarding potential employment with you could impair our independence with respect to this engagement. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence and objectivity. Further, any employment offers to any staff members working on this engagement without our prior knowledge may require substantial additional procedures to ensure our independence. You will be responsible for any additional costs incurred to perform these procedures.

Our fee for these services will be at the amount outlined in our proposal. We exercised care in estimating the fee and believe it accurately indicates the scope of the work. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

Our fees are based on anticipated cooperation from your personnel, timely receipt of information, and the assumption that unexpected circumstances will not be encountered during the audit, including factors beyond our control, such as new accounting pronouncements or legal requirements, additional advisory services, and assistance in correcting errors in your financial records. We will plan the engagement based on the assumption that your personnel will prepare and provide us with the items listed in our request for audit information, including preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reason, your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement resulting in additional costs for the additional services provided. If additional time is necessary, we will discuss it with before we invoice the additional costs. Additional fees incurred will be billed at the following hourly rates: Partner - $288; Manager - $236; Senior - $185; Staff - $123.

If any term or provision of this agreement is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

Reporting

We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Honorable Mayor and Members of the City Council. Circumstances may arise in which our reports may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. The Uniform Guidance report on internal control over compliance will state that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2024 peer review report accompanies this letter.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. Please feel free to contact us at any time if you have any questions or concerns. If you have any questions regarding this letter, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona

cc: Sean Kindell, Chief Financial Officer
Pamela Brogie, Accounting Supervisor
Peter Christensen, Deputy Finance Director

RESPONSE

This letter correctly sets forth the understanding of City of Peoria, Arizona, including our agreement to the audit documentation deadline established in the '*Timeliness of Financial Reporting and the Audit*' section above, and the potential for delayed issuance of the audit report.

Printed Name: Sean Kindell

Title: Chief Financial Officer

Signature: Sean Kindell

Date: 05/07/2025

Grant Bennett Associates
A PROFESSIONAL CORPORATION

Proud Member of AlliottGlobalAlliance™

Report on the Firm's System of Quality Control

October 4, 2024

To Heinfeld, Meech & Co., P.C. and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Heinfeld, Meech & Co., P.C. (the firm) in effect for the year ended May 31, 2024. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility
The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility
Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations
Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act and an audit of an employee benefit plan.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion
In our opinion, the system of quality control for the accounting and auditing practice of Heinfeld, Meech & Co., P.C. in effect for the year ended May 31, 2024, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Heinfeld, Meech & Co., P.C. has received a peer review rating of *pass*.

Grant Bennett Associates

GRANT BENNETT ASSOCIATES
A PROFESSIONAL CORPORATION
Certified Public Accountants

GBA CPA
www.gbacpa.com

10850 Gold Center Drive, Suite 260
Rancho Cordova, CA 95670
916/922-5109 FAX 916/641-5200

Princeville, HI
888/763-7323

Together as One. Grant Bennett Associates is a Member of the Alliott Global Alliance of independent professional firms.

Progress | RightSignature

SIGNATURE CERTIFICATE

REFERENCE NUMBER
83EF5E54-FA59-43B2-90E0-B1549B917573

TRANSACTION DETAILS	DOCUMENT DETAILS
Reference Number 83EF5E54-FA59-43B2-90E0-B1549B917573	**Document Name** Engagement Ltr FY25 Peoria City
Transaction Type Signature Request	**Filename** Engagement_Ltr_FY25_Peoria_City.pdf
Sent At 05/07/2025 13:59 MST	**Pages** 14 pages
Executed At 05/07/2025 15:56 MST	**Content Type** application/pdf
Identity Method email	**File Size** 435 KB
Distribution Method email	**Original Checksum** 82b0e03671ca71029fac53e419e52ef2c462c4d37528984f3873ca9a9d0a80cf
Signed Checksum ce73934ea4d87d8f483090629012ef793e694ab6ab969577e67cd56118fc45ee	
Signer Sequencing Disabled	
Document Passcode Disabled	

SIGNERS

SIGNER	E-SIGNATURE	EVENTS
Name Sean Kindell	**Status** signed	**Viewed At** 05/07/2025 15:18 MST
Email sean.kindell@peoriaaz.gov	**Multi-factor Digital Fingerprint Checksum** dcf2298e4ea3d52975c2a67b43a2d064d61d81f1afb50aa651e3d3acc412ea0a	**Identity Authenticated At** 05/07/2025 15:56 MST
Components 4	**IP Address** 207.108.129.27	**Signed At** 05/07/2025 15:56 MST
	Device Microsoft Edge via Windows	
	Typed Signature Sean Kindell	
	Signature Reference ID A61E95BA	

AUDITS

TIMESTAMP	AUDIT
05/07/2025 13:59 MST	Carri Corbett (carri.corbett@hm.cpa) created document 'Engagement_Ltr_FY25_Peoria_City.pdf' on Chrome via Windows from 76.134.178.164.
05/07/2025 13:59 MST	Sean Kindell (sean.kindell@peoriaaz.gov) was emailed a link to sign.
05/07/2025 15:18 MST	Sean Kindell (sean.kindell@peoriaaz.gov) viewed the document on Microsoft Edge via Windows from 207.108.129.27.
05/07/2025 15:56 MST	Sean Kindell (sean.kindell@peoriaaz.gov) authenticated via email on Microsoft Edge via Windows from 207.108.129.27.
05/07/2025 15:56 MST	Sean Kindell (sean.kindell@peoriaaz.gov) signed the document on Microsoft Edge via Windows from 207.108.129.27.

City of Peoria

FINANCE AND BUDGET DEPARTMENT

8401 West Monroe Street
Peoria, Arizona 85345
T 623.773.7160
F 623.773.7159

Heinfeld, Meech & Co., P.C.
1365 N. Scottsdale Road, Suite 300
Scottsdale, AZ 85257

This representation letter is provided in connection with your audit of the financial statements of City of Peoria, Arizona, which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund, highway user revenues special revenue fund, transportation sales tax special revenue fund, and other grants special revenue fund for the period then ended, and the disclosures (collectively the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

In addition, we provide this letter in connection with your audits of the financial statements of the Vistancia Community Facilities District, Vistancia West Community Facilities District, Vistancia North Community Facilities District, Mystic Lake at Pleasant Heights Community Facilities District, City of Peoria Employee Benefit Trust and City of Peoria Workers' Compensation Trust as of June 30, 2025 and the respective changes in financial position and, where applicable, cash flows for the period then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of our signature, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.

2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP. In addition, we believe:

    - The significant judgments made in making accounting estimates have considered all relevant information of which management is aware
    - The appropriateness and consistency of the measurement processes used by management in determining accounting estimates
    - That the assumptions appropriately reflect management's intent and ability to carry out specific courses of action
    - That the disclosures related to accounting estimates, including those describing estimation uncertainty are complete and appropriate under GAAP
    - That, when necessary, appropriate specialized skills or expertise have been applied
    - That no subsequent event requires adjustment to the accounting estimates and related disclosures included in the financial statements
    - That for any accounting estimates not recognized or disclosed in the financial statements, management has decided to exclude them after considering the appropriate recognition and disclosure criteria in GAAP.

6. There are no known related-party relationships or transactions that need to be accounted for or disclosed in accordance with U.S. GAAP.

7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.

8. You have proposed adjusting journal entries that have been posted to the entity's accounts. We are in agreement with those adjustments.

9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

10. Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11. We have provided you with:

    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.

    d. Minutes of the meetings of the City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.

12. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards (SEFA).

13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

14. We have no knowledge of any fraud or suspected fraud that affects the City and involves:
    - Management,
    - Employees who have significant roles in internal control, or
    - Others where the fraud could have a material effect on the financial statements.

15. We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements communicated by employees, former employees, grantors, regulators, or others.

16. We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.

17. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

18. We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20. If applicable, we have taken timely and appropriate steps to remedy identified and suspected fraud, or noncompliance with provisions of laws, regulations, contracts, and grant agreements that you have reported to us.

21. If applicable, we have a process to track the status of audit findings and recommendations.

22. We have identified and communicated to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.

23. We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

24. If applicable, we have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

25. The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, deferred outflows/inflows of resources, and fund balance or net position.

26. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

27. We have appropriately identified, recorded, and disclosed all leases in accordance with GASB Statement (GASBS) No. 87.

28. We have appropriately identified, recorded and disclosed subscription-based information technology arrangements in accordance with GASBS No. 96.

29. We have appropriately measured, recorded, and disclosed compensated absences and other salary-related payments in accordance with GASBS No. 101.

30. With respect to your compliance examination of highway user revenue fund monies and other dedicated state transportation revenues, we represent the following:
    - we are responsible for compliance with A.R.S. Title 28, Chapter 18, Article 2; and for establishing and maintaining effective internal controls to ensure compliance.
    - we have disclosed to you all known noncompliance with the aforementioned statutes and related requirements.
    - we have disclosed to you all communications from regulatory agencies, internal auditors, other independent accountants or consultants, and others regarding possible noncompliance with the aforementioned statutes and related requirements.

31. We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements

32. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

33. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

34. The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

35. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

36. If applicable, the financial statements include all component units, appropriately present majority equity interest in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

37. The financial statements include all fiduciary activities required by GASBS No. 84, as amended.

38. The financial statements properly classify all funds and activities in accordance with GASBS No. 34, as amended.

39. All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as a major fund are identified and presented as such and all other funds that are presented as a major fund are particularly important to financial statement users.

40. Components of net position (net investment in capital assets; restricted; and unrestricted) and classification of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

41. Investments are properly valued.

42. With regard to investments and other instruments reported at fair value:
    - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
    - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
    - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
    - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

43. If applicable, provisions for uncollectible receivables have been properly identified and recorded.

44. Direct borrowings and direct placements of debt have been properly separated from other debt; and unused lines of credit, collateral pledged to secure debt, terms in debt agreements related to significant default or termination events with finance-related consequences, and significant subjective acceleration clauses have been properly disclosed.

45. All payroll information and the individual employment data have been properly submitted to the state retirement systems, and the employer contributions have been properly submitted to the retirement systems.

46. We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.

47. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

48. Revenues are appropriately classified in the statement of activities within program revenues, and general revenues.

49. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

50. If applicable, special and extraordinary items (unusual items or infrequent items after implementing GASBS No. 103), are appropriately classified and reported.

51. Deposits and investment securities are properly classified as to risk and are properly disclosed.

52. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

53. If applicable, the government meets the GASB-established requirements for accounting for eligible infrastructure assets using the modified approach.

54. Asset retirement obligations associated with tangible capital assets have been properly recognized in accordance with GASBS No. 83.

55. Tax abatement agreements have been properly disclosed in the notes to the financial statements, including the names of all governments involved, the gross amount and specific taxes abated, and additional commitments.

56. We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

57. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

58. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

59. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

60. With respect to the supplementary information on which in-relation-to opinions are issued, presented, such as the combining and individual fund financial statements and schedules, and the SEFA.

    a. We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

    b. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

61. We acknowledge our responsibility for the other information included in the financial statements, such as the transmittal letter, statistical data, and continuing disclosures.

    a. We acknowledge that we have informed you of all documents that may comprise other information we expect to issue. The financial statements and other information you obtained prior to the auditor's report date are consistent with one another, and the other information does not contain any material misstatements.

    b. If applicable, with regard to the other information that will be included in the annual report that has not been obtained by you prior to the auditor's report date, we intend to prepare and issue the other information, as well as communicate the expected timing of issuance, and provide you with the final version of the document(s) when available and prior to the issuance of the annual report.

62. With respect to federal award programs:

a. We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards (SEFA).

b. We acknowledge our responsibility for preparing and presenting the SEFA and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.

c. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.

d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

e. We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

f. We are responsible for establishing, designing, implementing, and maintaining, and have established, designed, implemented, and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

g. We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.

h. We have received no requests from a federal agency to audit one or more specific programs as a major program.

i. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement,* relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards, or confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.

j. We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR Part 200, Subpart E).

m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

p. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.

q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.

r. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

s. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.

t. If applicable, we have monitored subrecipients to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.

u. If applicable, we have issued management decisions for audit findings that relate to federal awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient.

v. If applicable, we have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.

w. We have charged costs to federal awards in accordance with applicable cost principles.

x. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

y. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.

z. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

aa. We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

bb. If applicable, we have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

We understand that at the conclusion of the audit Heinfeld, Meech & Co, P.C. will submit to the City Council a communication to those charged with governance that will include a copy of this representation letter and a copy of the engagement letter.

Sean Kindell

_____ 12/18/2025

Sean Kindell, Chief Financial Officer
City of Peoria, Arizona

Date

Karen Erwin-Mikulski

_____ 12/22/2025

Karen Erwin-Mikulski, Accounting Manager
City of Peoria, Arizona

Date

Progress | RightSignature

SIGNATURE CERTIFICATE

REFERENCE NUMBER
E8841077-198E-4A3D-8F4F-8B9DD61DAB16

TRANSACTION DETAILS	DOCUMENT DETAILS
Reference Number E8841077-198E-4A3D-8F4F-8B9DD61DAB16	**Document Name** Representation Letter FY25 Audit - City of Peoria
Transaction Type Signature Request	**Filename** General_Rep_Single_Audit_25_Peoria_City.pdf
Sent At 12/18/2025 10:49:50 AM EST	**Pages** 10 pages
Executed At 12/22/2025 09:47:12 AM EST	**Content Type** application/pdf
Identity Method email	**File Size** 247 KB
Distribution Method email	**Original Checksum** bec7d20ce3739d5b0e8f152074b25b713bb45d4f25712846d473310c7080da2c
Signed Checksum ecb83131138873 87e63c0da83d3a4a24a39bd694083208fa5b8fdcc90980b459	
Signer Sequencing Disabled	
Document Passcode Disabled	

SIGNERS

SIGNER	E-SIGNATURE	EVENTS
Name Karen Erwin-Mikulski	**Status** signed	**Viewed At** 12/22/2025 09:46:14 AM EST
Email karen.erwinmikulski@peoriaaz.gov	**Multi-factor Digital Fingerprint Checksum** 4f53cda18c2baa0c0354bb5f9a3ecbe5ed12ab4d8e11ba873c2f11161202b945	**Identity Authenticated At** 12/22/2025 09:47:12 AM EST
Components 2	**IP Address** 98.185.71.231	**Signed At** 12/22/2025 09:47:12 AM EST
	Device Chrome via Windows	
	Typed Signature Karen Erwin-Mikulski	
	Signature Reference ID 45F6A28E	
Name Sean Kindell	**Status** signed	**Viewed At** 12/18/2025 01:59:06 PM EST
Email sean.kindell@peoriaaz.gov	**Multi-factor Digital Fingerprint Checksum** 4f53cda18c2baa0c0354bb5f9a3ecbe5ed12ab4d8e11ba873c2f11161202b945	**Identity Authenticated At** 12/18/2025 02:10:13 PM EST
Components 2	**IP Address** 207.108.129.27	**Signed At** 12/18/2025 02:10:13 PM EST
	Device Microsoft Edge via Windows	
	Typed Signature Sean Kindell	
	Signature Reference ID 452B9F3E	

AUDITS

TIMESTAMP	AUDIT
12/18/2025 10:49:50 AM EST	Kristen Conway (kristen.conway@hm.cpa) created document 'General_Rep_Single_Audit_25_Peoria_City.pdf' on Chrome via Windows from 72.222.195.208.
12/18/2025 10:49:51 AM EST	Sean Kindell (sean.kindell@peoriaaz.gov) was emailed a link to sign.
12/18/2025 10:49:51 AM EST	Karen Erwin-Mikulski (karen.erwinmikulski@peoriaaz.gov) was emailed a link to sign.
12/18/2025 01:59:06 PM EST	Sean Kindell (sean.kindell@peoriaaz.gov) viewed the document on Microsoft Edge via Windows from 207.108.129.27.
12/18/2025 02:10:13 PM EST	Sean Kindell (sean.kindell@peoriaaz.gov) authenticated via email on Microsoft Edge via Windows from 207.108.129.27.

TIMESTAMP	AUDIT
12/18/2025 02:10:13 PM EST	Sean Kindell (sean.kindell@peoriaaz.gov) signed the document on Microsoft Edge via Windows from 207.108.129.27.
12/18/2025 05:00:41 PM EST	Karen Erwin-Mikulski (karen.erwinmikulski@peoriaaz.gov) was emailed a reminder.
12/19/2025 04:58:48 PM EST	Karen Erwin-Mikulski (karen.erwinmikulski@peoriaaz.gov) was emailed a reminder.
12/22/2025 09:43:16 AM EST	Karen Erwin-Mikulski (karen.erwinmikulski@peoriaaz.gov) was emailed a reminder.
12/22/2025 09:46:14 AM EST	Karen Erwin-Mikulski (karen.erwinmikulski@peoriaaz.gov) viewed the document on Chrome via Windows from 98.185.71.231.
12/22/2025 09:47:12 AM EST	Karen Erwin-Mikulski (karen.erwinmikulski@peoriaaz.gov) authenticated via email on Chrome via Windows from 98.185.71.231.
12/22/2025 09:47:13 AM EST	Karen Erwin-Mikulski (karen.erwinmikulski@peoriaaz.gov) signed the document on Chrome via Windows from 98.185.71.231.

Vistancia West Community Facilities District

Peoria, Arizona

Annual Financial Report

For Fiscal Year Ended
June 30, 2025

District Board:
Jason Beck, Chairperson
Jennifer Crawford, Vice-Chairperson
Matt Bullock
Denette Dunn
Jon Edwards
Michael Finn
Rick Stokes

District Administrative Staff:
Henry Darwin, District Manager
Sean Kindell, Chief Financial Officer
Emily Jurmu, District Counsel
Agnes Goodwine, District Clerk

Prepared by City of Peoria Finance Department

VISTANCIA WEST COMMUNITY FACILITIES DISTRICT
Peoria, Arizona
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2025

TABLE OF CONTENTS

	Table	Page
Transmittal letter		ii
Independent Auditors' Report		1
Management's Discussion and Analysis		4
BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements		
Statement of Net Position		9
Statement of Activities		10
Fund Financial Statements		
Governmental Funds Balance Sheet		11
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Activities		12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds		13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances Of Governmental Funds to the Statement of Activities – Governmental Activities		14
Notes to the Financial Statements		16
SUPPLEMENTAL INFORMATION		
Budgetary Comparison Schedule – Debt Service Fund		24
CONTINUING DISCLOSURE INFORMATION	**Table**	
Property Valuations	1	26
Net Assessed Value by Property Class	2	27
Net Assessed Value by Major Taxpayers	3	28
Property Tax Levies and Collections	4	29

Vistancia West Community Facilities District
Peoria, Arizona

December 22, 2025

Honorable Board of Directors:

The accompanying basic financial statements of the Vistancia West Community Facilities District (the District) for the year ended June 30, 2025, have been prepared for the use of the District Board, staff and other interested parties. This report includes Management's Discussion and Analysis, the basic financial statements for the District including government-wide financial statements, fund financial statements and footnotes, and supplemental budget comparison schedules for the District's funds.

This report was prepared by the Financial Services Division of the Finance Department of the City of Peoria, Arizona (the City) as finance staff for the District. It is intended as District management's report to the District Board and other interested parties.

The District is a component unit of the City of Peoria, Arizona, for financial reporting. As a component unit of the City, the accompanying financial statements were included in the annual audit of the City's Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2025. A copy of the City's ACFR may be obtained by contacting the City's Finance Department at 8401 West Monroe Street, Peoria, Arizona 85345. Additionally, the auditors, Heinfield, Meech & Co., P.C., have also expressed an opinion on the separate financial statements of the District included herein. That opinion may be found on page 1 of this financial report.

Questions about the financial statements included herein should be addressed to the City of Peoria, Finance Department at the above address.

Independent Auditor's Report

Board of Directors
Vistancia West Community Facilities District

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Vistancia West Community Facilities District (District), a component unit of the City of Peoria, Arizona, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Vistancia West Community Facilities District as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Vistancia West Community Facilities District, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the transmittal letter and continuing disclosure information, as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 22, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Vistancia West Community Facilities District (the District), we offer this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify changes in the District's financial position, and (4) identify individual fund issues or concerns.

On August 27, 2014, the District was formed by petition to the City Council of the City of Peoria, Arizona (City) pursuant to Title 48, Chapter 4, Article 6 of the Arizona Revised Statutes. The District is a special purpose taxing district and separate political subdivision under Arizona statues. As such, the District can levy taxes and issue bonds, independent of the City. Property owners within the District boundaries pay for District infrastructure and functions through secondary property tax assessments. The District's purpose is to acquire or construct public infrastructure in a specified area of the City. City staff administers the District. The Peoria City Council also serves as the District Board of Directors. The District is one of the City of Peoria's component units for the fiscal year ended June 30, 2025.

Financial Highlights

- The fiscal year 2025 tax levy decreased to $2.04 per $100 valuation.
- District tax collections plus developer contributions were used to pay District debt service during fiscal year 2025.
- The fund balance of the District's governmental funds at June 30, 2025, was $1,024,177, an increase of $64,368 compared to the prior year. This increase was due mainly from principal property tax revenues that exceeded interest bond payments. Of the total ending governmental fund balance, $1,019,914 is restricted for debt service.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis introduces the District's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements.

Government-wide Financial Statements

The *statement of net position* is designed to provide a broad overview of the District's finances in a manner similar to those used by private businesses. The statement of net position presents information on all of the District's assets and liabilities, both current and long-term, with the difference between assets and liabilities reported as net position. The focus on net position is designed to be similar to the emphasis for businesses. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District, other indicators, including non-financial indicators should also be considered.

The *statement of activities* presents information showing how the District's net position changed over the most recent fiscal year. Since full accrual accounting is used for the government-wide financial statements, all changes to net position are reported at the time that the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses related to accrued interest. This statement also focuses on both the gross and net costs of the various functions of the District, based only on direct functional revenues and expenses. This is designed to show the extent to which the various functions depend on general taxes and revenues for support.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or conditions. Funds are used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds and all are restricted, either by bond covenants or state law, as to use.

The District maintains two governmental funds, a general fund and a debt service fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. There are no balances in the general fund, so only the debt service fund is presented on the governmental fund balance sheet.

The District adopts annual budgets for the debt service fund. There was no budget for the general fund as all planned activity was in the debt service fund. Budgetary comparison statements and schedules are provided to demonstrate compliance with the adopted budgets.

Notes to the financial statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements and should be read in conjunction with the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As of June 30, 2025, the liabilities of the District exceed its assets by $2.1 million (net position). The deficit in net position is due to the nature of the District's operations. The purpose of the District is to acquire or construct certain capital infrastructure, primarily water and wastewater systems, within the boundaries of the District. Once the capital infrastructure is acquired or constructed, it is turned over to the City to operate. As a special purpose district and a separate political subdivision under the Arizona Constitution, the District can levy taxes and issue bonds independently of the City. Property owners within the District are assessed property taxes to pay the debt service over the life of the bonds. The City has no liability for debt of the District. Because the completed capital assets are generally reported in the City's financial statements, the Statement of Net Position for the District reflects a large liability (bonds payable) without an offsetting asset. Capital assets are only shown on the District's financial statements if they are classified as work-in-process at year end.

The following tables and analysis discuss the financial position and changes to the financial position for the District as a whole as of and for the year ended June 30, 2025, with comparative information for the previous year.

Net Position

Net position may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Position of the District for June 30, 2025, compared to the prior year.

The District's current assets increased due to an increase in cash and cash equivalents. The long-term liabilities decreased due to the annual debt payment. Since the net position of the District is negative at June 30, 2025, they are classified as unrestricted.

Statement of Net Position As of June 30 (In thousands of dollars) Governmental Activities	2025	2024
Current and other assets	$ 1,024.2	$ 969.8
Total assets	1,024.2	969.8
Other liabilities	587.6	582.2
Long-term liabilities outstanding	2,518.5	3,086.3
Total liabilities	3,106.1	3,668.5
Net position		
Unrestricted	$ (2,081.9)	$ (2,698.7)

Changes in Net Position

The following table compares the revenue and expenses for the current and previous fiscal year.

Changes in Net Position For the Year Ended June 30 (In thousands of dollars) Governmental Activities	2025	2024
REVENUES		
Program revenues:		
Developer contributions	$ 3.5	$ 30.4
General revenues		
Property taxes	709.9	662.1
Investment earnings	21.9	12.2
Total revenues	735.3	704.7
EXPENSES:		
Program activities:		
General government	20.8	25.1
Interest expense on debt	97.7	113.2
Total expenses	118.5	138.3
Increase(Decrease) in net position	$ 616.8	$ 566.4

Under an agreement between the District and the developer, the developer is required to cover any deficits between tax collections and debt service requirements. In fiscal year 2025, the developer contributed $3,475 for payments on district debt, a $26,906 decrease from the previous year.

The net position of the District increased $616.7 thousand in fiscal year 2025 compared to a $566.4 thousand increase in the prior year. The increases are primarily due to increased tax collections being held for debt service payments in the following year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District maintains fund accounting to demonstrate compliance with budgetary and legal requirements related to special purpose districts and general obligation bonds.

The focus of the governmental fund financial statements is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's ability to pay the debt service on the general obligation bonds it issues to fund construction or acquisition of public infrastructure.

The fund balance of the District's governmental funds at June 30, 2025, was $1,024,177, an increase of $64,368 compared to the prior year. This increase was due mainly from principal property tax revenues that exceeded interest bond payments. Of the total ending governmental fund balance, $1,019,914 is restricted for debt service.

CAPITAL ASSET AND DEBT ADMINISTRATION

The District was formed to finance the acquisition or construction of public infrastructure that is subsequently donated to the City for operation. The District does not own or operate infrastructure once completed. District bonds have been issued to construct public infrastructure such as water lines and a water campus.

The District is authorized, by an election held December 2, 2014, to issue $9 million in District general obligation bonds. As of June 30, 2025, the District has $3 million remaining authorization from the election to issue general obligation bonds against the authorization. These bonds are to be repaid through property taxes levied on the property within the District.

In the event the District Board decides at a future time to dissolve the District, State statute provides that all taxable property in the District will remain subject to the lien for the payment of the bonds until all bonds have been defeased.

Outstanding Long-Term Debt at June 30

	Governmental Activities	
	2025	2024
General obligation bonds	$ 2,895,000	$ 3,405,000

BUDGETARY HIGHLIGHTS

The District's annual budget is the legally adopted expenditure control document of the District. The budgetary comparison statement for Debt Service Fund is presented as the supplemental information. The statement compares the original adopted budget, the budget as amended throughout the fiscal year, and the actual expenditures prepared on a budgetary basis.

Amendments to the adopted budget may occur throughout the year in a legally permissible manner (see Note 1 for more information on budget policies). Some of these amendments include transfers from contingency to cover approved carryovers from the previous budget, capital projects with budget overages (or whose timing was accelerated), and other unanticipated costs. Further, capital expenditure appropriations are considered encumbered and automatically carry forward to the following year.

ECONOMIC FACTORS

Local sales tax revenues grew 4.4% in fiscal year 2025, this was higher than the 2.3% growth in fiscal year 2024 and equal to the growth seen in fiscal year 2023. Retail sales tax, the City's largest category, increased by 4.5% from the prior year while restaurant/bar, the second largest category, increased by 2.8%. Beginning January 1, 2025 the City is no longer collecting residential rental sales tax which resulted in a decrease in rental sales tax collections. This was offset by a strong performance on contracting sales tax which increased 53.6% over fiscal year 2024 collections.

In fiscal year 2025 Peoria issued $289 million in building permits as compared to $355 million in fiscal year 2024 and $164 million is fiscal year 2023. The ten year average for permits is $317 million, so this may be an indicator of a slowing economy.

The adopted fiscal year 2026 budget for the District is $952,250. The tax rate for the District for fiscal year 2026 is $1.64, a $0.40 reduction from the 2025 tax rate. The fiscal year 2026 Limited Assessed Value for the District is $36,715,436.

FINANCIAL CONTACT

This financial report is designed to provide a general overview of the District's finances and to demonstrate accountability for the use of public funds. Questions about any of the information provided in this report, or requests for additional financial information should be addressed to the City's Finance Department at the following address: City of Peoria, 8401 W. Monroe Street, Peoria, Arizona 85345.

BASIC FINANCIAL STATEMENTS

VISTANCIA WEST COMMUNITY FACILITIES DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government Governmental Activities
ASSETS	
Cash and cash equivalents	$ 107,070
Interest receivable	3,423
Due from other governments	11,915
Prepaid items	4,263
Restricted cash with fiscal agent	897,506
Total assets	1,024,177
LIABILITIES	
Accrued interest payable	57,617
Non-current liabilities:	
Due within one year:	
Current portion of bonds payable	530,000
Due in more than one year:	
Noncurrent portion of bonds payable	2,518,542
Total liabilities	3,106,159
NET POSITION	
Unrestricted (deficit)	(2,081,982)
Total net position (deficit)	$ (2,081,982)

The accompanying notes are an integral part of the financial statements.

VISTANCIA WEST COMMUNITY FACILITIES DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position Governmental Activities
Primary government:			
Governmental activites:			
General government	$ 20,774	$ -	$ (20,774)
Community Facilities District	-	3,475	3,475
Interest on long-term debt	97,709	-	(97,709)
Totals	$ 118,483	$ 3,475	(115,008)
General revenues			
Property taxes, levied for debt service			709,851
Investment earnings			21,898
Total general revenues			731,749
Change in net position			616,741
Net position - beginning (deficit)			(2,698,723)
Net position - ending (deficit)			$ (2,081,982)

The accompanying notes are an integral part of the financial statements.

VISTANCIA WEST COMMUNITY FACILITIES DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	Debt Service Fund
ASSETS	
Cash and cash equivalents	$107,070
Interest receivable	3,423
Due from other governments	11,915
Prepaid Costs-Misc	4,263
Restricted cash with fiscal agent	897,506
Total assets	$ 1,024,177
FUND BALANCES	
Fund balances:	
Nonspendable:	
Prepaid items	4,263
Restricted for:	
Debt service	1,019,914
Total fund balance	$ 1,024,177

The accompanying notes are an integral part of the financial statements.

VISTANCIA WEST COMMUNITY FACILITIES DISTRICT
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2025

Fund balances - total governmental funds	$	1,024,177
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.		
Governmental bonds payable		(2,895,000)
Bond premiums are recognized at the time of issuance in the governmental funds, but are amortized over the life of the bonds for government-wide reporting		(153,542)
Interest payable on long-term debt is not reported in the governmental funds.		(57,617)
Net position of governmental activities	$	(2,081,982)

The accompanying notes are an integral part of the financial statements.

VISTANCIA WEST COMMUNITY FACILITIES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Debt Service Fund
REVENUES:	
Taxes	$ 713,725
Investment earnings	21,898
Developer contributions	3,475
Total revenues	739,098
EXPENDITURES:	
Current:	
General government	20,774
Debt service:	
Principal payments	510,000
Interest and other charges	143,956
Total expenditures	674,730
Excess (deficiency) of revenues over expenditures	64,368
Net change in fund balances	64,368
Fund balances - beginning	959,809
Fund balances - ending	$ 1,024,177

The accompanying notes are an integral part of the financial statements.

VISTANCIA WEST COMMUNITY FACILITIES DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net change in fund balances - total governmental funds	$	64,368
Amounts reported for governmental activities in the statement of activities are different because:		
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Certain revenues are recorded as deferred inflows of resources in the governmental funds because they do not provide current financial resources, but are considered revenue on the statement of activities.		(3,874)
Interest expense in the statement of activities differs from the amount reported in governmental funds because accrued interest was calculated for bonds and notes payable for the statement of activities, but is expensed when due for the governmental fund statements.		8,475
Amortization of bond premiums does not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		37,772
Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position.		510,000
Change in net position of governmental activities	$	616,741

The accompanying notes are an integral part of the financial statements.

VISTANCIA WEST COMMUNITY FACILITIES DISTRICT
PEORIA, ARIZONA

NOTES TO THE FINANCIAL STATEMENTS

	Page
Summary of Significant Accounting Policies	16
Cash and Investments	20
Deficits in Fund Equity/Excess of Expenditures Over Appropriations	22
Long-Term Debt	22

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Vistancia West Community Facilities District, a component unit of the City of Peoria, Arizona (City), have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the City's more significant policies, as applicable to the District, follows.

A. Financial Reporting Entity

The Vistancia West Community Facilities District (the District) was formed by petition to the City Council in 2014. The District's purpose is to acquire or construct public infrastructure in a specified area of the City. As a special purpose district and separate political subdivision under the Arizona Constitution, the District can levy taxes and issue bonds independently of the City. Property owners in the designated areas are assessed for the District's property taxes, and thus for the costs of operating the District. The City Council serves as the Board of Directors of the District. The City has no liability for the District's debt. For financial reporting purposes, the transactions of the District are included as governmental type funds in the City's financial statements as if they were part of the City's operations.

B. Basis of Presentation – Government-wide Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report financial information on all of the activities of the District. All of the activities of the District are governmental activities.

Governmental activities for the District are normally supported by taxes and developer contributions.

The statement of activities demonstrates the degree to which the direct expenses for a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues may include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

The District does not currently employ an indirect cost allocation system. The City's General Fund and certain other funds charge administrative service fees to other operating funds to support general services used by the other operating funds (like purchasing, accounting and administration). These administrative fees are eliminated from the City's financial statements at both the government-wide and fund level like a reimbursement, by reducing revenues and expenditures/expenses in the allocating fund. Currently, the City does not charge any of these fees to the District.

Governmental Funds

Financial statements are provided for the District's one governmental fund, a debt service fund. Major individual funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund accounts for the proceeds from the sales of Community Facilities District bonds and the acquisition of capital assets or construction of major capital projects within the District.

Debt Service Fund accounts for the resources accumulated for, and the servicing of the long-term debt of the District, including principal, interest and other related costs.

At June 30, 2025, the District had no activity in the General Fund and therefore no financial statements are provided for the General Fund.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are earned and available to pay liabilities of the current period (generally these revenues are earned by June 30 and are expected to be collected within six months after year-end, except for property taxes). For property taxes, the District uses a 60-day collection period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to debt service, claims and judgments, which are recorded only when payment is due.

Changes in fair value of investments are recognized in investment income at the end of the year. All other revenue items are considered to be measurable and available only when the District receives cash.

Because different measurement focuses and bases of accounting are used in the government-wide statement of net position and in governmental fund balance sheets, amounts reported as restricted fund balances in governmental funds may be different from amounts reported as restricted net position in the statement of net position. Generally, the District would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Generally, the effect of the interfund activity has been removed from these statements.

D. Budgets and Budgetary Accounting

The District prepares its annual budget on a basis consistent with generally accepted accounting principles. The District uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

- According to the laws of the State of Arizona, all operating budgets must be approved by their governing board on or before October 1 each year.

- Prior to June 30, the proposed budget for the following fiscal year is presented by the District Treasurer to the District Board. The budget includes proposed expenditures and the means of financing them. Public meetings are held to obtain taxpayer comment.

- Prior to June 30, the District Board legally enacts the budget, through the passage of a resolution. The resolution sets the limit for expenditures for the year. There were no supplemental appropriations made during fiscal year 2025.

- The initial budget for the fiscal year may be amended during the year in a legally permissible manner.

- All unencumbered operating expenditure appropriations expire at the end of the fiscal year.

- Encumbered operating amounts are re-budgeted in the following year as deemed appropriate and necessary. Budgetary carry forwards are approved by the District Board.

- All capital expenditure appropriations are considered encumbered and automatically carry forward to the following year.

- All funds of the District have legally adopted budgets. Formal integration of these budgets into the District's financial systems is employed as a management control device during the year for all funds.

There was no budget for the General Fund of the District in fiscal year 2025 as all planned activity was in the Debt Service Fund.

E. Deposits and Investments

Cash Equivalents
The District considers short-term investments, including restricted investments, money market mutual funds and U.S. Treasury bills and notes with maturities of less than three months at acquisition date to be cash equivalents.

The City's Investment Policy applies to the District funds held by the City. The City's Investment Policy authorizes the District to invest in obligations of the U.S. Government or any of its agencies and instrumentalities, certificates of deposit, bankers' acceptances, commercial paper, money market funds, repurchase agreements, corporate securities, the State of Arizona local government investment pool and State of Arizona debt including counties, incorporated cities, towns or duly organized school districts. As required by statute, collateral is required for demand deposits, certificates of deposit and repurchase agreements at 102% of all deposits not covered by Federal depository insurance.

The City generally reports investments at fair value in the balance sheet and recognizes the corresponding change in the fair value of investments in the year in which the change occurred. The fair value of participants' position in the Local Government Investment Pool approximates the value of the pool shares. Other non-pooled investments are also generally carried at fair value. The fair value of non-pooled investments is determined annually and is based on current market prices. The fair value of investments in open-end mutual funds is determined based on the funds' current share price.

The District's deposits at June 30, 2025, were collateralized with securities held by the pledging financial institution's trust department in the District's name.

F. Capital Assets

Governmental Fund types do not display capital assets on the face of the fund financial statements. The costs of purchasing, or constructing, capital assets are shown as capital outlay expenditures in the Governmental Statement of Revenues, Expenditures and Changes in Fund Balance. The capital assets of the District, once completed and acceptable to the City, are transferred to the City. All subsequent costs of operating and maintaining those assets will be the responsibility of the City.

Since the capital assets acquired or constructed by the District are turned over to the City once they are operational, the District generally does not own capital assets. Capital assets still under construction at fiscal year-end are shown as work-in-progress on the District's government-wide financial statements.

G. Restricted Assets

Certain proceeds of the District's bonds, as well as certain resources set aside for their repayments, are classified as restricted on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable debt covenants.

H. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts in the period in which the bonds are issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The long-term debt of the District is serviced by the District's Debt Service Fund.

I. Net Position

In the government-wide financial statements, net position is reported in three categories: net investment in capital assets, restricted, and unrestricted. The net investment in capital assets balances are separately reported because capital assets make up a significant portion of net position. Restricted balances account for the portion of net position restricted by external resource providers or through enabling legislation. Unrestricted balances are the remaining balances not included in the previous two categories. The District reports only unrestricted net position and no restricted net position or net investment in capital assets.

J. Fund Balance Policies

In the fund financial statements, governmental funds distinguish between nonspendable and spendable fund balances. Nonspendable balances include amounts that cannot be spent because they are not in a spendable form, such as inventory or prepaid items, or because resources legally or contractually must remain intact. Spendable balances are further classified as restricted, committed, assigned and unassigned based on the relative strength of the constraints that control how specific amount can be spent.

Restricted fund balances include amounts that can be spent only for the specific purposes stipulated by external resource providers (creditors, grantors, etc.) or through enabling legislation.

Committed fund balances includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Such commitments are created by legislative action of the District Board, the District's highest level of decision making authority, by resolution or ordinance and would require the same legislative action to reverse. Ordinances and resolutions both require public votes of the District and, although the uses may differ, they are both considered to be of the highest level of decision making authority for the District.

Amounts in the *assigned* fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balances represent the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance.

As previously noted above, generally, the District would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. The order in which the District would apply resources when multiple categories of unrestricted fund balance are available is as follows: committed, assigned and unassigned.

K. Risk Management

The District is exposed to various risks and torts and therefore purchases general liability and professional liability insurance. The District is insured up to $3,000,000 and $1,000,000 per occurrence. The District is also insured up to $3,000,000 in aggregate for professional liability.

Claims liabilities will be reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. As of June 30, 2025, the District had no outstanding claims. Additionally, through a development agreement between the District and the developer, the developer is responsible for up to $250,000 of any insurance deductibles that might be paid by the City on behalf of the District until such time that the developer's contractual commitments under the development agreement are met.

L. Property taxes

The District Board adopts the annual tax levy each year on or before the third Monday in August based on the full cash value as determined by the Maricopa County Assessor. For locally assessed property, the value is determined as of January 1 of the preceding year, known as the valuation year. For utilities and other centrally valued properties, the full cash value is determined as of January 1 of the tax year. The District has an enforceable claim on the property when the property tax is levied. Levies are due and payable in two installments, on October 1 and March 1, and become delinquent on November 1 and May 1, respectively. Delinquent amounts bear interest at the rate of 16 percent. A lien is placed on the property at the time the tax bill is sold. Maricopa County, at no charge to the taxing entities, bills and collects all property taxes. Public auctions for sale of delinquent real estate taxes are held in February following the May 1 date upon which the second half taxes become delinquent.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet and the reported amounts of revenue and expenditures during the reported period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

The District participates in the pooled cash and investments of the City for daily transactions. The City then periodically requests reimbursement from the District's restricted funds held by the trustee. At June 30, 2025, the District had a balance of $107,070 in the City's pooled cash and investments. In addition, the District has $897,506 deposited with a fiscal agent for capital expenditures or to make the required debt service payments on the outstanding debt. The fiscal agent will bill the developer for any short-fall in the required debt service payments in accordance with the development agreement.

Below are the relevant policies with regard to interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

Interest rate risk: In order to limit interest and market rate risk, State law and the City's investment policy sets a maximum maturity on any investment of five years with a minimum of 20% invested for a period of one year or less. At June 30, 2025, 38.4% of the City's investments have a maturity of less than one year.

Credit risk: State law and the City's investment policy limits the purchase of Commercial Paper to prime quality securities rated within the top two ratings by a nationally recognized statistical rating organization. The City's investment policy limits the purchase of Corporate Bonds or Notes to those securities rated at least A-/A3 or equivalent at the time of purchase by a nationally recognized statistical rating organization and with a maximum maturity of three years. The City's investment policy also limits the purchase of Banker's Acceptances to those securities rated Aa or better at the time of purchase by two nationally recognized statistical rating organizations and with a maximum maturity of 180 days. At June 30, 2025, the City's investments include $30.3 million in Commercial Paper and $158.5 million in Corporate Notes. State law and the City's investment policy also restricts investments in certificates of deposit (CD) to fully collateralized or insured from eligible Arizona depositories limited on a statewide basis by their capital structure on a quarterly basis. Such CDs are further collateralized to 110% with pledged securities held by an independent custodian approved by the City. City policy requires that securities underlying repurchase agreements must have a collateralization level of at least 102 percent of the market value of principal and accrued interest.

Investment Type	S&P Ratings range
Agency coupon securities	A-1+ to AA+
Commercial Paper	A-1 to A-1+
Corporate Bonds	BBB+ to AA+
Asset Backed Securities	AAA

The City's investment in the State of Arizona local government investment pool is limited to a pool (Pool 7) that invests only in government securities. Pool 7 is not rated.

Concentration of credit risk: The City's investment policy sets diversification limits on both security types and length of maturity. As of June 30, 2025, the City's investments include 49.2% in U.S. Treasury Notes, 22.8% in Corporate securities, 5.8% in Asset Backed Securities, 4.4% in Commercial Paper, 1.6% in the State of Arizona local government investment pool, 14.5% in Money Market Investments, and 1.5% in U.S. Agency Coupon securities.

There were no investments in any one issuer, excluding the U.S. Government, that represent 5% or more of total City investments.

Custodial credit risk: To control custodial credit risk, State law and the City's investment policy requires all securities and collateral to be held by an independent third party custodian in the City's name. The custodian provides the City with monthly safekeeping statements.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments classified as Level 2 inputs are valued using a matrix pricing model. The City has the following recurring fair value measurements as of June 30, 2025

- All U.S. Treasury securities are valued using quoted prices in active markets (Level 1)
- All agency coupon securities are valued using other observable inputs (Level 2)
- All commercial paper is valued using other observable inputs (Level 2)

- All corporate bonds are valued using other observable inputs (Level 2)
- All asset backed securities are valued using other observable inputs (Level 2)

The City's cash and investments are combined with the State's pooled investments, and therefore, do not represent specific identifiable investments. The State categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as described above. The City's investment in the State of Arizona's local government investment pool and the money market funds are stated at fair value, which also approximates the value of the investment upon withdrawal.

3. DEFICITS IN FUND EQUITY/EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As described in Note 1, the District was formed to finance and acquire or construct capital infrastructure assets that are subsequently dedicated to the City for operation. The District does not own or operate capital assets. Therefore, the Statement of Net Position reflects a large liability (bonds payable) without an offsetting asset and, therefore, negative net position at June 30, 2025.

4. LONG-TERM DEBT

Community Facilities Districts (CFD's), are special purpose districts created specifically to acquire or construct public infrastructure within specified areas of the City, are authorized under state law to issue general obligation (GO) or revenue bonds to be repaid by property (ad valorem) taxes levied on property within the district (for GO debt), or by specified revenues generated within the districts (revenue bonds). CFD's are created by petition to the City Council by property owners within the area to be covered by the district, and debt may be issued only after approval of the voters within the district.

On August 27, 2014 the City Council formed the Vistancia West Community Facilities District (the District) pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes. The District was subsequently authorized, by the voters of the district on December 2, 2014, to issue up to $9,000,000 in general obligation bonds to construct public infrastructure within the District. The District issued $35,000 in fiscal year 2015, and $3,000,000 in fiscal year 2017 and $2,590,000 in fiscal year 2020 of general obligation bonds against this authorization. These bonds will be repaid by the property owners within the District. The bonds are obligations of the District only. The City has no obligation for the District debt other than the administration of the collection of the property taxes and payment of the debt service on behalf of the District.

Legal Debt Limit – General Obligation bonded indebtedness for the District cannot exceed 60 percent of the market value of the property in the District after the infrastructure is completed plus the value of the infrastructure improvements made.

The following is a summary of the long-term debt activity of the District for the fiscal year ended June 30, 2025.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds series 16	1,710,000	-	255,000	1,455,000	265,000
General obligation bonds series 19	1,695,000	-	255,000	1,440,000	265,000
Bond premium	191,314	-	37,772	153,542	-
Total Debt	$ 3,596,314	$ -	$ 547,772	$ 3,048,542	$ 530,000

The following tables disclose the long-term debt obligations of the District as of June 30, 2025, for the government-wide financial statements.

Description	Maturity Dates	Net Interest Rate	Original Principal Balance	Principal Balance Outstanding
Series 2016	7/15/18-29	4.15%	$ 3,000,000	$ 1,455,000
Series 2019	9/15/20-29	4.69%	2,590,000	1,440,000
			$ 5,590,000	$ 2,895,000

The following table discloses the debt service requirements as of June 30, 2025, segregating principal and interest, for the next five years and in five-year increments thereafter.

Vistancia West Summary

Fiscal Year	Principal	Interest	Total
2026	530,000	116,106	646,106
2027	550,000	94,125	644,125
2028	580,000	68,700	648,700
2029	605,000	42,025	647,025
2030	630,000	14,200	644,200
	2,895,000	335,156	3,230,156

SUPPLEMENTAL INFORMATION

VISTANCIA WEST COMMUNITY FACILITIES DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Over
	Original	Final	Amounts	(Under)
REVENUES:				
Taxes	$ 715,483	715,483	$ 713,725	$ (1,758)
Investment earnings		-	21,898	21,898
Developer contributions	265,000	265,000	3,475	(261,525)
Total revenues	980,483	980,483	739,098	(241,385)
EXPENDITURES:				
Current:				
General government	285,000	285,000	20,774	(264,226)
Debt service:				
Principal payments	510,000	510,000	510,000	-
Interest and other charges	135,000	135,000	143,956	8,956
Total expenditures	930,000	930,000	674,730	(255,270)
Excess (deficiency) of revenues over (under) expenditures	50,483	50,483	64,368	13,885
OTHER FINANCING SOURCES (USES):				
Contigencies	(2,500)	(2,500)	-	2,500
Total other financing sources and uses	(2,500)	(2,500)	-	2,500
Net change in fund balances	47,983	47,983	64,368	16,385
Fund balances - beginning	54,187	54,187	959,809	905,622
Fund balances - ending	$ 102,170	$ 102,170	$ 1,024,177	$ 922,007

VISTANCIA WEST COMMUNITY FACILITIES DISTRICT
Peoria, Arizona

CONTINUING DISCLOSURE INFORMATION

SEC Rule 15c2-12, as amended, requires the City to provide Continuing Disclosure Annual Reports that include audited financial statements and other financial information for the benefit of owners and holders of bond obligations issued by the City. The Continuing Disclosure Annual Report shall contain or incorporate by reference certain information as set forth in the Continuing Disclosure Agreements and Undertakings executed by the City with the issuance of its municipal bond obligations.

Information in this section is provided solely pursuant to the requirements of SEC Rule 15c2-12 and Continuing Disclosure Agreements and Undertakings and include financial information that is not required for fair presentation in conformity with accounting principles generally accepted in the United States of America and is therefore unaudited and not covered by the auditor's opinion.

Annual continuing disclosure information is filed with the Municipal Securities Rulemaking Board (MSRB) for public access via their Electronic Municipal Market Access (EMMA) system at www.emma.msrb.org.

Tables Page

Table 1 – Property Valuations 26

Table 2 – Net Assessed Value by Property Class 27

Table 3 – Net Assessed Value by Major Taxpayers 28

Table 4 – Property Tax Levies and Collections 29

CONTINUING DISCLOSURE INFORMATION

VISTANCIA WEST COMMUNITY FACILITIES DISTRICT **Table 1**

PROPERTY VALUATIONS

LAST FIVE FISCAL YEARS

Fiscal Year Ended June 30,	Limited Property Value	Net Assessed Value
2025	346,561,788	35,004,400
2024	315,922,092	31,758,075
2023	283,793,195	28,572,568
2022	238,839,620	24,192,481
2021	190,781,719	19,429,924

Source: Maricopa County Assessor, August State Abstract Report

VISTANCIA WEST COMMUNITY FACILITIES DISTRICT
NET ASSESSED VALUE BY PROPERTY CLASS
AS OF JUNE 30, 2025

Table 2

Description	2024-25 Net Assessed Value	Percent of Total
Commercial, Industrial, Mining & Utilities	$ 639,057	1.83%
Agriculture & Vacant Land	336,198	0.96%
Residential (owner occupied)	27,049,154	77.27%
Residential (rental occupied)	6,979,991	19.94%
Net Assessed Value	$ 35,004,400	100.00%
Limited Property Value	$ 346,561,788	
Net Assessed Value as a Percentage of Limited Property Value	10.10%	

Source: Maricopa County Assessor

VISTANCIA WEST COMMUNITY FACILITIES DISTRICT
NET ASSESSED VALUE BY MAJOR TAXPAYERS
AS OF JUNE 30, 2025

Table 3

Taxpayer	Type of Business	2024-2025 Net Assessed Valuation	As % of District's 2024-2025 Net Assessed Valuation
Vistancia Maintenance Corporation	Real Estate Development	$ 262,131	0.75%
Family Trust	Family Trust	90,429	0.26%
Family Trust	Family Trust	89,147	0.25%
Trilogy at Vistancia Community Association	Real Estate Development	79,267	0.23%
Family Trust	Family Trust	76,409	0.22%
Family Trust	Family Trust	65,740	0.19%
Individual	Individual	57,832	0.17%
Individual	Individual	55,785	0.16%
Family Trust	Family Trust	55,642	0.16%
Family Trust	Family Trust	54,961	0.16%
		$ 887,343	2.53%

Note: Names of individual (private) taxpayers were not disclosed in the above table
Source: Maricopa County Assessor

VISTANCIA WEST COMMUNITY FACILITIES DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST FIVE FISCAL YEARS

Table 4

Fiscal Year Ended June 30,	District Tax Rate	Taxes Levied for the Fiscal Year [1]	Fiscal Year of the Levy [2]		Collections in Subsequent Years [2]	Total Collections To Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2025	$ 2.0400	$ 714,090	$ 705,563	98.81%	$ -	$ -	0.00%
2024	2.1000	666,901	655,875	98.35%	7,147	663,022	99.42%
2023	2.1000	600,025	597,051	99.50%	(1,195)	595,856	99.50%
2022	2.1000	508,042	505,273	99.45%	2,768	508,041	100.00%
2021	2.1000	408,028	406,260	99.57%	1,041	408,040	100.00%

Notes: [1] Levy figures obtained from Maricopa County Secured Levy Report at 6/30/2025, Page 3446
[2] Collection amount obtained from Maricopa County Treasurer's Secured Levy Report at 6/30/2025, Page 3446

Source: Maricopa County Treasurer's Office
Maricopa County Assessor's Office
City financial records and reports

CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION

Agenda Item: 12C.

Date Prepared: 1/20/2025

Council Meeting Date: 2/10/2026

TO: Henry Darwin, District Manager

THROUGH: Travis Cutright, Deputy District Manager

FROM: Agnes Goodwine, City Clerk MMC

SUBJECT: Minutes

Purpose:

Discussion and possible action to approve the January 27, 2026 City Council meeting minutes.

ATTACHMENTS:

January 27, 2026 Minutes

Contact Name and Number:
Agnes Goodwine, City Clerk (623) 773-7340

MINUTES OF THE PEORIA CITY COUNCIL
CITY OF PEORIA, ARIZONA
PEORIA PUBLIC SAFETY ADMINISTRATION BUILDING
PEORIA ROOM

January 27, 2026

An Executive Session Meeting of the City Council of the City of Peoria, Arizona was convened at 8351 W. Cinnabar Avenue in open and public session at 4:06 p.m.

Members Present: Mayor Jason Beck, Vice Mayor Michael Finn; Councilmembers, Rick Stokes, Denette Dunn, Jon Edwards, Jennifer Crawford.

Members Absent: Mayor Pro Tem Matt Bullock.

Other Municipal Officials Present: Henry Darwin, City Manager; Kevin Burke, Deputy City Manager; Travis Cutright, Deputy City Manager; Mike Faust, Deputy City Manager; Emily Jurmu, City Attorney; Agnes Goodwine, City Clerk.

Note: The order in which items appear in the minutes is not necessarily the order in which they were discussed in the meeting.

1R. Authorization to Hold an Executive Session

The City of Peoria Council may vote to hold an executive session for the purpose of discussions or consultations with designated representatives of the public body and/or legal counsel in order to consider its position and instruct its representatives regarding any matter listed on the agenda pursuant to A.R.S. 38-431.03(A).

a) Discussion or consultation for legal advice concerning employment, assignment, appointment, promotion, or salaries of a public officer or appointee pertaining to the evaluation process and performance of the City Manager pursuant to A.R.S. 38-431.03(A)(1), A.R.S. 38-431.03(A)(2) and A.R.S. 38-431.03(A)(3).

b) Discussion or consultation for legal advice concerning the termination of existing employment agreement and initiation of a new agreement as Executive Consultant to the City Manager pursuant to A.R.S. 38-431.03(A)(1), A.R.S. 38-431.03(A)(2) and A.R.S. 38-431.03(A)(3).

c) Discussion or consultation for legal advice concerning employment, assignment, appointment, promotion, or salaries of a public officer or appointee pertaining to the contract of the incoming City Manager pursuant to A.R.S. 38-431.03(A)(1), A.R.S. 38-431.03(A)(2) and A.R.S. 38-431.03(A)(3).

d) Discussion or consultation for legal advice concerning district funds A.R.S. 38-431.03(A)(3).

Motion was made by Vice Mayor Finn, seconded by Councilmember Stokes, to enter into an Executive Session.

Upon tabulation of votes, it showed:

AYES – Beck, Finn, Stokes, Dunn, Edwards, Crawford.
NAYS – None.
ABSENT – Bullock.

Motion carried 6-0.

Mayor Pro Tem Bullock arrived at 4:07 p.m.

ADJOURNMENT:
Being no further business to come before the Council, the meeting was duly adjourned at 4:07 p.m.

REGULAR MEETING

A **Regular Meeting** of the City Council of the City of Peoria, Arizona was convened at 8351 W. Cinnabar Avenue in open and public session at 6:03 p.m.

Members Present: Mayor Jason Beck, Vice Mayor Michael Finn, Mayor Pro Tem Matt Bullock; Councilmembers, Rick Stokes, Denette Dunn, Jon Edwards.

Council Youth Liaisons: Anika Navghare and Felicia Holly.

Members Absent: None.

Other Municipal Officials Present: Henry Darwin, City Manager; Kevin Burke, Deputy City Manager; Travis Cutright, Deputy City Manager; Mike Faust, Deputy City Manager; Emily Jurmu, City Attorney; Agnes Goodwine, City Clerk.

Note: The order in which items appear in the minutes is not necessarily the order in which they were discussed in the meeting.

PRESENTATION

3. **Certificates of Appointment to Newly Appointed Board and Commission Members**

Vice Mayor Finn presented a Certificate of Appointment to newly appointed Planning and Zoning Commission member, Shawn Hutchinson.

CONSENT AGENDA

All items listed on the Consent Agenda are considered to be routine or have been previously reviewed and/or discussed by the City Council and will be enacted by one motion. There will be no separate discussion of these items. If the Presiding Officer

receives a timely notice of a request for removal, an item may be removed from the Consent agenda for consideration on the Regular Agenda.

4 C. **Minutes**

Approved the January 13, 2026 Council meeting minutes.

5 C. **Executive Consultant to the City Manager**

Approved the termination of the existing employment agreement and initiation of a separation agreement with the outgoing City Manager.

6 C. **Call and Notice of Election for the 2026 Primary and General Election**

Approved **RES. 2026-15** (a) calling a nonpartisan candidate Primary Election on August 4, 2026, unless otherwise amended by the Arizona State Legislature; and if necessary, a nonpartisan candidate General Election on November 3, 2026; and (b) authorizing staff to add additional issues to the general election ballot as directed by Council.

7 C. **State of Arizona General Appropriation Act of Fiscal Year 2025/2026 Senate Bill 1735**

Accepted funding in the amount of $300,000 in State funds via Senate Bill 1735 for the purpose of supporting the Varney Park Improvement Project.

8 C. **Maintenance Improvement District No. 1310, Vistancia Village D South Parcel D-20**

Approved the Petition for Formation, adopt **RES. 2026-05** Intention and ordering the formation of proposed Maintenance Improvement District No. 1310, Vistancia Village D South Parcel D-20, located at El Mirage Road and Westward Skies Drive; and adopt **RES. 2026-06** ordering the improvements within the proposed Maintenance Improvement District and declaring an emergency.

9 C. **Maintenance Improvement District No. 1300, Mystic A-3, El Mirage Road and Forest Pleasant Place**

Approved the Petition for Formation, adopt **RES. 2026-07** Intention and ordering the formation of proposed Maintenance Improvement District No. 1300, Mystic A-3, located at El Mirage Road and Forest Pleasant Place; and adopt **RES. 2026-08** ordering the improvements within the proposed Maintenance Improvement District and declaring an emergency.

10 C. **Street Light Improvement District No. 1195, Mystic A-3, El Mirage Road and Forest Pleasant Place**

Approved the Petition for Formation and adopt **RES. 2026-09** intention and ordering the formation of proposed Street Light Improvement District No. 1195, Mystic A-3, located at El Mirage Road & Forest Pleasant Place; and adopt **RES. 2026-10** ordering the improvements within the proposed Street Light

Improvement District and declaring an emergency.

11 C. **Deeds and Easements, Various Locations**

Adopted **RES. 2026-11** accepting Deeds and Easements for various Real Property interests acquired by the City. The deeds and easements have been recorded by the Maricopa County Recorder's Office and this process will formally accept them into the system.

12 C. **Designate Roadways, Establish Rights-of-Way, Various Locations**

Adopted **RES. 2026-12** designating various Real Properties to be used as City roadways and authorize the establishment of Public Rights of Way to be opened and maintained by the City as a Public Street. The deeds and easements have been recorded by the Maricopa County Recorder's Office and this process will formally incorporate them into the system.

13 C. **Off-Track Wagering License, Turf Paradise, 8411 North 107th Avenue.**

Recommended approval to the Arizona Racing Commission for:

An Off-Track Wagering License for Turf Paradise to telecast at Peoria Pines Golf and Restaurant, located at 8411 North 107th Avenue.

14 C. **Liquor License Application Various Locations**

Recommended approval to the State Liquor Board for:

a) a New Wine and Beer (Series 10) Liquor License for R & R Supermarket, located at 7934 W. Thunderbird Road, Rohan Pasricha, Applicant, LL#25-011378.
b) a New Restaurant (Series 12) Liquor License for Crust Simple Italian, located at 25201 N. Westwing Parkway, Jared M. Repinski, Applicant, LL#25-011415.

Councilmember Dunn congratulated and recognized staff for their effort on item 7C, State of Arizona General Appropriation Act of Fiscal Year 2025/2026 Senate Bill 1735.

Having no requests from Council to remove items from the Consent Agenda, a motion was made by Councilmember Edwards and seconded by Councilmember Crawford, to approve the Consent Agenda.

Upon tabulation of votes, it showed:

AYES – Beck, Finn, Bullock, Stokes, Dunn, Edwards, Crawford.
NAYS – None
ABSENT – None.

Motion carried unanimously.

REGULAR AGENDA

New Business:

15 R. **Fiscal Year 2025 Annual Comprehensive Financial Report and Auditor Communications**

Sean Kindell, Chief Financial Officer, and Joshua Jumper, Audit Partner, presented a PowerPoint presentation on the Fiscal Year 2025 Annual Comprehensive Financial Report and Auditor Communications. Information included:

- Requirements
- Standards to Guide the Audit
- Importance of the Audit
- Audit Process
- Audit Reports Issued
- Key Items from Fiscal Year 2024-2025
- Other Important Communications

Councilmember Bullock spoke regarding the City's fiscal responsibility and governance over the budget and the separation of politics.

A motion was made by Mayor Pro Tem Bullock, and seconded by Councilmember Stokes, to receive and accept the Annual Comprehensive Financial Report and Auditor Communications for the fiscal year ended June 30, 2025. Upon tabulation of votes, it showed:

AYES – Beck, Finn, Bullock, Stokes, Dunn, Edwards, Crawford.
NAYS – None
ABSENT – None

Motion carried 7-0.

16 R. **Rezone, Valeo, Lone Mountain and 135th Avenue (Z25-04)**

Chris Jacques, Planning and Community Development Director, presented a PowerPoint presentation on the Rezone, Valeo, Lone Mountain and 135th Avenue (Z25-04) Information included:

- Introduction
    - Applicant
    - Location
    - Site Area
    - Proposal
- Site and Area Context

- Land Use Disposition
    - Background
    - General Plan and Zoning
- Valeo Conceptual Plan Overview
- Landscape Buffer Proposal
- Single-Story Restriction Proposal
- General Plan Conformance
- Density Comparison Proposal
- Access and Infrastructure
    - Traffic
    - Water/Sewer
- Peoria Unified School District
- Community Outreach
    - Notice of Neighborhood Meeting
    - Neighborhood Outreach
- Public Comment
- Overall Design Elements
- Planning and Zoning Commission Public Hearing
- Findings and Recommended Action

Mayor Pro Tem Bullock recognized the partnership, communication and compromise between the City, Developer and Trilogy Residents to complete this project.

Linda Simpson, Peoria Citizen, spoke regarding minimum setbacks for development and maintaining protected areas for wildlife.

Holly Hart, Peoria Citizen, spoke on her concerns regarding safety, privacy and separating between Trilogy and the new Shea development.

A motion was made by Mayor Pro Tem Bullock, and seconded by Vice Mayor Finn, to concur with the Planning and Zoning Commission's recommendation to adopt **ORD 2026-02**, to rezone approximately 280-acres from Suburban Ranch (SR-43) to Planned Area Development (PAD) to facilitate the development of up to 655 single-family residential lots. The site is generally located south of Lone Mountain Road and the 135th Avenue alignment.

Upon tabulation of votes, it showed:

AYES – Beck, Finn, Bullock, Stokes, Dunn, Edwards, Crawford.
NAYS – None.
ABSENT – None.

Motion carried 7-0.

17 R. **Minor General Plan Amendment, Travesio, 95th Avenue and Happy Valley Road**

Items 17R and 18R were presented together but voted upon in separate motions.

Chris Jacques, Planning and Community Development Director, presented a PowerPoint presentation on the Minor General Plan Amendment, Travesio, 95th Avenue and Happy Valley Road. Information included:

- Introduction
  - Applicant
  - Location
  - Site Area
  - Proposal
- Summary of Requests
- Site and Area Context
- Land Use Disposition
  - Background
  - General Plan and Zoning
- Conceptual Development Plan Overview
  - Building Height
  - Amenities
  - Separation
- General Plan Amendment
  - Request
  - Analysis
- Rezone Request
  - Request
  - Analysis
- Access and Infrastructure
  - Traffic
  - Water/Sewer
- Peoria Unified School District
- Community Outreach
  - Notice of Neighborhood Meeting
  - Neighborhood Outreach
- Public Comment
- Overall Design Elements
- Planning and Zoning Commission Public Hearing
- Findings and Recommended Action

A motion was made by Councilmember Crawford, and seconded by Councilmember Stokes, to concur with the Planning and Zoning Commission's recommendation to adopt **RES 2026-13,** amending the General Plan Land Use designation for 8.9 acres from Mixed-Use Neighborhood Village (12-20 dwelling units per acre) to Traditional Residential (2-5 dwelling units per acre). The proposed change is within a portion of the overall 56.1-acre site. The site is located at the northwest corner of 95th Avenue and Happy Valley Road. Upon tabulation of votes, it showed:

AYES – Beck, Finn, Bullock, Stokes, Dunn, Edwards, Crawford.
NAYS – None
ABSENT – None

Motion carried 7-0.

18 R. **Rezone, Travesio, 95th Avenue and Happy Valley Road**

Items 17R and 18R were presented together but voted upon in separate motions.

A motion was made by Councilmember Stokes, and seconded by Councilmember Crawford, to concur with the Planning and Zoning Commission's recommendation to adopt **ORD. 2026-03**, a rezone of approximately 56.1 acres from Suburban Ranch 43 (SR-43) to the Travesio Planned Area Development (PAD) district to facilitate the development of up to a 139-lot single-family residential subdivision. The site is located at the northwest corner of 95th Avenue and Happy Valley Road. Upon tabulation of votes, it showed:

AYES – Beck, Finn, Bullock, Stokes, Dunn, Edwards, Crawford.
NAYS – None
ABSENT – None

Motion carried 7-0.

19 R. **City Manager Appointment**

A motion was made by Councilmember Edwards, and seconded by Councilmember Crawford, to adopt **RES. 2026-14** appointing a new City Manager for the City of Peoria, Arizona, and approving the associated employment agreement, effective March 2, 2026. Upon tabulation of votes, it showed:

AYES – Beck, Finn, Bullock, Stokes, Dunn, Edwards, Crawford.
NAYS – None
ABSENT – None

Motion carried 7-0.

Reports from City Manager:

Henry Darwin, City Manager, reported on the Caldwell County BBQ Grand Opening on February 5, 2026.

Reports from Council Youth Liaisons:

Council Youth Liaison, Anika Navghare, highlighted the Youth Advisory Board's volunteer events in January, to include a food drive and Martin Luther King Celebration event.

Council Youth Liaison, Felicia Holly, reported on a presentation delivered by a representative from the Arizona Department of Education outlining diploma seal options available to high school students.

Reports from the Mayor:

Mayor Beck reported on:

- Peoria Leadership Institute beginning in April
- Human and Sex Trafficking Awareness Month

Call To The Public (Non-Agenda Items)

- Hayden Ruch, Peoria Citizen, spoke regarding his experience on the Youth Advisory Board. He is concerned about the partnerships and functionality of the Board and believes there is a lack of equal representation of Peoria youth.

- Eva Osuna, Peoria Citizen, spoke in support of Consent Agenda Item 7C. Ms. Osuna emphasized the role the city has in park restoration and investment, which fosters neighborhood and community pride. She commented on the City's efforts to ensure that park improvements reflect the needs of the community. Additionally. She shared that in 2006, through the City's tree planting program, a tree was planted in honor of her sister and the tree is a living part of the park.

ADJOURNMENT:

Being no further business to come before the Council, the meeting was duly adjourned at 7:15 p.m.

_____
Jason Beck, Mayor

CERTIFICATION AND ATTESTATION

I hereby certify that the foregoing minutes are a true and correct summary of the proceedings of the City Council Meetings of the City Council of Peoria, Arizona held on the 27th day of January, 2026. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 10th day of February 2026.

_____
Agnes Goodwine, City Clerk

kh

CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION

Agenda Item: 13C.

Date Prepared: 2/3/2026

Council Meeting Date: 2/10/2026

PRESENTER: Agnes Goodwine, City Clerk

TO: Henry Darwin, City Manager

THROUGH: Travis Cutright, Deputy City Manager

FROM: Agnes Goodwine, City Clerk

SUBJECT: Board and Commission Appointments

Purpose:

Discussion and possible action to approve the recommendations from the Council Boards and Commissions Subcommittee and adopt **RES. 2026-25** appointing members to various Boards and Commissions.

Summary:

The Council Boards and Commissions Subcommittee makes recommendations for board and commission membership based on term expirations, vacancies from resignations, or changes to member eligibility status.

Previous Actions/Background:

On February 3, 2026, the Council Boards and Commissions Subcommittee made the following appointment recommendations:

Citizens Commission on Salaries For Elected City Officials
Admire Machakaire

Staff Recommendation:

This is a request for City Council to appoint Admire Machakaire as a regular member to the Citizens Commission on Salaries for Elected City Officials for a term to expire June 30, 2028.

Fiscal Analysis:

There is no fiscal impact.

ATTACHMENTS:

RES. 2026-25

Contact Name and Number:
Agnes Goodwine, (623) 773-7340

RESOLUTION 2026-25

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF PEORIA, MARICOPA COUNTY, ARIZONA, APPOINTING MEMBERS TO VARIOUS BOARDS AND COMMISSIONS AND ESTABLISHING THE TERMS OF OFFICE.

WHEREAS, there are current or upcoming Board and/or Commission vacancies as shown below; and

Board or Commission Name	Member Name	Current Term Expiration	Member Status
Citizens Commission on Salaries for Elected City Officials	Julie Jaegge	6/30/2027	Regular

WHEREAS, the following individuals desire to be appointed to various Boards and Commissions for terms as shown below; and

Board or Commission Name	Member Name	New Term Start Date	New Term Expiration Date	Member Status
Citizens Commission on Salaries for Elected City Officials	Admire Machakaire	2/11/2026	6/30/2028	Regular

WHEREAS, pursuant to Chapter 3 of the Peoria City Code (Boards and Commissions) and City Council Policy 1-5 (Appointments to Boards and Commissions), the Council Boards and Commissions Subcommittee recommends the appointments as shown in the table above; and

WHEREAS, the Mayor and City Council of the City of Peoria desire to confirm the Subcommittee's recommendations for the various Board and Commission appointments;

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of Peoria that the recommended members are appointed/reappointed for terms as shown in the table above.

PASSED AND ADOPTED by the Mayor and City Council of the City of Peoria, Arizona, this 10th day of February 2026.

Jason Beck, Mayor

Date Signed

ATTEST:

Agnes Goodwine, City Clerk

APPROVED AS TO FORM:

Emily Jurmu, City Attorney

CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION

Agenda Item: 14C.

Date Prepared: 1/29/2026

Council Meeting Date: 2/10/2026

TO: Henry Darwin, City Manager

THROUGH: Kevin Burke, Deputy City Manager

FROM: Sean Kindell, Chief Financial Officer

SUBJECT: Quarterly Investment Reports

Purpose:

Discussion and possible action to receive and file the Quarterly Investment Report for October through December 2025.

Summary:

Effective cash management includes investment of available or idle funds. The City of Peoria invests all available funds of the City, taking into consideration anticipated cash flow requirements and the safety and risk of investments. Investments are made in accordance with the City's Investment Policy, and Arizona Revised Statutes Title 35-321 through 35-329. The primary objective of the City's investments, in order of priority, is:

Safety – Investments shall be undertaken in a manner that seeks to insure the preservation of capital in the portfolio.

Liquidity – The investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.

Diversification - Diversification of the portfolio will include diversification by investment type, issuer, maturity and market sector.

Yield – The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's very strict risk constraints.

Public funds may only be invested in authorized and suitable investments such as: US Treasury Obligations, US Agency Obligations, Certificates of Deposits, Commercial Paper rated A-1/P-1, Corporate Notes rated A or better, Repurchase Agreements, Arizona Municipal Bonds rated AA- or better, Money Market Funds and the Arizona State Investment Pool. Investment in stocks,

mutual funds, hedge funds, real estate, foreign investments or alternative investments are strictly prohibited.

The Investment Policy imposes certain maturity restrictions on the overall investment portfolio with specific maximum maturities for each type of investment and at least 20% of the portfolio maturing in less than 1 year to ensure liquidity.

The City utilizes PFM Asset Management LLC, an investment advisory firm, to provide advice and assist with managing its investments. All securities are held by a third party custodian in the City's name.

Quarterly investment reports are provided to the City Council to report the investment portfolio holdings, maturity distribution, investment performance and compliance with the Investment Policy.

Previous Actions/Background:

The July through September 2025 quarterly report was presented on the consent agenda at the November 18, 2025 Council Meeting.

Staff Recommendation:

Receive and file the Quarterly Investment Reports.

Fiscal Analysis:

As of 12/31/25, all of the City's investments were in compliance with the City's Investment Policy. Book value of the investment portfolio at 12/31/2025 was $643,868,317. This is up $26,373,743 versus 9/30/2025, and up $27,738,868 versus 12/31/2024.

The market value at 12/31/2025 is $5,858,974 (0.9%) higher than the amortized cost of the portfolio. The market value fluctuates relative to the book value through interest rate cycles and the strategy of maintaining a longer-term investment portfolio continues to add value over the long term.

Investment income totaled $6,713,897 for the fourth quarter of 2025 (10/1/2025 to 12/31/2025) compared to $6,556,895 in the prior quarter and $5,829,883 in the same quarter in 2024.

The attached Investment Reports were prepared by PFM Asset Management.

ATTACHMENTS:

Quarterly Investment Report - Oct-Dec 2025

Contact Name and Number:
Sean Kindell, (623) 773-7819

City of Peoria

Quarterly Investment Report

December 31, 2025

(480) 271-0432

pfm asset management

A Division of U.S. Bancorp Asset Management, Inc.

For Institutional Investor or Investment Professional Use Only – This material is not for inspection by, distribution to, or quotation to the general public

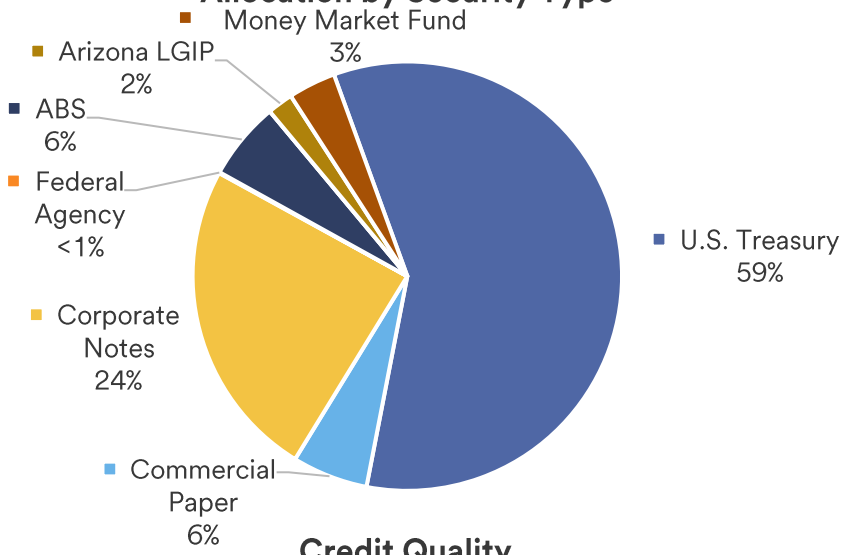
pfmam.com

Executive Summary[1,2,3]

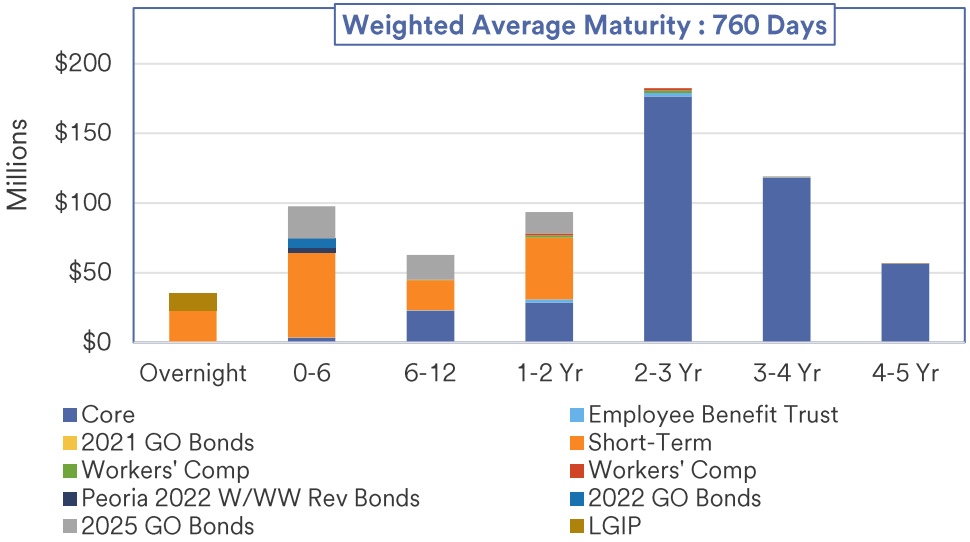
City of Peoria as of 12/31/25

Account Summary	Ending Values as of 9/30/25	Ending Values as of 12/31/25
Market Value	$623,201,982	$649,727,291
Book Value	617,494,574	$643,868,317
Unrealized Gain/(Loss)	5,707,407	$5,858,974
Weighted Avg. YTM	4.38%	3.63%
Weighted Avg. YTC	3.88%	4.23%

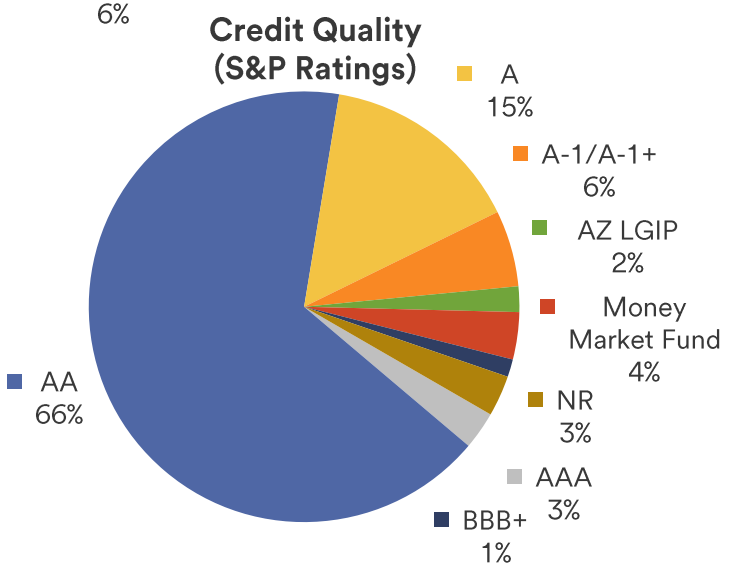
Allocation by Security Type



Maturity Distribution



Credit Quality (S&P Ratings)



1. *These balances include $12,466,190.79 invested with the AZ State Local Government Investment Pool as of 12/31/2025.*
2. *Weighted average maturity includes all liquid and LGIP balances and uses book values for weighting.*
3. *Bank Notes are included with Corporate Note figures, and Discount Notes are included with Federal Agency figures.*

Security Type and Issuer Distribution[1,2,3]

City of Peoria as of 12/31/25

Security Type	Book Value	% of Portfolio	Policy Limit
U.S. Treasury	$377,349,568	59%	80%
Federal Agency	$462,342	<1%	80%
Corporate Note	$155,958,952	24%	35%
Commercial Paper	$36,740,224	6%	35%
Asset-Backed Securities	$37,863,659	6%	35%
AZ LGIP	$12,466,191	2%	35%
Money Market Fund	$23,027,382	3%	35%
Total Book Value	**$643,868,317**	**100%**	

Maturity	Book Value	% of Portfolio	Policy Limit
Overnight	$35,493,572	6%	No Limit
0-6 Months	$97,643,960	15%	No Limit
6-12 Months	$62,636,243	10%	No Limit
1-2 Years	$92,044,083	14%	No Limit
2-3 Years	$180,825,643	28%	No Limit
3-4 Years	$118,875,516	18%	No Limit
4-5 Years	$56,349,300	9%	No Limit
Total Book Value	**$643,868,317**	**100%**	

Accrual Basis Earnings	10/1/25 through 12/31/25
Estimated Earnings	$6,713,897
Total Estimated Earnings	**$6,713,897**

Other Investment Policy Requirements
Policy Limit - At least 20% of portfolio to mature in less than one year.
Current portfolio maturing in less than one year = **30%**

1. *These balances include $12,466,190.79 invested with the AZ State Local Government Investment Pool as of 12/31/2025.*
2. *Weighted average maturity includes all liquid and LGIP balances and uses book values for weighting.*
3. *Bank Notes are included with Corporate Note figures, and Discount Notes are included with Federal Agency figures.*

Holdings by Issuer

City of Peoria as of 12/31/25

Issuer	Book Value	% of Portfolio	Policy Limit
United States Treasury	$377,349,567.50	59%	80%
Money Market Fund	$23,027,381.63	3%	35%
Mitsubishi Ufj Financial Group Inc	$18,579,230.16	3%	10%
Credit Agricole SA	$12,727,863.13	2%	10%
LGIP	$12,466,190.79	2%	35%
American Express Co	$5,004,568.92	1%	10%
Royal Bank Of Canada	$4,280,878.42	1%	5%
Caterpillar Inc	$4,267,871.78	1%	5%
Kubota Credit	$4,092,043.39	1%	10%
Hershey Company	$4,082,865.43	1%	5%
Morgan Stanley	$3,995,423.42	1%	5%
Wells Fargo & Company	$3,686,480.36	1%	5%
JPMorgan Chase & Co	$3,610,000.00	1%	5%
Apple Inc	$3,607,192.97	1%	5%
New York Life Insurance Company	$3,523,718.62	1%	5%
Deere & Company	$3,435,922.58	1%	5%
Toyota Motor Corp	$3,417,216.23	1%	5%
Sumitomo Mitsui Financial Group Inc	$3,365,761.05	1%	5%
Goldman Sachs Group Inc	$3,260,749.70	1%	5%
Volkswagen Auto	$3,229,876.91	1%	10%
Stichting Administratiekantoor Continui	$3,200,000.00	<1%	5%

Holdings by Issuer

City of Peoria as of 12/31/25

Issuer	Book Value	% of Portfolio	Policy Limit
Rabobank Nederland	$3,198,824.17	<1%	5%
Bank Of Nova Scotia	$3,159,783.35	<1%	5%
Automatic Data Processing Corp	$3,088,412.46	<1%	5%
Toronto-Dominion Bank	$3,026,168.67	<1%	5%
Canadian Imperial Bank Of Commerce	$2,984,626.95	<1%	5%
Amazon.Com Inc	$2,963,906.96	<1%	5%
Natixis NY Branch	$2,949,834.90	<1%	10%
Bmw Financial Services Na Llc	$2,866,462.49	<1%	5%
Nissan Auto Receivables	$2,840,517.11	<1%	10%
Nordea Bank ABP	$2,808,684.42	<1%	5%
Chase Auto Owner Trust	$2,804,851.33	<1%	10%
Commonwealth Bank Of Australia	$2,792,277.08	<1%	5%
National Rural Utilities Co Finance Corp	$2,780,720.34	<1%	5%
Citigroup Inc	$2,771,022.86	<1%	5%
Ford Credit Auto Owner Trust	$2,721,341.67	<1%	10%
Chevron Corporation	$2,525,000.00	<1%	5%
Pacific Life GF	$2,503,422.12	<1%	5%
Protective Life Global	$2,494,907.05	<1%	5%
Toronto-Dominion Bank	$2,483,295.83	<1%	10%
Bank Of Montreal	$2,407,095.01	<1%	5%
State Street Corporation	$2,377,937.35	<1%	5%

Holdings by Issuer

City of Peoria as of 12/31/25

Issuer	Book Value	% of Portfolio	Policy Limit
Honda Auto Receivables	$2,328,037.66	<1%	10%
BP PLC	$2,235,000.00	<1%	5%
Svenska Handelsbanken AB	$2,135,764.66	<1%	5%
Discover Financial Services	$2,119,944.96	<1%	10%
National Australia Bank Ltd	$2,113,661.98	<1%	5%
Banque Fed Cred Mutuel	$2,099,657.59	<1%	5%
Roche Holdings	$2,012,463.44	<1%	5%
Air Products & Chemicals	$1,999,084.98	<1%	5%
MassMutual Global	$1,996,237.43	<1%	5%
Mastercard Inc	$1,990,602.71	<1%	5%
General Dynamics Corp	$1,978,319.71	<1%	5%
The Bank Of New York Mellon Corporation	$1,974,123.96	<1%	5%
American Express Co	$1,830,000.00	<1%	5%
Home Depot Inc	$1,812,779.74	<1%	5%
Northern Trust	$1,782,656.71	<1%	5%
American Honda Finance	$1,762,503.88	<1%	5%
ANZ Banking Group Ltd	$1,742,914.37	<1%	5%
Pepsico Inc	$1,647,482.53	<1%	5%
Advanced Micro Devices Inc	$1,635,000.00	<1%	35%
Northwestern Mutual GLBL	$1,634,962.61	<1%	5%
Toyota Motor Corp	$1,630,329.06	<1%	10%

Holdings by Issuer

City of Peoria as of 12/31/25

Issuer	Book Value	% of Portfolio	Policy Limit
Analog Devices Inc	$1,613,558.16	<1%	5%
Paccar Financial Corp	$1,593,946.89	<1%	5%
Brighthouse Financial Global	$1,574,790.29	<1%	5%
Metlife Inc	$1,500,000.00	<1%	5%
UBS AG	$1,496,251.56	<1%	5%
Mercedes-Benz Fin NA	$1,475,970.09	<1%	5%
Wells Fargo Card Issuance Trust	$1,469,830.65	<1%	10%
Siemens AG	$1,454,944.16	<1%	5%
Meta Platforms Inc	$1,449,111.03	<1%	5%
USAA Owners Trust	$1,340,906.15	<1%	10%
Fifth Third Auto Trust	$1,300,104.80	<1%	10%
Gm Financial Securitized Term	$1,282,026.32	<1%	10%
Unitedhealth Group Inc	$1,274,540.35	<1%	5%
Adobe Inc	$1,270,549.99	<1%	5%
Kenvue Inc.	$1,269,656.64	<1%	5%
Medtronic Global Holdings	$1,247,711.76	<1%	5%
Westpac Banking Corp	$1,238,418.29	<1%	5%
Skandinaviska Enskilda Banken Ab	$1,237,979.81	<1%	5%
Cintas Corporation No. 2	$1,233,753.86	<1%	5%
Hyundai Auto Receivables	$1,227,867.16	<1%	10%
Swedbank AB	$1,181,079.23	<1%	5%

Holdings by Issuer

City of Peoria as of 12/31/25

Issuer	Book Value	% of Portfolio	Policy Limit
Volvo Financial Equipment LLC	$1,119,891.49	<1%	10%
Westpac New Zealand LTD	$940,000.00	<1%	5%
Capital One Prime Auto Rec Trust	$924,900.38	<1%	10%
Mars Inc	$909,174.68	<1%	5%
Ally Auto Receivables Trust	$770,835.43	<1%	10%
T-Mobile	$749,988.23	<1%	10%
Depository Trust & Clearing Corp	$729,544.75	<1%	5%
NatWest Group PLC	$705,000.00	<1%	5%
Texas Instruments Inc	$691,723.07	<1%	5%
Prudential Financial Inc	$684,914.56	<1%	5%
Charles Schwab	$594,776.75	<1%	5%
FHLB	$462,341.94	<1%	40%
HSBC Holdings PLC	$414,841.16	<1%	5%
Target Corp	$354,997.55	<1%	5%
Harley-Davidson Motorcycle Trust	$349,375.41	<1%	10%
Bmw Vehicle Owner Trust	$284,344.61	<1%	10%
John Deere Owner Trust	$272,077.38	<1%	10%
PNC Financial Services Group	$230,000.00	<1%	5%
Cummins Inc	$219,877.56	<1%	5%
Johnson & Johnson	$90,450.60	<1%	5%
Cisco Systems Inc	$74,960.98	<1%	5%



Holdings by Issuer

City of Peoria as of 12/31/25

Issuer	Book Value	% of Portfolio	Policy Limit
Principal Financial Group Inc	$74,960.29	<1%	5%
Blackrock Inc.	$39,999.41	<1%	5%
Honeywell International	$39,999.39	<1%	5%
Eli Lilly & Co	$39,991.90	<1%	5%
Pfizer Inc	$29,996.89	<1%	5%
Wal-Mart Stores Inc	$24,997.83	<1%	5%
Novartis Capital Corp	$24,994.80	<1%	5%
Merck & Co Inc	$24,963.86	<1%	5%
Hormel Foods Corp	$14,995.58	<1%	5%
Accenture Capital Inc	$14,988.39	<1%	5%
Google Inc	$9,991.82	<1%	5%
Total Book Value	**$643,868,317**	**100.00%**	

Economic Update

City of Peoria as of 12/31/25

Current Market Themes

- U.S. economy remains resilient but government shutdown obscures data
  - Inflation print likely biased lower due to data collection gaps and technical adjustments
  - Unemployment rate trends higher with net new job creation near zero
  - Strong consumer and business spending, along with steadier trade dynamics, support growth
- The Fed lowered the target rate by 50 basis points in the fourth quarter to 3.50-3.75%
  - Fed Chair Powell acknowledged ongoing challenges in achieving the Fed's dual mandate of maximum employment and price stability
  - The Fed's December "dot plot" indicates 25 bps of cuts in both 2026 and 2027, but the wide dispersion in underlying projections highlights differing views on path forward
  - Markets view policy is skewed towards additional easing assuming a more dovish Chair takes office in mid-2026
- Treasury yield curve continues to steepen but remains inverted inside 2 years
  - Front end Treasury yields moved lower during the fourth quarter on Fed rate cut expectations
  - Yields were range bound as volatility waned into year end
  - Credit spreads widened marginally but remain near historically narrow levels

Market Outlook

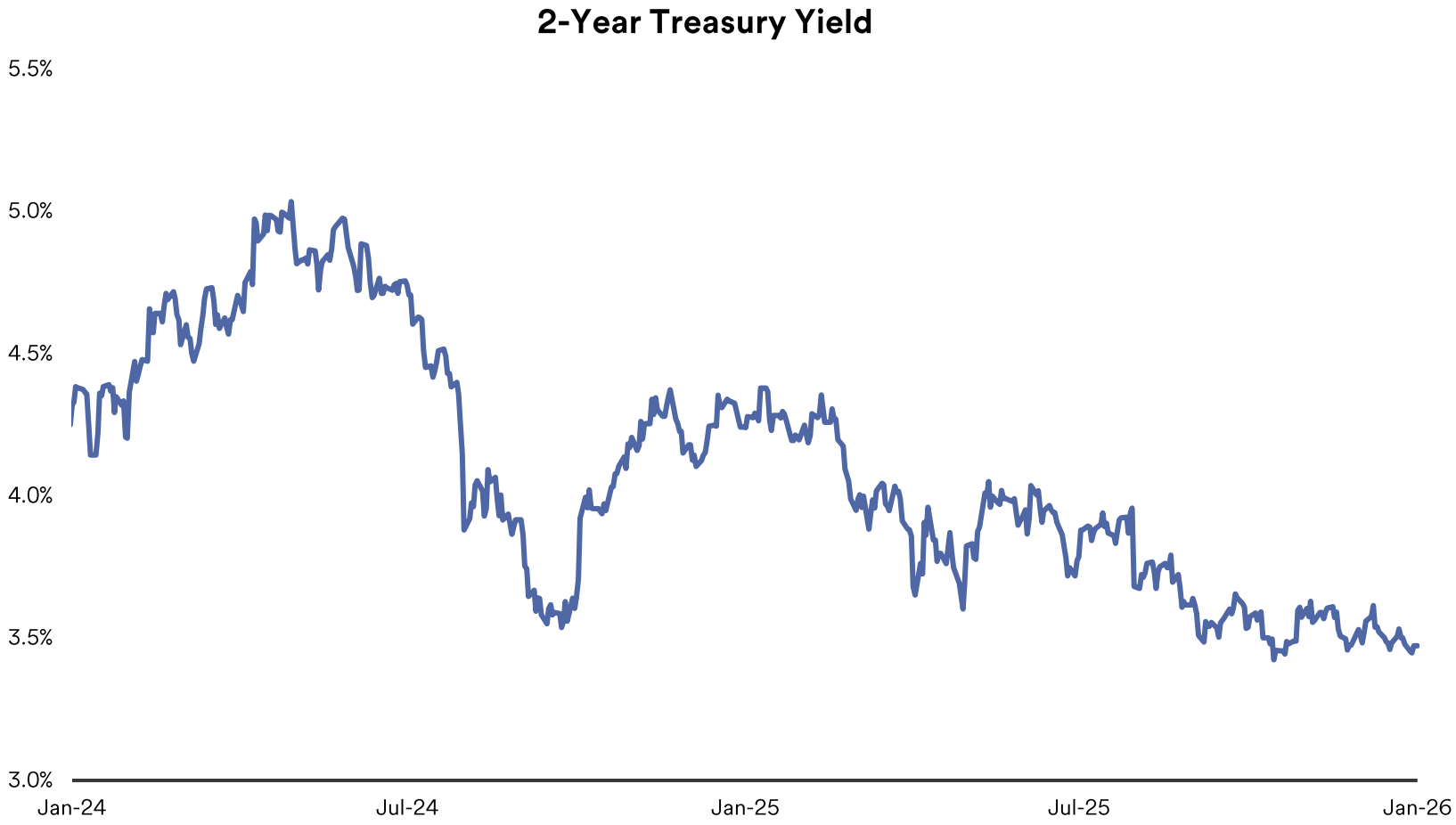
- The Fed cut rates by 50 bps in Q4 but noted continuing challenges to achieving its dual mandate of maximum employment and stable prices.
- The "dot plot" indicates 25 bps of projected cuts in both 2026 and 2027, but the wide dispersion underscores growing differences of opinion.
- Financial conditions eased further as corporate earnings exceeded expectations and tariff concerns abated.
- Consumer confidence sank given a more pessimistic views of the labor market, particularly among lower-income cohorts.
- We will continue to maintain portfolio durations near or slightly above 100% of benchmarks given the ongoing rate and policy uncertainty and the rebound in the absolute yield levels from their early-May lows.

Source: Details on market themes and economic indicators provided throughout the body of the presentation. Bloomberg Finance L.P., as of December 31, 2025.

Treasury Yields Range Bound As Volatility Wanes

City of Peoria as of 12/31/25

- Treasury yield remains above historical averages.



Source: Bloomberg Finance L.P., as of 1/2/2025.

Disclaimer

The views expressed within this material constitute the perspective and judgment of U.S. Bancorp Asset Management, Inc. at the time of distribution and are subject to change. Any forecast, projection, or prediction of the market, the economy, economic trends, and equity or fixed-income markets are based upon current opinion as of the date of issue and are also subject to change. Opinions and data presented are not necessarily indicative of future events or expected performance. Information contained herein is based on data obtained from recognized statistical services, issuer reports or communications, or other sources, believed to be reliable. No representation is made as to its accuracy or completeness.

PFM Asset Management serves clients in the public sector and is a division of U.S. Bancorp Asset Management, Inc., which is the legal entity providing investment advisory services. U.S. Bancorp Asset Management, Inc. is a registered investment adviser, a direct subsidiary of U.S. Bank N.A. and an indirect subsidiary of U.S. Bancorp. U.S. Bank N.A. is not responsible for and does not guarantee the products, services, or performance of U.S. Bancorp Asset Management, Inc.

NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE

For Institutional Investor or Investment Professional Use Only – This material is not for inspection by, distribution to, or quotation to the general public.

CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION

Agenda Item: 15C.

Date Prepared: 1/29/2026

Council Meeting Date: 2/10/2026

PRESENTER: No Presenter

TO: Henry Darwin, City Manager

THROUGH: Travis Cutright, Deputy City Manager

FROM: Thomas Intrieri, Chief of Police

SUBJECT: Grant, Tohono O'odham Nation, Digital Forensic Training

Purpose:

Discussion and possible action to approve a grant award from the Tohono O'odham Nation to the City of Peoria in the amount of $40,000 to fund Criminal Investigations – Digital Forensic training.

Summary:

The rapid advancement of technology has drastically changed the landscape of criminal investigations. Nearly every modern crime—including human trafficking, sexual exploitation of minors, fraud, cybercrime, and violent offenses—now involves some form of digital evidence. However, these cases require specialized expertise to properly collect, analyze, and present digital data in a legally defensible manner.

This grant award addresses that need by funding expert-level training courses in mobile device forensics, video analysis, cyber investigations, and cellular data interpretation. By attending industry-recognized programs our personnel will be equipped with the skills and certifications needed to process digital evidence thoroughly and effectively.

This training will directly strengthen our investigative capabilities, improve the quality of our casework, and ensure that our department remains equipped to meet the evolving challenges of digital crime.

Previous Actions/Background:

The Police Department has received funding awards from Tohono O'odham in the past. Most recently, 2024, for $143,000 for a 3D Laser Crime Scene Scanner.

Staff Recommendation:

Staff's recommendation is to approve the Tohono O'odham grant award in the amount of

$40,000. to fund needed Criminal Investigation – Digital Forensic training.

Fiscal Analysis:

There is no fiscal impact with this request.

ATTACHMENTS:

Grant Award Letter

Contact Name and Number:
Thomas Intrieri, Chief of Police, 623-773-7059

TOHONO O'ODHAM NATION OFFICE OF THE CHAIRMAN AND VICE CHAIRWOMAN

Verlon M. Jose
CHAIRMAN

Carla L. Johnson
VICE CHAIRWOMAN

JAN 28 RECD

City of Peoria Police Department
Section/ID:
8351 W. Cinnabar Ave.
Peoria, AZ 85345

September 17, 2025

Ms. Sheila Hunt
Senior Management Analyst
Peoria Police Department
8351 W Cinnabar Ave
Peoria, AZ 85345

Dear Ms. Hunt:

I am pleased to inform you that your proposal submitted on behalf of Peoria Police Department was selected by the Tohono O'odham Nation as a recipient of the 12% grant funding in the amount of $40,000.00 for Digital Forensic Training. We are honored to support local communities and hope that this grant will make positive impacts in Arizona.

As was indicated in the Request for Proposals issued by the Nation, the grant is conditional upon development of a Grant-in-Aid. The Nation will soon begin drafting a Grant-in-Aid with the corresponding municipality to take the steps necessary for final approval of this grant funding. If you have any questions about this process, please reach out to your grants contact at the City of Peoria.

Congratulations and I look forward to working with you to finalize your grant award.

Sincerely,

[redacted]

Verlon Jose
Chairman, Tohono O'odham Nation

Together We Are Stronger

P.O. BOX 837, SELLS, ARIZONA 85634 PHONE: 520.383.2028 FAX: 520.383.3379

CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION

Agenda Item: 16C.

Date Prepared: 1/12/2026

Council Meeting Date: 2/10/2026

TO: Henry Darwin, City Manager

THROUGH: Travis Cutright, Deputy City Manager

FROM: Gary Bernard, Fire Chief

SUBJECT: Intergovernmental Agreement, University of Arizona and Banner University Medical Group, Medical Director

Purpose:

Discussion and possible action to approve an Intergovernmental Agreement with the University of Arizona and Banner-University Medical Group. The proposed agreement with the Peoria Fire-Medical Department continues the existing arrangement with the current medical director and serves as a renewal of the prior contract.

Summary:

This Intergovernmental Agreement will continue utilizing Dr. Gail Bradley as the Fire-Medical Department Medical Director through an affiliation with the University of Arizona and Banner-University Medical Group. Previously, Dr. Bradley was contracted as a single entity. This Intergovernmental Agreement retains Dr. Bradley as the Department's Medical Director under the umbrella and with additional resources of the University of Arizona.

Previous Actions/Background:

Dr. Bradley has been the Fire-Medical Department's Administrative Medical Director since 2009. In 2019, the City issued a Request for Proposal (RFP) for Administrative Medical Direction. Dr. Bradley's response to the RFP in affiliation with the University of Arizona was deemed the most qualified and best proposal through the City's procurement guidelines. This Intergovernmental Agreement is the result of the proposal for Administrative Medical Direction. The Intergovernmental Agreement with the University of Arizona provides the city and the Department with more robust resources, including backup medical direction should Dr. Bradley be unavailable and access to the University of Arizona's training and research resources.

Staff Recommendation:

Staff's recommendation is to approve an Intergovernmental Agreement to provide Medical Direction with the current Medical Director, Dr. Gail Bradley, in affiliation with the University of Arizona and Banner-University Medical Group.

Fiscal Analysis:

All fees for Administrative Medical Direction are currently budgeted in the Fire-Medical Department and will be ongoing monthly payment for services.

ATTACHMENTS:

IGA - UofA-Banner-Medical Director

Contact Name and Number:
Gary Bernard, (623) 773-7279

Docusign Envelope ID: 3A232BE2-E287-4A6D-82A1-7B376EEA58C0

PROFESSIONAL SERVICES AND TRAINING AGREEMENT
(0485-02-243265)

This Professional Services and Training Agreement (this "Agreement") is entered into effective as of the latest of the signature dates set forth below (the "Effective Date"), by and among the Arizona Board of Regents, a body corporate under the laws of the State of Arizona, for and on behalf of The University of Arizona (the "University"), Banner—University Medical Group, an Arizona nonprofit corporation ("B—UMG"), and The City of Peoria, an Arizona municipal corporation (the "City").

RECITALS:

A. The City provides basic life support ("BLS") services, advanced life support ("ALS") services, and ambulance transportation services twenty-four (24) hours per day, three hundred sixty-five (365) days per year.

B. B—UMG employs and retains physicians who are licensed to practice medicine in the State of Arizona, trained in emergency medicine, and qualified to provide administrative medical direction to emergency medical care technicians, paramedics, and registered nurses.

C. The City desires to obtain from B—UMG administrative medical direction of the City's emergency medical care technicians, as defined in A.R.S. § 36-2201 (each, an "EMCT", and, collectively, the "EMCTs"), who are rendering emergency care to persons in the City of Peoria, including associated automatic aid jurisdictions as defined by the Phoenix Regional Automatic Aid Consortium, and in other areas to which the EMCTs may be deployed, such as wildland fires, deployments under the Federal Emergency Management Agency, and mass casualty responses within the State of Arizona's response system.

D. The University provides educational and other administrative services in support of B—UMG physicians who provide such administrative medical direction.

E. The City also desires to have the option to obtain such educational services from the University.

F. This Agreement is, in part, an intergovernmental agreement between the University and the City pursuant to A.R.S. §§ 11-951 *et. seq*.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, the parties hereby agree as follows:

AGREEMENT:

1. B—UMG's Responsibilities.

1.1 B—UMG will identify one (1) or more emergency medicine physicians who are employed or retained by B—UMG (each, an "Emergency Medicine Physician", and collectively, the "Emergency Medicine Physicians") to serve as the Administrative Medical Director for the City (the "AMD"). The AMD will be responsible for the administrative medical direction of the EMCTs and the City's registered nurses ("RNs") assigned to B—UMG (the "Administrative Medical Director Services"). B—UMG will fulfill its obligation to provide the Administrative Medical Director Services under this Agreement solely through those Emergency Medicine Physicians who meet all of the qualifications set forth in Section 1.2 below, and who have been approved by the City in

Docusign Envelope ID: 3A232BE2-E287-4A6D-82A1-7B376EEA58C0

advance to serve as the AMD and to provide the Administrative Medical Director Services pursuant to this Agreement. The City hereby grants initial approval of the Emergency Medicine Physicians listed on Exhibit A, which is attached hereto and incorporated herein by this reference.

1.2 B—UMG represents and warrants to the City that, at all times during the term of this Agreement, each Emergency Medicine Physician who is approved to serve as the AMD will:

a. Remain board eligible or board certified in the specialty of emergency medicine, having successfully completed a residency in emergency medicine in a program approved by the Accreditation Council for Graduate Medical Education ("ACGME");

b. Remain board eligible or board certified in the subspecialty of emergency medical services ("EMS") and/or have a minimum of ten (10) years of experience in the State of Arizona as an administrative EMS medical director of multiple fire/EMS agencies;

c. Possess and maintain an active faculty appointment at the University of Arizona College of Medicine-Tucson; and

d. Actively participate in the training and evaluation of future EMS medical directors through participation in an ACGME-approved EMS fellowship program.

1.3 The AMD may identify and appoint associate and/or assistant administrative medical directors as needed to carry out the full scope of the Administrative Medical Director Services for the City if approved by Peoria Fire-Medical Department (the "Department"). The AMD also will ensure that physicians will be available for consultation in the following subspecialty areas:

- A physician from an advanced pediatric-prepared emergency center; and
- A physician with a minimum of eight (8) years of experience and success conducting research in the prehospital setting with published EMS research in peer-reviewed scientific journals.

1.4 B—UMG will provide the Administrative Medical Director Services to the EMCTs who are assigned to B—UMG, as follows:

a. B—UMG will require the AMD to be knowledgeable regarding the capabilities and limitations of BLS and ALS personnel, established standing orders, and applicable treatment, triage, and communication protocols and guidelines.

b. B—UMG will provide a mechanism through which to provide on-scene medical oversight for a subset of patients when requested by the City.

1.5 The duties of the AMD will include, without limitation, the following:

a. Coordinating the provision of administrative medical direction to EMCTs;

Docusign Envelope ID: 3A232BE2-E287-4A6D-82A1-7B376EEA58C0

b. Ensuring that EMCTs receive administrative medical direction as required by A.R.S. Title 36, Chapter 21.1 and 9 A.A.C.25;

c. Approving, ensuring implementation of, and annually reviewing treatment protocols, triage protocols, and communication protocols governing EMCT practices that are consistent with A.R.S. Title 36, Chapter 21.1, 9 A.A.C. 25, and each EMCT's scope of practice, as identified under Article 8 of 9 A.A.C. 25;

d. Approving and annually reviewing policies and procedures governing medical record keeping, medical reporting, and completion and processing of prehospital incident history reports that are consistent with A.R.S. Title 36, Chapter 21.1, 9 A.A.C. 25, and each EMCT's scope of practice, as identified under Article 8 of A.A.C. Title 9, Chapter 25;

e. Approving, ensuring implementation of, and annually reviewing policies and procedures governing the administrative medical direction of EMCTs, including all prehospital policies, procedures, and protocols;

f. Reviewing A.R.S. Title 36, Chapter 21.1 and 9 A.A.C. 25 on an annual basis;

g. Providing consultation for advanced training or special training required ("STR") skills for new EMCTs;

h. Participating in ongoing EMS quality assurance/system improvement meetings with the City;

i. Providing consultation on drug box discrepancies for the City;

j. Providing input on instituting Arizona Department of Health Services ("ADHS"), regional or Department specific protocol changes;

k. Ensuring prehospital protocols, policies, and procedures are up-to-date;

l. Participating in continuous quality assurance/quality improvement programs for EMCTs;

m. Being familiar with the protocol for emergency disasters for prehospital and hospital drills;

n. Providing administrative medical direction for the Department's EMS activities, including ambulance operations, the treat and refer program and the emergency triage, treat, and transport ("ET3") program;

o. Providing administrative medical direction for the Department's paramedic continuing education program;

p. Serving as a consultant to the Department for ongoing evaluation of the Department's EMS programs;

q. Providing input into the development and utilization of the City's immunization paramedic program;

Docusign Envelope ID: 3A232BE2-E287-4A6D-82A1-7B376EEA58C0

r. Providing medical direction for immunization clinics, exercises, and public health emergency immunizations, including for City employees;

s. Providing medical direction for the City's pandemic influenza response, including prescribing and distribution oversight for the City's pharmaceutical cache, not to include direct patient contact;

t. Serving as the medical director for the City's paramedic toxicology paramedic program;

u. Serving as the medical director for the City's special weapons and tactics paramedic program;

v. Assisting the Department or the assigned program manager with research, development, and continuous quality improvement for all respective programs and/or pilot projects;

w. Providing input in the administrative processes affecting local, regional, and state pre-hospital and healthcare systems;

x. Serving as the medical director for the Department's cardiopulmonary resuscitation ("CPR") training program, which provides CPR training to City personnel and the public;

y. Serving as the medical director for the City's public access automatic defibrillator program;

z. Representing the Department at local, regional, and state meetings as assigned;

aa. Provide necessary medical oversight for all medical personnel who may be involved in Department's EMS or community paramedicine/mobile integrated healthcare programs, such as nurse practitioners, physician assistants, social workers and other providers; and

bb. Working with the City's Deputy Chief of Medical Services to build on existing strengths and lead change in identified areas for progress and innovation.

1.6 B-UMG will provide dedicated, operational, and accessible communication equipment to the AMD and the Emergency Department Physicians that will allow on-line medical direction to be given to an EMCT. All telephone and radio communication between B-UMG or Banner–University Medical Center Tucson, on one hand, and the EMCTs, on the other hand, for the purpose of medical direction will be recorded.

1.7 B-UMG will participate in the City's quality management program by providing review, consultation, and/or medical direction when deemed necessary by B—UMG or as requested by the City and approved by the AMD.

1.8 B—UMG will assign at least one (1) AMD to ensure that educational content complies with state and national requirements for continued certification of the EMCTs and the RNs. The initial AMD assigned to ensure such compliance is Gail Bradley, M.D.

Docusign Envelope ID: 3A232BE2-E287-4A6D-82A1-7B376EEA58C0

1.9 B—UMG may provide continuing education as deemed necessary by the City.

2. The University's Responsibilities.

2.1 The University will provide administrative services to assist the AMD with the provision of the Administrative Medical Director Services.

2.2 The University will provide EMS-subspecialty-advising services as needed. The City will communicate any needed services to the AMD who, in turn, will identify the appropriate services and facilitate the needed exchange of information among the parties.

3. The City's Responsibilities.

3.1 The City will only utilize EMCTs with valid certification by ADHS's Bureau of Emergency Medical Services, as prescribed in Arizona Administrative Code, Title 9, Chapter 25, Article 4, or as licensed by the Arizona Board of Nursing, and will ensure that individual EMCTs are current with State of Arizona certifications and have appropriate qualifications necessary for recertification.

3.2 The City will verify that only EMCTs with valid certifications or licenses are assigned to B—UMG, and will provide the following information to B—UMG:

a. The City will provide B—UMG with an accurate written list of the names of each EMCT currently assigned to B—UMG.

b. The City will notify B—UMG in writing: (i) annually of all EMCTs employed by the City; and (ii) within thirty (30) days of the termination, transfer, or addition of any EMCT. Notification will include the name(s), certification expiration date(s), and the effective date(s) of employment, transfer, or termination. Upon request, the City will provide B—UMG with a copy of all applicable certifications for each assigned EMCT.

3.3 The City will provide communication equipment in good working order that allows B—UMG to communicate with EMCTs in the field.

3.4 The City will be responsible for the procedures used in responding to and giving assistance at the scene of an emergency, unless adherence to such policies would conflict with B—UMG's procedures. B—UMG's medical direction authorities will assist the City's personnel by radio or phone communication when requested.

3.5 The City will initiate a patient care report for each patient contact. When transported to a receiving facility, the patient(s), the patient care report(s) and the care of the patient(s) will immediately be transferred to the facility and become the responsibility of the receiving facility. The City will provide the AMD with access to the City's electronic health record system so records can be retrieved as needed for review.

3.6 The City will allow ride-along privileges to B—UMG's medical direction authorities and intermediaries for experience and observation.

Docusign Envelope ID: 3A232BE2-E287-4A6D-82A1-7B376EEA58C0

3.7 The City will establish and implement a procedure that meets applicable federal and state requirements to assure the appropriate disposal of contaminated waste expended during the treatment of any patients transported to any other medical facility.

3.8 The City will annually review, approve (jointly with the AMD), and implement policies and procedures governing the administrative medical direction of EMCTs, including all prehospital policies, procedures, and protocols.

3.9 The City will be responsible for the purchase, maintenance, and any other expenses related to the procurement of medications.

3.10 The City will provide space at its facilities where the training will occur and will maintain the equipment necessary for live and virtual training.

3.11 The City will coordinate scheduling of the educational sessions.

3.12 The City will identify a coordinator who will be responsible for managing and overseeing the training program, in conjunction with the University.

3.13 The City will be responsible for ensuring that its providers complete all required continuing education.

3.14 The City will be responsible for tracking the continuing education credit distribution of its providers.

3.15 Throughout the term of this Agreement, the City will maintain in active status its certification as an EMS Training Center.

3.16 The City will administer the skills and competency testing required or requested by the AMD.

3.17 As requested by B—UMG, the City will provide evidence that the participants have completed all skills testing and competency evaluations.

3.18 The City will ensure that the materials developed by the University are used for training under City's program only and are not duplicated or distributed for use by other agencies.

3.19 Compliance with Standards, Laws and Regulations. The City will comply with all standards applicable to the services described in this Agreement, including, but not limited to, the standards of: (a) The Joint Commission; (b) third party payors; and (c) federal, state, and local government laws, rules, and regulations, including, but not limited to, the Drug Supply Chain Security Act 21, C.F.R. § 10.115(g)(2), and any requirements promulgated by the Arizona Medical Direction Commission organized pursuant to A.R.S. § 36-2203.01, or its successor entity.

4 Financial Arrangement.

4.1 Compensation. As compensation for the Administrative Medical Director Services provided by B—UMG pursuant to this Agreement, the City will pay to B—UMG the sum of $57,000 per year, which sum will be payable in equal monthly installments of $4,750 each. The parties acknowledge that the AMD and the Emergency Medicine

Docusign Envelope ID: 3A232BE2-E287-4A6D-82A1-7B376EEA58C0

Physicians will not personally receive any additional compensation for any services provided pursuant to this Agreement as the compensation for such services already is included in their respective base salaries.

As compensation for the administrative services provided by the University pursuant to this Agreement, the City will pay the University the annual sum of $3,000 per year, which sum will be payable upon January 1st of each calendar year.

4.2 Invoices and Payment. As a condition of receiving the compensation set forth herein, B—UMG will submit to the City, on a monthly basis, an invoice for the services provided during the preceding calendar month. The City will pay B—UMG within thirty (30) days after receipt of each such monthly invoice.

As a condition of receiving the compensation set forth herein, the University will submit to the City, on an annual basis, an invoice for the services provided during the preceding year. The City will pay the University within thirty (30) days after receipt of each such annual invoice. The University's payments should be made to the following address: UArizona-Sponsored Projects Services, PO Box 41867, Tucson, AZ 85717.

4.3 IRS Reporting. The City will provide to B—UMG and the University and will file with the United States Internal Revenue Service (the "IRS") an IRS Form 1099 evidencing the payments to B—UMG and the University hereunder.

5. Term. The term of this Agreement will begin on the date on which that certain Professional Services and Training Agreement dated effective as of March 10, 2021, entered into by the parties expires and will continue for a period of two (2) years thereafter with three (3) one (1)-year options to renew by amendment in accordance with Section 13.2, unless otherwise terminated as provided for herein.

6. Termination.

6.1 Termination without Cause. This Agreement may be terminated at any time, with or without cause, by any party providing ninety (90) days' written notice to the other parties.

6.2 Termination for Cause. Any party may terminate this Agreement for cause if one (1) of the other parties engages in an act or omission constituting a material breach of any term or condition of this Agreement. The non-breaching party or parties will provide the breaching party with at least thirty (30) days prior written notice of its intent to terminate this Agreement for cause, which written notice will include a description of the nature of the breach. The breaching party will then have thirty (30) days from the date of the written notice within which to cure the breach and conform its conduct to the terms of this Agreement. If such corrective action is not taken within the time specified, this Agreement will terminate at the end of the 30-day period without further notice or demand.

6.3 Regulatory Termination. If, prior to the expiration of the term of this Agreement, any federal, state, or local regulatory body, including, but not limited to, the Centers for Medicare and Medicaid Services ("CMS"), the Department of Health and Human Services ("HHS"), or the IRS determines that this Agreement is illegal or jeopardizes B—UMG's tax exempt status or otherwise materially affects any party's business, then the affected party will give the other parties such notice as is reasonable in the

Docusign Envelope ID: 3A232BE2-E287-4A6D-82A1-7B376EEA58C0

circumstances and will make available a reasonable period within which to cure. If no cure is implemented by the parties, then any party, in its discretion, may terminate this Agreement with such notice to the other parties as is reasonable under the circumstances.

6.4 Performance of Obligations Prior to Termination. In the event of any termination hereunder, during the period from notice of termination by any party to the other parties until the effective date of termination, B—UMG and the University will continue to perform their respective obligations hereunder, unless otherwise agreed to by the parties, and the City will continue to compensate B—UMG and the University for all services provided prior to such termination.

7. Independent Contractor Status. Each party is an independent contractor to the other parties. Nothing in this Agreement creates an employer-employee relationship, partnership, franchise, joint venture, or agency relationship between the parties and no party will represent to any third party that any such relationship exists. Each party will be solely responsible for the payment of all social security, self-employment, federal, state, and local income taxes, disability insurance, workers' compensation insurance, fees, licenses, and any other statutory benefits provided to their respective employees.

8. Insurance and Liability.

8.1 Insurance. All parties agree to secure and maintain in force during the term of this Agreement comprehensive general liability insurance, including blanket contractual liability and automobile insurance coverages, in addition to professional liability insurance with minimum limits of$1,000,000.00 per occurrence and $3,000,000.00 in the aggregate. All parties will maintain in place workers' compensation insurance coverage as required by federal and state law. All the insurance required by this Agreement may be satisfied by a program of self-insurance, commercial insurance, or a combination thereof. Upon request, each party agrees to provide certificates of insurance that state that the above coverages are in force and will continue in force throughout the term of this Agreement. The parties will provide a 30-day prior written notice of expiration, cancellation or substantial change will be given to the other parties. Proof of self-insurance will be adequate proof of coverage pursuant to this Section 8.1.

8.2 Mutual Indemnification. Each party will indemnify and save harmless the other parties for, from, and against all actions, liabilities, losses, damages, claims, and demands whatsoever, including costs, expenses, and attorney's fees resulting, or claimed to have resulted, solely from the intentional or negligent acts or omissions of the indemnifying party or its employees, subcontractors, or agents engaged in the work under this Agreement at the time of the events or occurrences upon which such actions, claims, or demands are based, to the extent permitted by law.

9. Confidentiality. The parties, their employees, and agents will keep confidential all knowledge, information, and documents entrusted to their care by each other. Neither the parties nor their employees or agents will disclose any knowledge, information, or documents entrusted to it by each other to any person, firm, or corporation other than the person, firm, or corporation designated by the party holding the confidentiality pursuant to this Section 9. Knowledge, information, and documents entrusted by each respective party to each other may include, but are not limited to, the names of vendors and the terms and conditions (including financial information) with vendors, the names of patients, and the terms and conditions (including

Docusign Envelope ID: 3A232BE2-E287-4A6D-82A1-7B376EEA58C0

financial information) of agreements with or for the benefit of patients and all medical records and information.

10. Use of Name and/or Logo. No party may use the name and/or logo of the other parties in any marketing, promotional or advertising materials, client lists, press releases, or websites without the prior written consent of the other parties.

11. Compliance.

11.1 Ethics & Compliance Requirements. The parties have each implemented corporate compliance programs to ensure compliance with federal, state, and local laws and regulations. Upon request, the City will provide an attestation stating that the City's employees and agents involved in this Agreement have received the City's compliance training on applicable federal health care program requirements**,** including the requirements of the Anti-Kickback statute and the Stark law, on an annual basis. B—UMG also will make available, on an annual basis, information about Banner Health's compliance program, applicable policies and procedures, and Banner Health's Corporate Integrity Agreement, through the material provided by Banner Health for such purpose (located at https://www.bannerhealth.com/about/vendors).

11.2 No Federal Exclusion or Preclusion. The City represents and warrants that neither it nor any of its employees, directors, officers, equity owners, subcontractors, or agents under this Agreement (each, a "City Representative") are excluded or precluded from participation, or are otherwise ineligible to participate, in a "federal health care program" (as defined in 42 USC §1320a-7b(f)) or in any other government payment program, and that no such action is pending. The City will assess the status of the City Representatives prior to hire or contracting and on a monthly basis thereafter as required by HHS or CMS. The City will notify B—UMG and the University in writing within three (3) days of either of the following: (a) the discovery of any debarment, exclusion, preclusion, suspension, or other event that makes the City or any City Representative ineligible to participate in a federal health care program or any other government payment program; or (b) any conviction of the City or any of the City Representatives of a criminal offense that falls within the scope of 42 USC §1320a-7(a), even if they have not yet been excluded, precluded, debarred, suspended, or otherwise declared ineligible. Such notice will contain reasonably sufficient information to allow B—UMG and the University to determine the nature of any sanction. If the City is in breach of this Section 11.2 or upon the occurrence of such exclusion, preclusion, debarment, suspension, or conviction of the City or any City Representative, whether or not notice is given, B—UMG or the University may immediately terminate this Agreement.

11.3 No Physician Ownership. The City hereby expressly represents to B—UMG that no physician nor any member of a physician's immediate family owns or holds an ownership or financial interest in the City that is not the subject of an exception or "safe harbor" from applicable law, such as the exception for publicly-traded securities under 42 CFR 411.356(a).

11.4 HIPAA. The parties are required to comply with the standards for privacy of individually identifiable health information and the security standards for the protection of electronic protected health information under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as amended, together with its implementing regulations promulgated under HIPAA and the Health Information Technology for Economic and

Docusign Envelope ID: 3A232BE2-E287-4A6D-82A1-7B376EEA58C0

Clinical Health Act by HHS. If B—UMG or the University creates, receives, maintains, or transmits protected health information for or on behalf of the City, B—UMG and/or the University will execute a Business Associate Agreement or Data Use Agreement, as applicable.

11.5 Compliance with Employment Laws. Each party agrees to comply with all federal, state, and local laws, regulations, ordinances, and orders regarding employment, employment practices, terms and conditions of employment, worker classification, prohibited discrimination, equal employment, fair employment practices, meal and rest periods, immigration, employee safety and health, wages, compensation, affirmative action where applicable, and hours of work. B—UMG is a federal contractor obligated to comply with federal, state, and local requirements governing immigration, equal employment, and affirmative action, including, but not limited to, 42 USC §§2000(e) et seq., the Civil Rights Act of 1964, the Civil Rights Act of 1991, Sections 503 and 504 of the Rehabilitation Act of 1973, the Vietnam Era Veterans Readjustment Assistance Act, 38 USC §4212, as amended, Executive Order 11246 of September 24, 1965, Executive Order 13496 of January 30, 2009, and all amendments and applicable regulations pertaining to any of them, including 41 CFR §§60.1.4(a)(7), 60-250.5, 60-300.5 and 60-741.5 (imposing anti-discrimination and affirmative action requirements).

12. Recordkeeping Requirements.

12.1 Governmental Review and Inspection. The City agrees to maintain medical, financial, and administrative records related to the Administrative Medical Director Services rendered as required by applicable law. Such records must be maintained in an accurate and timely manner in accordance with general standards applicable to such records. The City agrees to maintain such records, documents, and other information relating to this Agreement for a minimum of ten (10) years from the last date of service or such longer period as required by law. The City acknowledges that any governmental entity with authority over programs in which the City may participate through this Agreement may, in accordance with applicable laws, regulations, and sub-regulatory guidance, evaluate the quality, appropriateness, and timeliness of services rendered. The City agrees to cooperate with any audit and investigation and make its facilities, personnel, books, records, documents, computers and other electronic systems, and those of any downstream subcontractor, available for audit, inspection, and copyright by any governmental entity including, but not limited to, the State of Arizona, the Secretary of HHS, the Comptroller General, or CMS, and any of their duly authorized representatives.

12.2 Inspection of Records. The City will, upon reasonable notice, give B—UMG, or its authorized representative, and the University, or its authorized representative, the privilege, at a reasonable time during normal business hours, of inspecting, examining and auditing such of the City's business records which are directly relevant to this Agreement. The cost of such inspection, examination, and audit will be at the sole expense of B—UMG or the University, as may be applicable, and such inspection, examination and audit will be conducted where said records are normally maintained.

13. Miscellaneous.

13.1 Governing Law. This Agreement will be governed by the internal substantive law of the State of Arizona, without regard for the conflict of law principles thereof.

Docusign Envelope ID: 3A232BE2-E287-4A6D-82A1-7B376EEA58C0

13.2 Integration and Amendment. This Agreement and any exhibits contains the entire agreement among the parties with respect to the subject matter hereof. All prior negotiations among the parties are merged in this Agreement, and there are no understandings or agreements other than those incorporated herein. This Agreement may not be modified except by a written instrument signed by all parties to this Agreement.

13.3 Assignment. This Agreement may not be assigned by any party without the prior written consent of the other parties. If consent to an assignment is obtained, this Agreement is binding on the assigns of the parties to this Agreement. Notwithstanding anything to the contrary in this Agreement, B—UMG may assign or otherwise transfer its interest under this Agreement to any "related entity" without the consent of the other parties. For the purposes of this Section 13.3, a related entity will be deemed to include a parent, a subsidiary, any entity that acquires all or substantially all of B—UMG's assets or operations relating to this Agreement, and the surviving entity of any merger or consolidation involving B—UMG.

13.4 Notice. Any notice required to be given under this Agreement will be in writing, and will be deemed delivered to the party to whom the notice is sent: (a) when personally delivered; (b) one (1) business day after the same is sent by overnight delivery service; or (c) three (3) days after the same is sent by certified mail, postage prepaid, addressed to such party at the address that follows or to such other address as such party may hereinafter designate in writing:

If to the City:
City of Peoria Fire-Medical Department
8401 W. Monroe Street
Peoria, AZ 85345
Attn: Fire Chief

If to B—UMG:
Banner—University Medical Group
1625 N. Campbell Avenue, Room 2445
Tucson, AZ 85719
Attn: Chief Executive Officer

Copy to:
Banner Health
2901 N. Central Avenue, Suite 160
Phoenix, AZ 85012-2700
Attn: General Counsel

If to the University:
UAHS Contracts
The University of Arizona
Research Administration
1670 E. Drachman Street, 9th Floor
PO Box 210216
Tucson, AZ 85721-0216

Copy to:
The University of Arizona
Office of the General Counsel
P.O. Box 210066
Tucson, AZ 85721

Docusign Envelope ID: 3A232BE2-E287-4A6D-82A1-7B376EEA58C0

13.5 Survival. Any covenant or provision herein that requires or might require performance after the termination or expiration of this Agreement, including, but not limited to, indemnities, confidentiality, settlement of accounts, records retention and access, and insurance requirements, will survive any termination or expiration of this Agreement.

13.6 Waiver and Breach. No waiver of the enforcement or breach of any agreement or provision herein will be deemed a waiver of any preceding or succeeding breach thereof or of the enforcement of any other agreement or provision herein. No extension of time for performing any obligation or act will be deemed an extension of time for performing any other obligation or act. All rights and remedies provided herein are cumulative and not exclusive of any rights or remedies otherwise provided by law.

13.7 Force Majeure. In case performance of any terms or provisions hereof (other than the payment of monies) is delayed or prevented because of compliance with any law, decree, or order of any governmental agency or authority, either local, state, or federal, or because of riots, war, public disturbances, strikes, lockouts, differences with workers, fires, floods, acts of God, epidemics, pandemics, or any other reason that is not within the control of the party whose performance is interfered with and which, by the exercise of reasonable diligence said party is unable to prevent, the party so suffering may at its option suspend, without liability, the performance of its obligations hereunder (other than the payment of monies) during the period such cause continues, and extend the term of this Agreement for the period of such suspension of performance of duties hereunder.

13.8 Further Assurances. Upon request, each of the parties will execute and deliver all documents and do or cause to be done all such acts and things, necessary to effectuate the purpose and intent of this Agreement.

13.9 Cost of Litigation. If any party takes legal action to enforce this Agreement, the prevailing party or parties will be entitled to recovery of its reasonable attorneys' fees and costs incurred in connection with such action.

13.10 Non-Exclusive Agreement. This Agreement with the City is not exclusive. Accordingly, B—UMG and the University will have the right to enter into one (1) or more agreements relating to the same or similar matters as are covered by this Agreement, and execution by B—UMG or the University of such agreements will not constitute a breach of this Agreement.

13.11 Transactional Conflicts of Interest. The parties hereto each acknowledge that this Agreement is subject to cancellation by the City or the University pursuant to provisions of A.R.S. § 38-511.

13.12 Definitions. Unless otherwise specified herein, the terms used in this Agreement will have the same meanings as those defined in Arizona Administrative Code § R9-25-101.

13.13 No Israel Boycott. None of the parties are involved in a boycott of Israel.

13.14 Corporate Authority. Each party represents and warrants that the individual executing this Agreement on behalf of such party is duly authorized to execute and deliver this Agreement on behalf of such corporation, person, firm, partnership, or other entity and that this Agreement is binding upon such entity in accordance with its terms.

Docusign Envelope ID: 3A232BE2-E287-4A6D-82A1-7B376EEA58C0

13.15 Counterparts. This Agreement may be executed in one (1) or more copies or counterparts, each of which when signed will be an original, but all of which together will constitute one (1) instrument. Signatures submitted via telecopy or electronic signature will have the same force and effect as original signatures and, as such, will be valid and binding upon the parties hereto.

13.16 Arbitration. The parties agree to arbitrate disputes filed in Arizona Superior Court that are subject to mandatory arbitration pursuant to A.R.S. § 12-133. A.R.S. § 12-1518 requires this provision in all University contracts.

13.17 Cancellation for Non-Appropriation. The parties recognize that the performance by one (1) or more of the parties may be dependent upon the appropriation of public funds. Each party may reduce the scope of their involvement in this Agreement, if appropriate, or cancel this Agreement without further duty or obligation by delivering written notice to the other parties as soon as reasonably possible after the unavailability of such funds comes to their attention.

13.18 Non-Discrimination. The parties will comply with all applicable state and federal statutes and regulations governing Equal Employment Opportunity, Nondiscrimination, and Immigration.

13.19 Supersedes. This Agreement, upon its execution, will supersede the previous agreement between the Parties effective March 10, 2021.

[Signatures to follow on next page]

Docusign Envelope ID: 3A232BE2-E287-4A6D-82A1-7B376EEA58C0

IN WITNESS WHEREOF, the parties have executed this Agreement, individually or by signature of their duly authorized representative, as of the signature dates set forth below, to be effective as of the Effective Date.

B—UMG:

Banner—University Medical Group

By: [redacted]
Benjamin Schwartz, M.D.
Interim Chief Executive Officer

Date: February 2, 2026 | 10:51 AM MST

THE CITY:

The City of Peoria

By: _____
Henry Darwin
City Manager

Date: _____

ATTEST:

_____
Agnes Goodwine, City Clerk

APPROVED AS TO FORM:

_____
Emily Jurmu, City Attorney

UNIVERSITY:

Arizona Board of Regents on behalf of
The Ur

By: [redacted]

Date:

[redacted]

Docusign Envelope ID: 3A232BE2-E287-4A6D-82A1-7B376EEA58C0

Approval of City Attorney

I hereby state that I have reviewed the proposed Intergovernmental Agreement and declare the Agreement to be in proper form and within the powers and authority granted to the parties by their respective governing bodies under the laws of the State of Arizona.

_____

Emily Jurmu Date
Peoria City Attorney

Docusign Envelope ID: 3A232BE2-E287-4A6D-82A1-7B376EEA58C0

EXHIBIT A

APPROVED EMERGENCY MEDICINE PHYSICIANS

Gail Bradley, MD

CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION

Agenda Item: 17C.

Date Prepared: 1/27/2026 Council Meeting Date: 2/10/2026

TO: Henry Darwin, City Manager

THROUGH: Mike Faust, Deputy City Manager

FROM: Kelli Kincaid, Neighborhood & Human Services Director

SUBJECT: Intergovernmental Agreement; Maricopa County HOME Consortium; Amendment to Add City of Goodyear as Consortium Member

Purpose:

Discussion and possible action to: (a) approve an amendment to the HOME Consortium Intergovernmental Agreement (LCON06921D) with Maricopa County governing the City's participation in the Maricopa HOME Consortium to add the City of Goodyear as a Consortium member, subject to HUD approval; and (b) adopt **RES. 2026-16** authorizing participation in the Maricopa HOME Consortium and authorizing the execution of the amendment and related documents.

Summary:

The U.S. Department of Housing and Urban Development (HUD) allows units of general local government that are geographically contiguous to form a consortium for the purpose of participating in the HOME Investment Partnerships Program (HOME) pursuant to 24 CFR Part 92. The Maricopa HOME Consortium has been recognized by HUD as a Participating Jurisdiction, with Maricopa County serving as the designated Lead Agency responsible for administration and compliance.

From time to time, the Consortium may be amended to add or remove participating jurisdictions, subject to approval by the governing bodies of the member jurisdictions and HUD. The City of Goodyear has expressed its desire to join the Maricopa HOME Consortium and has adopted a resolution authorizing participation.

The proposed amendment to the HOME Consortium Intergovernmental Agreement adds the City of Goodyear as a member of the Consortium. Upon HUD approval, Goodyear will assume all rights, responsibilities, and obligations of Consortium membership, and Maricopa County will continue to serve as the Lead Agency for all Consortium members.

This amendment does not modify the City's HOME funding allocation, approved uses of funds, or budget authority.

Previous Actions/Background:

- December 15, 2025 – The Goodyear City Council adopted a resolution authorizing participation in the Maricopa HOME Consortium, approved by a 7-0 vote.
- August 21, 2025 – The Maricopa HOME Consortium voted unanimously (9-0) to allow the City of Goodyear to join the Consortium, contingent upon City Council approvals and HUD approval.3, 2025 – Federal Fiscal Year 2025 Allocation approved with the City Council final budget adoption.
- The City Council previously approved amendments to the HOME Consortium Intergovernmental Agreement related to annual HOME allocations.

Staff Recommendation:

Staff recommends that the City Council approve the amendment to the HOME Consortium Intergovernmental Agreement adding the City of Goodyear as a member of the Maricopa HOME Consortium, subject to HUD approval, and adopt **RES. 2026-16** authorizing participation in the Consortium and execution of the amendment and any related documents.

Fiscal Analysis:

No fiscal impact

ATTACHMENTS:

Resolution - 2026-16
Amendment - Home Consortium Agreement
LCON06921D Amendment 4
LCON06921 Original

Contact Name and Number:
Kelli Kincaid, (623)773-7178

RESOLUTION NO. **2026-16**

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF PEORIA, MARICOPA COUNTY, ARIZONA, APPROVING AMENDMENT NO. 5 TO THE INTERGOVERNMENTAL AGREEMENT BETWEEN MARICOPA COUNTY, ADMINISTERED BY ITS HUMAN SERVICES DEPARTMENT, AND THE CITY OF PEORIA FOR THE HOME INVESTMENT PARTNERSHIPS PROGRAM; AUTHORIZING PARTICIPATION IN THE MARICOPA HOME CONSORTIUM AND APPROVING AN AMENDMENT TO THE HOME CONSORTIUM AGREEMENT

WHEREAS, the HOME Investment Partnerships Program ("HOME Program"), authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. § 12701 et seq.), provides federal funds to expand the supply of decent, safe, affordable housing for low-income households;

WHEREAS, the U.S. Department of Housing and Urban Development ("HUD") permits units of general local government to form consortia for the purpose of qualifying as a Participating Jurisdiction under the HOME Program, pursuant to 24 CFR Part 92;

WHEREAS, the MARICOPA HOME CONSORTIUM has been recognized by HUD as a HOME Consortium and has entered into a three-year Consortium Agreement approved by HUD;

WHEREAS, the CITY OF GOODYEAR desires to join the Consortium and participate in the HOME Program through the Consortium, and has negotiated an amendment to the Consortium Agreement to add [Name of Jurisdiction] as a member;

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of Peoria, Maricopa County, Arizona, as follows:

SECTION 1. The Mayor and Council hereby approves participation in the MARICOPA HOME CONSORTIUM and authorizes execution of the Amendment to the Consortium Agreement adding CITY OF GOODYEAR as a member.

SECTION 2. The City Manager, or designee, upon the recommendation of the Neighborhood & Human Services Department and City Attorney's Office is authorized to execute the Amendment to the Consortium Agreement and any related documents necessary to effectuate participation in the Consortium, subject to HUD approval.

SECTION 3. This Resolution shall take effect immediately upon adoption.

SECTION 4. The Mayor, City Clerk, and City Attorney are authorized and directed to take all actions necessary to give effect to this Resolution.

PASSED AND ADOPTED by the Mayor and Council of the City of Peoria, Arizona, this 10th day of February, 2026.

_____
Jason Beck, Mayor

_____
Date Signed

ATTEST:

_____
Agnes Goodwine, City Clerk

APPROVED AS TO FORM:

_____
Emily Jurmu, City Attorney

AMENDMENT TO
MARICOPA HOME CONSORTIUM
INTERGOVERMENTAL AGREEMENT

This Amendment to the HOME Consortium Intergovernmental Agreement ("IGA") (C-22-20-033-3-00) is entered into by and among the existing members of the MARICOPA HOME CONSORTIUM and the CITY OF GOODYEAR, effective February 25, 2026.

WHEREAS, the MARICOPA HOME CONSORTIUM was established pursuant to 24 CFR Part 92 and HUD Notice CPD-13-002, and has been recognized by the U.S. Department of Housing and Urban Development ("HUD") as a Participating Jurisdiction under the HOME Investment Partnerships Program; and,

WHEREAS, one local government entity must be designated to act as a representative for all member local governments for the purpose of the HOME Program; and,

WHEREAS, Maricopa County ("County") is designated as the Lead Agency of the Maricopa HOME consortium; and,

WHEREAS, the CITY OF GOODYEAR desires to join the Consortium and has adopted a resolution of its governing body authorizing participation in the Consortium; and,

WHEREAS, the Consortium members agree to accept CITY OF GOODYEAR as a member, subject to HUD approval, and to amend the IGA accordingly; and,

NOW, THEREFORE, as pursuant to Paragraph 1., subparagraph (b) of the Intergovernmental Agreement, as executed by the parties, the parties agree to amend the IGA as follows:

1. Addition of New Member:

   The CITY OF GOODYEAR is hereby added as a member of the Consortium, with all rights, responsibilities, and obligations set forth in the Agreement and applicable HUD regulations.

2. Term:

   The term of this Amendment shall be coterminous with the existing Consortium Agreement, expiring JUNE 30, 2026 unless renewed in accordance with HUD requirements.

3. Lead Entity Responsibilities:

   MARICOPA COUNTY shall continue to serve as the lead entity and assume responsibility for compliance with HOME program requirements on behalf of all Consortium members, including the newly added member.

4. Counterparts, Separate Signature pages:

   This Agreement may be executed in any number of counterparts or using separate signature pages. Each such executed counterpart and each counterpart to which such signature pages are attached shall be deemed to be an original instrument, but all such counterparts together shall constitute one and the same instrument. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

The parties certify that this Amendment, together with the resolutions of the governing bodies of the Consortium members, satisfies the requirements of 24 CFR Part 92 and HUD Notice CPD-13-002.

[Signatures contained on the following pages]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first written above.

Approved By:

MARICOPA COUNTY (LEAD ENTITY)

_____

Chair, Board of Supervisors

Attested to:

_____

Juanita Garza, Clerk of the Board

_____

Date

IN ACCORDANCE WITH A.R.S. §§ 11-201, 11.251 & 11-952, THIS AGREEMENT HAS BEEN REVIEWED BY THE UNDERSIGNED ATTORNEY AND HAS DETERMINED THAT THIS AGREEMENT IS PROPER IN FORM AND WITHIN THE POWER AND AUTHORITY GRANTED UNDER THE LAWS OF THE STATE OF ARIZONA.

Approved as to Form:

_____

Deputy County Attorney for Maricopa County Date

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first written above.

Approved By:

CITY OF GLENDALE

_____

City Mayor

Attested to:

_____

City Clerk

_____

Date

IN ACCORDANCE WITH A.R.S. §§ 9-231, 9-240 & 9-441.02, THIS AGREEMENT HAS BEEN REVIEWED BY THE UNDERSIGNED ATTORNEY AND HAS DETERMINED THAT THIS AGREEMENT IS PROPER IN FORM AND WITHIN THE POWER AND AUTHORITY GRANTED UNDER THE LAWS OF THE STATE OF ARIZONA.

Approved as to Form:

_____

Attorney for City of Glendale Date

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first written above.

Approved By:

CITY OF TEMPE

_____

City Mayor

Attested to:

_____

City Clerk

_____

Date

IN ACCORDANCE WITH A.R.S. §§ 9-231, 9-240 & 9-441.02, THIS AGREEMENT HAS BEEN REVIEWED BY THE UNDERSIGNED ATTORNEY AND HAS DETERMINED THAT THIS AGREEMENT IS PROPER IN FORM AND WITHIN THE POWER AND AUTHORITY GRANTED UNDER THE LAWS OF THE STATE OF ARIZONA.

Approved as to Form:

_____

Attorney for City of Tempe Date

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first written above.

Approved By:

CITY OF CHANDLER

_____

City Mayor

Attested to:

_____

City Clerk

_____

Date

IN ACCORDANCE WITH A.R.S. §§ 9-231, 9-240 & 9-441.02, THIS AGREEMENT HAS BEEN REVIEWED BY THE UNDERSIGNED ATTORNEY AND HAS DETERMINED THAT THIS AGREEMENT IS PROPER IN FORM AND WITHIN THE POWER AND AUTHORITY GRANTED UNDER THE LAWS OF THE STATE OF ARIZONA.

Approved as to Form:

_____

Attorney for City of Chandler Date

AMENDMENT TO
MARICOPA HOME CONSORTIUM
INTERGOVERMENTAL AGREEMENT

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first written above.

Approved By:

CITY OF SCOTTSDALE

_____

City Mayor

Attested to:

_____

City Clerk

_____

Date

IN ACCORDANCE WITH A.R.S. §§ 9-231, 9-240 & 9-441.02, THIS AGREEMENT HAS BEEN REVIEWED BY THE UNDERSIGNED ATTORNEY AND HAS DETERMINED THAT THIS AGREEMENT IS PROPER IN FORM AND WITHIN THE POWER AND AUTHORITY GRANTED UNDER THE LAWS OF THE STATE OF ARIZONA.

Approved as to Form:

_____

Attorney for City of Scottsdale Date

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first written above.

Approved By:

TOWN OF GILBERT

_____

Town Mayor

Attested to:

_____

Town Clerk

_____

Date

IN ACCORDANCE WITH A.R.S. §§ 9-231, 9-240 & 9-441.02, THIS AGREEMENT HAS BEEN REVIEWED BY THE UNDERSIGNED ATTORNEY AND HAS DETERMINED THAT THIS AGREEMENT IS PROPER IN FORM AND WITHIN THE POWER AND AUTHORITY GRANTED UNDER THE LAWS OF THE STATE OF ARIZONA.

Approved as to Form:

_____

Attorney for Town of Gilbert Date

AMENDMENT TO
MARICOPA HOME CONSORTIUM
INTERGOVERMENTAL AGREEMENT

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first written above.

Approved By:

CITY OF PEORIA

_____

City Mayor

Attested to:

_____

City Clerk

_____

Date

IN ACCORDANCE WITH A.R.S. §§ 9-231, 9-240 & 9-441.02, THIS AGREEMENT HAS BEEN REVIEWED BY THE UNDERSIGNED ATTORNEY AND HAS DETERMINED THAT THIS AGREEMENT IS PROPER IN FORM AND WITHIN THE POWER AND AUTHORITY GRANTED UNDER THE LAWS OF THE STATE OF ARIZONA.

Approved as to Form:

_____

Attorney for City of Peoria Date

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first written above.

Approved By:

CITY OF SURPRISE

_____

City Mayor

Attested to:

_____

City Clerk

_____

Date

IN ACCORDANCE WITH A.R.S. §§ 9-231, 9-240 & 9-441.02, THIS AGREEMENT HAS BEEN REVIEWED BY THE UNDERSIGNED ATTORNEY AND HAS DETERMINED THAT THIS AGREEMENT IS PROPER IN FORM AND WITHIN THE POWER AND AUTHORITY GRANTED UNDER THE LAWS OF THE STATE OF ARIZONA.

Approved as to Form:

_____

Attorney for City of Surprise Date

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first written above.

Approved By:

CITY OF AVONDALE

_____

Mike Pineda, City Mayor

Attested to:

_____

City Clerk

_____

Date

IN ACCORDANCE WITH A.R.S. §§ 9-231, 9-240 & 9-441.02, THIS AGREEMENT HAS BEEN REVIEWED BY THE UNDERSIGNED ATTORNEY AND HAS DETERMINED THAT THIS AGREEMENT IS PROPER IN FORM AND WITHIN THE POWER AND AUTHORITY GRANTED UNDER THE LAWS OF THE STATE OF ARIZONA.

Approved as to Form:

_____

Attorney for of Avondale Date

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first written above.

Approved By:

CITY OF GOODYEAR

_____

City Mayor

Attested to:

_____

City Clerk

_____

Date

IN ACCORDANCE WITH A.R.S. §§ 9-231, 9-240 & 9-441.02, THIS AGREEMENT HAS BEEN REVIEWED BY THE UNDERSIGNED ATTORNEY AND HAS DETERMINED THAT THIS AGREEMENT IS PROPER IN FORM AND WITHIN THE POWER AND AUTHORITY GRANTED UNDER THE LAWS OF THE STATE OF ARIZONA.

Approved as to Form:

_____

Attorney for City of Goodyear Date

AMENDMENT NO. 4 TO THE INTERGOVERNMENTAL AGREEMENT BETWEEN MARICOPA COUNTY ADMINISTERED BY ITS HUMAN SERVICES DEPARTMENT AND CITY OF PEORIA

I. Maricopa County ("County") administered by its Human Services Department and the City of Peoria ("City") entered into a financial Intergovernmental Agreement ("Agreement") on or about November 17, 2021. The purpose of the Agreement is for the City to acquire and rehabilitate two (2) single-family homes in Peoria, one (1) single-family home for Program Year 2020 and one (1) single-family home for Program Year 2021. The County provided the City with $235,817 in Program Year 2020 and $232,061 in Program Year 2021 HOME Investment Partnerships Program (HOME) funds from the U.S. Department of Housing and Urban Development (HUD) under Assistance Listing Number (ALN) 14.239. All work performed or costs incurred or expended shall be reimbursable through September 30, 2025. The County and the City may be referred to individually as the "Party" and collectively referred to as the "Parties."

The Parties executed Amendment No. 1 on or about December 7th, 2022, to address the following: 1) Change lead agency to Maricopa County Representative. 2) Amend Section 2 (Special Provisions), Subparagraph 14.0 by adding subparagraph 14.12 regarding forced labor in the Peoples Republic of China 3) Add an additional Work Statement referred to as "2022 Work Statement", attached and incorporated into the Agreement. The 2022 Work Statement is for the City to acquire and rehabilitate two (2) single-family houses in the City of Peoria. All work performed, or costs incurred expenses shall be reimbursable through September 30, 2025. The County provided the City with $275,546 for the Work Statement activities. Under the Amended Agreement, County funding was increased from $467,878 to $743,424 in total HOME funds.

The Parties executed Amendment No. 2 on or about April 18, 2024, to address the following: 1) Extend the Agreement termination date from September 30, 2025, through September 30, 2026, 2) Add an additional Work Statement referred to as "2023 Work Statement", attached and incorporated into the Agreement. The 2023 Work Statement is for the City to acquire and rehabilitate two (2) single-family houses in the City of Peoria. This project is a scattered-site single-family homeownership project. Expenditures for this Work Statement and all work performed, or costs incurred shall be reimbursable through September 30, 2026. The County shall provide the City with $297,476 for the Work Statement activities. The funding for Work Statement is provided by PY23 HOME Investment Partnerships Program (HOME) through the U.S. Department of Housing and Urban Development (HUD) funds, under ALN 14.239, and 3) under the Amended Agreement, County funding was increased from $743,424 to $1,040,900 in total HOME funds.

The Parties executed Amendment No. 3 on or about April 10, 2025, to extend the Agreement termination date to September 30, 2027, update the lead County point of contact, made required changes to Section 1 (General Provisions), Paragraph 11 (Budget Adjustments). Paragraph 12 (Disputes) and added Provisions Required by Law and Unique Entity Identifier And System For Award Management Registration. Section 2 (Special Provisions) was further revised in Paragraph 1 (Compliance With Laws, Rules &

Regulations), Paragraph 15 (Subcontracts and Vendors) and Paragraph 18 (Program Completion). The Amendment also revised and replaced the 2022 Work Statement, the 2023 Work Statement, and added an additional Work Statement "PY24 Work Statement A - Acquisition and Rehab for Homebuyers". The County provided the City with $130,599 in PY24 HUD HOME funds, costs incurred shall be reimbursable through September 30, 2027. The Amendment also added an additional Work Statement "PY24 Work Statement B - Acquisition and New Construction for Homebuyers". The County provided the City with $136,707 in PY24 HOME funds, costs incurred shall be reimbursable through September 30, 2027.

II. The Parties now agree to modify the Agreement as authorized by Section 1 (General Provisions), Paragraph 3.0 (Amendments) of the Agreement as follows:

A. Under the Amended Agreement, County funding shall be increased from $1,308,206, by $270,017 provided by PY25 HOME Investment Partnership Program (HOME) funds through the US. Department of Housing and Urban Development (HUD) provided to the County under ALN 14.239, for a new Agreement total of $1,578,223.

B. Extend the Agreement termination date from September 30, 2027, to September 30, 2028.

C. Revise Section 1 (General Provisions) as follows:

1. Revise Paragraph 49 (Certification Regarding Debarment, Suspension, Ineligibility, And Voluntary Exclusion) by replacing Subparagraph 49.1.3 in its entirety with the following:

49.1.3 Are not presently indicted or otherwise criminally or civilly charged by a governmental entity (federal, state, or local) with the commission of any of the offenses enumerated in Sub-subparagraph 49.1.2 above; and

2. Revise Paragraph 50 (Contractor Employee Whistleblower Rights And Requirement To Inform Employees of Whistleblower Rights) by replacing Subparagraph 50.3 in its entirety with the following:

50.3 The City shall insert the substance of this clause, including this Paragraph 50.0, in all subcontracts over the simplified acquisition threshold ($250,000 as of June 2021).

D. Revise Section 2 (Special Provisions), as follows:

1. Revise Paragraph 19 (Failure To Make Progress) by replacing Subparagraph 19.2 in its entirety with the following:

19.2 The County will terminate this Agreement and recapture funds, if the City does not perform the activities described in the Work Statement of this Agreement. The County, in its sole discretion, may forgo providing technical assistance and require repayment of funds as outlined in this Agreement under Section 1 (General Provisions,

Paragraph 4.0 (Termination), or terminate the Agreement for cause under Section 1 (General Provisions, Paragraph 4.0 (Termination).

2. Revise Paragraph 22.0 (Violence Against Women Reauthorization Act of 2013) and replace it in its entirety with the following:

22.0 VIOLENCE AGAINST WOMEN REAUTHORIZATION ACT OF 2022

The Subrecipient must comply with VAWA 2022, which applies to all victims of domestic violence, dating violence, sexual assault, and stalking, regardless of sex, gender identity, or sexual orientation, and which must be applied consistent with all nondiscrimination and fair housing requirements. The subrecipient must give a Notice of Occupancy Rights to tenants and applicants to ensure they are aware of their rights under VAWA, maintain an emergency transfer plan, and document incidents of domestic violence, dating violence, sexual assault, and stalking.

E. Revise Section 3 (Work Statement) as follows:

Add an additional Work Statement hereinafter referred to as "PY25 TBRA Work Statement" attached and incorporated into the Agreement. The County shall provide the City with $270,017.00 for the Work Statement activities, provided by PY25 HOME Investment Partnership Program (HOME) funds through the US. Department of Housing and Urban Development (HUD) provided to the County under ALN 14.239. All work performed or costs incurred shall be reimbursable through January 31, 2028.

III. Section II above contains all the changes to the Agreement made by this Amendment No. 4. The Agreement is amended to incorporate the changes contained in this Amendment No. 4. All other terms and conditions of the Agreement remain in full force and effect as executed by the Parties. This Amendment No. 4 is subject to and incorporates the provisions of A.R.S. § 38-511.

IV. The Parties have authorized the undersigned to execute this Amendment No. 4 on their behalf, and it shall be effective upon approval and signature by both Parties.

IN WITNESS, the Parties have approved and signed this Amendment No. 4:

FOR CITY OF PEORIA:

[redacted]

Jason Beck Date
Mayor

Attestation:

[redacted]

Agnes Goodwine Date
City Clerk

IN ACCORDANCE WITH A.R.S. §§ 9-240 and 11-952, THIS AMENDMENT NO. 4 HAS BEEN REVIEWED BY THE UNDERSIGNED ATTORNEY WHO HAS DETERMINED THIS AMENDMENT NO. 4 IS PROPER IN FORM AND WITHIN THE POWERS AND AUTHORITY GRANTED TO THE CITY OF PEORIA UNDER THE LAWS OF THE STATE OF ARIZONA.

APPROVED AS TO FORM:

[redacted]

Attorney for the City Date

FOR MARICOPA COUNTY:

[redacted]

Thomas Galvin Date
Chairman, Board of Supervisors

Attestation:

[redacted]

Juanita Garza Date
Clerk, Board of Supervisors

IN ACCORDANCE WITH A.R.S. §§ 11-201, 11-251, AND 11-952, THIS AMENDMENT NO. 4 HAS BEEN REVIEWED BY THE UNDERSIGNED ATTORNEY WHO HAS DETERMINED IT IS PROPER IN FORM AND WITHIN THE POWERS AND AUTHORITY GRANTED TO MARICOPA COUNTY UNDER THE LAWS OF THE STATE OF ARIZONA.

APPROVED AS TO FORM:

[redacted]

Deputy County Attorney Date

MARICOPA COUNTY
2025 TBRA Work Statement
HOME Investment Partnerships Program
Program Year 2025

Consortium Member: City of Peoria, Arizona
Funding: $270,017.00 ($253,141.00 EN and $16,876.00 AD)
Project: Tenant Based Rental Assistance (TBRA)
Type of Property: Rental

1. FUNDING:

PROGRAM YEAR	ENTITLEMENT (EN)	ADMINISTRATION (AD)	PROGRAM INCOME (PI) (non-reimbursable, IDIS draw only)	TOTAL BUDGET
PY 2025	$253,141.00	$16,876.00	$0.00	$270,017.00

2. DETAILED SCOPE OF WORK:

2.1 Tenant Based Rental Assistance within the City is certified a "High" priority in the Consolidated Plan. The City will contract with a Subcontractor to administer the Project.

2.2 Type of assistance/activity to be provided with HOME funds: Tenant Based Rental Assistance.

2.3 Methods and instruments used for ensuring affordability: The maximum amount of monthly assistance paid to, or on behalf of, a family may not exceed the difference between a rent standard for the bedroom size and 30% of the family's monthly adjusted income. The subrecipient will annually determine that the family income continues to be low-income.

2.4 Peoria TBRA vouchers may be used in other West Valley cities to include but not limited to El Mirage, Youngtown, Goodyear, and Sun City.

2.5 Expenditures can cover eligible pre-award expenses after July 1, 2025 and the expenditure timeframe is through January 31, 2028.

3. **OBJECTIVES AND OUTCOMES:**

	OUTCOMES		
	AVAILABILITY/ ACCESSIBILITY	**AFFORDABILITY**	**SUSTAINABILITY**
DECENT HOUSING	☐ Single Family Housing Rehab and Emergency Rehab, Homebuyer Assistance	☑ Homebuyer Activities, Acquisition/Rehab of rental housing, Acquisition/New Construction of rental housing, Preservation of existing public housing units and TBRA, Expansion of assisted rental units in the private marketplace	☐ Housing Activities in a targeted revitalization area

4. LOGIC MODEL: PERFORMANCE INDICATORS:

INPUTS/RESOURCES In order to accomplish proposed activities, the subrecipient will need the following:	**ACTIVITIES** In order to address the issue, the subrecipient will conduct the following activities:	**OUTPUTS** Once completed, these activities will produce the following:	**OUTCOMES** When completed, these activities will lead to the following changes:	**IMPACT** Long term changes:
HOME funding	Provide rental subsidies to low-income households who are homeless or at risk of becoming homeless.	Low-income households will be provided access to affordable rental housing opportunities.	Low-income families will be provided a more stable living situation leading to self-sufficiency.	Stable neighborhoods; Access to affordable housing. Self-sufficiency.

5. PROPOSED HOME-ASSISTED BENEFICIARIES:

Targeted Population by Income Level	Number of Households	Total Number of Units
Households at or below **50%**		
Households at or below **60%**	12	
Households at or below **80%**		
TOTAL	**12**	

6. PRIORITY POPULATIONS:

Complete the table below only if the Activity will specifically set-aside units for a priority population.

Priority Populations	No. of Units
Elderly	0
Physically Disabled	0
Other Priority Populations: Veterans	0

7. PERFORMANCE REPORTING GOALS-TIMELINE OF ACTIVITIES:

MILESTONES	START DATE	COMPLETION DATE
Executed Agreement	11/2025	11/2025
TBRA CENST Environmental Review	Completed	Completed
Service Provider Agreement	11/2025	11/2025
Application intake – income certification	7/1/25	Ongoing
HQS Inspections	Ongoing	Ongoing
Unit occupied by LMI households	Ongoing	Ongoing
Unit Activity Set-up in IDIS	Ongoing	Ongoing
Activity Closeout	1/15/28	Final Draw

Any change to the timeline will need to be submitted to and approved by Maricopa County.

8. ACTIVITY BUDGET SUMMARY:

RENTAL COSTS	2025 HOME FUNDS	Additional Sources* (defined in Table 9 & 10)	TOTAL COST
Monthly Rent; Utility Costs; Security and Utility Deposits; Program Delivery expenses	$253,141.00	$1,874,543.00	$2,127,684.00
Administration	$16,876.00	$0.00	$16,876.00
TOTAL	**$270,017.00**	**$1,874,543.00**	**$2,144,560.00**

9. SOURCE AND AMOUNT OF OTHER RESOURCES:

FUNDING AGENCY	CASH AMOUNT
TBRA Subrecipient	$16,280.00
Peoria CDBG	$50,000.00
Other Federal Funding	$1,808,263.00
TOTAL	**$2,127,684.00**

10. MATCH:

Match commitment must equal 25% of the HOME funds requested. Documentation is due at the time of request for payment(s).

TYPE	SOURCE/FUNDING AGENCY	TOTAL
Cash or cash equivalents from a non-federal source	Subrecipient	$16,280.00
Value of waived taxes, fees or charges associated with HOME projects	City Contribution	$47,005.25
Value of donated land or real property		
Infrastructure improvements associated with HOME projects		
Value of donated materials, equipment, labor, and professional services or sweat equity		
TOTAL		**$63,285.25**

Signature Request: Peoria Amendment 4 (C-22-22-051-X-04)

Final Audit Report 2025-12-12

Created:	2025-12-10
By:	sachit mistry (sachit.mistry@maricopa.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAA6IZGIZ2R9rIMGu0fyAz41KJZEpDYE_rV

"Signature Request: Peoria Amendment 4 (C-22-22-051-X-04)" History

Document created by sachit mistry (sachit.mistry@maricopa.gov)
2025-12-10 - 0:18:48 AM GMT

Document emailed to aubreyjoy.corcoran@mcao.maricopa.gov for signature
2025-12-10 - 0:22:03 AM GMT

Email viewed by aubreyjoy.corcoran@mcao.maricopa.gov
2025-12-10 - 2:41:36 AM GMT

Signer aubreyjoy.corcoran@mcao.maricopa.gov entered name at signing as Aubrey Joy Corcoran
2025-12-10 - 2:42:06 AM GMT

Document e-signed by Aubrey Joy Corcoran (aubreyjoy.corcoran@mcao.maricopa.gov)
Signature Date: 2025-12-10 - 2:42:08 AM GMT - Time Source: server

Document emailed to bos.signatures@maricopa.gov for signature
2025-12-10 - 2:42:10 AM GMT

Email viewed by bos.signatures@maricopa.gov
2025-12-11 - 9:15:17 PM GMT

Signer bos.signatures@maricopa.gov entered name at signing as Thomas Galvin
2025-12-11 - 9:20:41 PM GMT

Document e-signed by Thomas Galvin (bos.signatures@maricopa.gov)
Signature Date: 2025-12-11 - 9:20:43 PM GMT - Time Source: server

Document emailed to clerk.agenda@maricopa.gov for signature
2025-12-11 - 9:20:45 PM GMT

Email viewed by clerk.agenda@maricopa.gov
2025-12-12 - 7:17:57 PM GMT

Signer clerk.agenda@maricopa.gov entered name at signing as Juanita Garza
2025-12-12 - 7:21:18 PM GMT

Document e-signed by Juanita Garza (clerk.agenda@maricopa.gov)
Signature Date: 2025-12-12 - 7:21:20 PM GMT - Time Source: server

Agreement completed.
2025-12-12 - 7:21:20 PM GMT

Adobe Acrobat Sign

INTERGOVERNMENTAL AGREEMENT
BETWEEN
MARICOPA COUNTY
ADMINISTERED BY ITS
HUMAN SERVICES DEPARTMENT
AND
THE CITY OF PEORIA

Agreement Amount: $467,878
Agreement Start Date: December 12, 2021
Agreement Termination Date: September 30, 2025
Agreement Number: C-22-22-051-X-00
CFDA Number: 14.239, HOME Investment Partnerships Program
DUNS Number: 809812170

This Intergovernmental Agreement ("Agreement") is entered into by and between the City of Peoria ("City"), and Maricopa County, administered by its Human Services Department ("County"). The City and the County collectively are referred to in this Agreement as the "Parties" and individually as a "Party."

The County shall provide financial reimbursement in the amount listed above, subject to the terms of this Agreement and the availability of funds. The Agreement Amount constitutes the County's entire participation and obligation in the performance and completion of all work to be performed under this Agreement.

The City for and in consideration of the covenants and conditions set forth in this Agreement shall provide and perform the services set forth in this Agreement. All rights and obligations of the Parties shall be governed by the terms of this Agreement and its exhibits, attachments, and appendices, including any Subcontracts, Amendments, or Change Orders as set forth in this Agreement and in:

Section 1 – General Provisions
Section 2 – Special Provisions
Section 3 – Work Statement
Section 4 – Compensation
Section 5 – Attachments

Lead Agency: Maricopa County
Representative: Rachel Milne, Assistant Director, Housing and Community Development Division
Phone: 602-372-1528
E-mail : Rachel.Milne@maricopa.gov
Address: 234 North Central Avenue, Third Floor, Phoenix, Arizona 85004

City: Peoria, Arizona
Representative: Chris Hallett, Director, Planning & Community Department
Phone: 623-773-7609
E-mail: Chris.Hallet@peoriaaz.gov
Address: 9875 N. 85th Avenue, Peoria, Arizona 85345

Notice under this Agreement shall be given by either personal delivery or registered or certified mail, postage prepaid and return receipt requested, to the persons at the addresses set forth

above and shall be effective upon receipt if personally delivered and three (3) business days after being placed in the U.S. Mail, properly addressed, with sufficient postage, if sent by registered or certified mail. Business days means Monday through Friday, unless recognized as a federal or State of Arizona holiday.

This Agreement contains all the terms and conditions agreed to by the Parties. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind the Parties to this Agreement. Nothing in this Agreement shall be construed as consent to any lawsuits, or waiver of any defenses in a lawsuit brought against Maricopa County or the City in any state or federal court.

IN WITNESS, the Parties have signed this Agreement:

APPROVED BY:
MARICOPA COUNTY

[redacted]

Jack Sellers Date
Chairman, Board of Supervisors

Attested to:

[redacted]

Clerk, Board of Supervisors Date

APPROVED BY:
City of Peoria

[redacted]

Cathy Carlat, Mayor Date

Attested to:

[redacted]

City Clerk Date

IN ACCORDANCE WITH A.R.S. §§ 11-201, 11-251, AND 11-952, THIS AGREEMENT HAS BEEN REVIEWED BY THE UNDERSIGNED ATTORNEY WHO HAS DETERMINED IT IS PROPER IN FORM AND WITHIN THE POWERS AND AUTHORITY GRANTED TO MARICOPA COUNTY UNDER THE LAWS OF THE STATE OF ARIZONA.

Approved as to form:

[redacted]

Deputy County Attorney Date

IN ACCORDANCE WITH A.R.S. §§ 9-240 and 11-952, THIS AGREEMENT HAS BEEN REVIEWED BY THE UNDERSIGNED ATTORNEY WHO HAS DETERMINED IT IS PROPER IN FORM AND WITHIN THE POWERS AND AUTHORITY GRANTED TO THE CITY OF PEORIA UNDER THE LAWS OF THE STATE OF ARIZONA.

Approved as to form:

[redacted]

Attorney for the City of Peoria Date

SECTION 1

GENERAL PROVISIONS



MARICOPA COUNTY HUMAN SERVICES DEPARTMENT

PURPOSE

The County shall provide the City with U.S. Department of Housing and Urban Development (HUD) HOME Investment Partnerships Program funds for the provision of HOME activities as identified in Section 3 (Work Statement).

1.0 TERM

The Term of this Agreement shall commence upon the signature of the last signer ("Agreement Start Date") and terminate on the Agreement Termination Date listed on page 1 of this Agreement.

2.0 RENEWAL

This Agreement may be renewed by a written amendment provided the City is in full compliance with all terms and conditions of this Agreement. Under A.R.S. § 11-952, no renewal may exceed the duration of the previous agreement. The County shall notify the City in writing of its intent to extend the Agreement term at least ninety (90) calendar days prior to the expiration of the original Agreement term, or any additional terms thereafter.

3.0 AMENDMENTS

All Amendments to this Agreement shall be in writing and signed by authorized signers for both Parties.

4.0 TERMINATION

4.1 Pursuant to A.R.S. § 38-511, the County may cancel this Agreement without penalty or further obligation within three years after execution of this Agreement, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the County at any time while this Agreement or any extension of this Agreement is in effect, is or becomes an employee or agent of any other party to this Agreement in any capacity or consultant to any other party to this Agreement with respect to the subject matter of this Agreement. Additionally, pursuant to A.R.S. § 38-511, the County may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting, or creating this Agreement on behalf of the County from any other party to this Agreement arising as the result of this Agreement. A cancellation notice made under this Subparagraph shall be effective when the recipient receives a written notice of cancellation unless the notice specifies a later date.

4.2 Either Party may terminate this Agreement at any time by giving the other Party at least sixty (60) calendar days prior notice in writing (unless terminated by the County under the Availability of Funds provision). The notice shall be given by either personal delivery or registered or certified mail, postage prepaid and return receipt requested, to the persons at the addresses set forth on page 1 of this Agreement.

4.3 The County has the right to terminate this Agreement upon twenty-four (24) hour notice when the County deems the health or welfare of the service recipients are endangered or the City's noncompliance jeopardizes funding source financial participation. If not terminated by one of the above methods, then this Agreement will terminate upon the expiration of the Term of this Agreement stated on page 1 of this Agreement.

4.4 In accordance with 2 C.F.R. §§ 200, *et seq.*, the County may suspend or terminate this Agreement if the City violates any term or condition of this Agreement or if the City fails to maintain a good-faith effort to carry out the purpose of this Agreement.

4.5 The Parties may terminate this Agreement for convenience in accordance with 2 C.F.R. § 200. The Parties shall agree upon the termination conditions including the

effective date of the termination. The Party initiating the termination shall notify the other Parties in writing stating the reasons for such termination.

5.0 EFFECT

To the extent that the Special Provisions are in conflict with the General Provisions, the Special Provisions shall control. To the extent that the Work Statement is in conflict with the General Provisions or the Special Provisions, the Work Statement shall control. To the extent that the Compensation Provisions are in conflict with the General Provisions, Special Provisions, or Work Statement, the Compensation Provisions shall control. Nothing in this Agreement shall operate to increase the Operating Budget without a written amendment to this Agreement.

6.0 DEFINITIONS

As used throughout this Agreement, the following terms shall have the following meanings:

6.1 **Annual Action Plan** means the annual plan submitted by the County (as the lead agency of the Maricopa HOME Consortium) to HUD, which describes the Consortium's annual program goals.

6.2 **Assistant Director** means the Director of the Housing and Community Development Division within the Maricopa County Human Services Department.

6.3 **Beneficiary** means a person or household that meets the income requirements of 24 C.F.R. § 92.203 subject to the restriction on assistance to students enrolled in an institution of higher education, as described in 24 C.F.R. § 5.612.

6.4 **Board of Supervisors (BOS)** means the Maricopa County Board of Supervisors.

6.5 **Commitment or Commit to a Specific Local Project** shall have the same meaning as set forth in 24 C.F.R. § 92.2 (1) and (2), respectively.

6.6 **County** means Maricopa County.

6.7 **Department** means the Maricopa County Human Services Department, Housing and Community Development Division as Lead Agency.

6.8 **Director** means the Director of the Maricopa County Human Services Department.

6.9 **Division** means the Housing and Community Development Division of the Maricopa County Human Services Department.

6.10 **Five-Year Consolidated Plan** means the HUD required Consolidated Plan submitted by the County as the Lead Agency for the Maricopa HOME Consortium.

6.11 **HOME** means the HOME Investment Partnerships Program.

6.12 **HUD** means U.S. Department of Housing and Urban Development.

6.13 **IDIS** means Integrated Disbursement Information Systems. IDIS is a nationwide database that provides HUD with current information regarding HOME activities.

6.14 **Lead Agency or Department** means the Maricopa County Human Services Department, Housing and Community Development Division.

6.15 **Low-income families** means families whose annual incomes do not exceed 80 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than 80 percent of the median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes. An individual does not qualify as a low-income family if the individual is a student who is not eligible to receive Section 8 assistance under 24 C.F.R. § 5.612.

6.16 **Minority Business Enterprise (MBE)** means an entity that is majority owned or controlled by a socially and economically disadvantaged individual as described by Public Law 95-507.

6.17 **Net Proceeds** means the amount remaining after deducting non-HOME debt and closing costs from the sale of a HOME funded asset, obligation, or loan.

6.18 **Performance Bond** means a bond executed to secure fulfillment of the City's obligations under this Agreement.

6.19 **Program Income** means gross income received by the City directly generated from the use of HOME funds. For purposes of this Agreement, the gross income from the sale of real property acquired and constructed with HOME funds is considered Program Income. Program Income is subject to the requirements of the HOME regulations.

6.20 **Project** means the work activities or functions identified in Section 3 (Work Statement) as described in a legally binding agreement between the City and the prospective owners or beneficiaries of the HOME funds for which all necessary financing has been secured, budgeted and underwriting has been completed and otherwise complies with 24 C.F.R. §§ 92.2(2)(A) and 92.2 (B). For Tenant- Based Rental Assistance, Project means assistance to one or more families through a rental assistance contract.

6.21 **Public Agency** has the meaning prescribed by A.R.S. § 11-951.

6.22 **Subcontract** means any agreement entered into by the City with a third party for professional services for performance of any of the work or provision of any of the services covered by this Agreement.

6.23 **Subcontractor** means an entity funded through the City to provide any work or services required by the Work Statement.

6.24 **Subrecipient** means a public or private nonprofit agency, authority or organization, or an entity described in 24 C.F.R. § 570.500(c), to which a subaward is made and which is accountable to the recipient for the use of the funds provided.

6.25 **Tenant Based-Rental Assistance (TBRA)** means a form of rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. Tenant-based rental assistance under this Agreement also includes security deposits for rental of dwelling units.

6.26 **Vendor** means an entity funded through the City to provide services required by the Work Statement.

6.27 **Very low-income families** mean low-income families whose annual incomes do not exceed 50 percent of the median family income for the area, as determined by HUD with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than 50 percent of the median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes. An individual does not qualify as a very low-income family if the individual is a student who is not eligible to receive Section 8 assistance under 24 C.F.R. § 5.612.

6.28 **Work Statement** means the section of this Agreement that contains a description of services to be delivered pursuant to this Agreement.

6.29 **Women's Business Enterprise (WBE)** means an entity in which a woman has majority ownership and control.

7.0 GENERAL REQUIREMENTS

7.1 The terms of this Agreement shall be construed in accordance with Arizona law and the applicable regulations of the United States Department of Housing and Urban Development (HUD). Any lawsuit arising out of this Agreement shall be brought in the appropriate court in Maricopa County, Arizona.

7.2 The City shall, without limitation, obtain and maintain all licenses, permits, and authority necessary to do business, render services, and perform work under this Agreement, and it shall comply with all laws regarding unemployment insurance, disability insurance, and workers' compensation.

7.3 The City is an independent contractor in the performance of work and the provision of services under this Agreement and is not to be considered an officer, employee or agent of the County.

7.4 The City shall comply with the regulations prohibiting a conflict of interest. The City shall not make any payments, either directly or indirectly, to any person, partnership, corporation, trust, or other organization that has a substantial interest in City's organization or with which the City (or any of its directors, officers, owners, trust certificate holders, or a relative thereof) has a substantial interest, unless the City has made full written disclosure of the proposed payments to the County and has received written approval for the payments.

7.5 For purposes of this provision, the terms "substantial interest" and "relative" shall have the meanings prescribed by A.R.S. § 38-502.

8.0 ACCEPTANCE OF FUNDS

The City hereby agrees to the receipt of funds under the terms of this Agreement and agrees to execute and return a signed Agreement to the County within 30 days after receipt of this Agreement unless the City has received a written waiver of this requirement from the County.

9.0 ASSIGNMENT AND SUBCONTRACTING

No right, liability, obligation, or duty under this Agreement may be assigned, delegated, or subcontracted, in whole or in part, without the prior written approval of the County. The City shall bear all liability under this Agreement, even if it is assigned, delegated, or subcontracted, in whole or in part, unless the County agrees otherwise.

10.0 AVAILABILITY OF FUNDS

10.1 The provisions of this Agreement relating to the payment for services shall become effective when funds assigned for the purpose of compensating the City, as provided in this Agreement, are available to the County for disbursement. The County shall be the sole authority in determining the availability of funds under this Agreement and the County shall keep the City fully informed as to the availability of funds.

10.2 If any action is taken by any state agency, federal department, or any other agency or instrumentality to suspend, decrease, or terminate its fiscal obligation under or in connection with this Agreement, then the Parties may amend, suspend, decrease, or terminate their obligations under or in connection with this Agreement. In the event of termination, the County shall be liable for payment only for services rendered prior to the effective date of the termination, provided that such services performed are in accordance with the provisions of this Agreement. The County shall give written notice of the effective date of any suspension, amendment, or termination under this Subparagraph at least ten (10) calendar days in advance.

11.0 BUDGET ADJUSTMENTS

11.1 Any requests for reasonable budget adjustments shall be submitted ninety (90) calendar days prior to the Termination Date of this Agreement. Requests for financial adjustments to this Agreement shall be supported by appropriate documentation. If the County agrees to the budget adjustments, the County shall follow Paragraph 4.0 above.

11.2 The City must receive prior written approval from the County to move funds from one budget line item to another. Budget adjustments that do not change the total Agreement amount may be documented by an Administrative Change Order approved and fully executed by the Chairman of the Board of Supervisors and the City's authorized Representative and defined in Section 2 (Special Provisions), Paragraph 20.0 (General Conditions). If a budget adjustment is necessary that either increases or decreases the Agreement amount, then the County shall follow Section 1 (General Provisions), Paragraph 4.0 (Amendments) of this Agreement to amend the Agreement.

12.0 DISPUTES

12.1 Except as may otherwise be provided for in this Agreement, the Parties may attempt to informally resolve any dispute arising out of this Agreement for a reasonable period of time, which shall not exceed one hundred twenty (120) calendar days. Disputes which are not resolved in that time period, shall be submitted in accordance with the following formal dispute resolution process.

12.2 If a dispute cannot be resolved informally, then the City shall notify the Department in writing by mailing notice of the dispute to the Assistant Director within ten (10) business days from expiration of the informal dispute resolution process described in Subparagraph 13.1 above.

12.3 The Assistant Director shall respond in writing to the City within fourteen (14) business days. The decision of the Assistant Director shall be final and conclusive unless, within seven (7) business days after the date the City is served with the decision, the City files a written notice of appeal with the Human Services Department Director.

12.4 The Human Services Department Director shall provide the City with a written response within fourteen (14) business days following receipt of the notice of appeal. The decision of the Director shall be final and not appealable.

Pending a final decision of the Director, the City shall diligently proceed with its performance of this Agreement in accordance with the Assistant Director's decision.

13.0 SEVERABILITY

Any provision of this Agreement that is determined to be invalid, void, or illegal by a court shall in no way affect, impair, or invalidate any other provision of this Agreement, and the remaining provisions shall remain in full force and effect.

14.0 STRICT COMPLIANCE

The County's acceptance of the City's performance that is not in strict compliance with the terms of this Agreement shall not be deemed to waive the requirements of strict compliance for all future performance. All changes in performance obligations under this Agreement shall be in writing and signed by both Parties.

15.0 NON-LIABILITY

The County and its agents, representatives, officials, officers, directors, employees, volunteers, departments, agencies, boards, committees, and commissions shall not be liable for any act or omission by the City or Vendor or any agent, representative, official, officer, director, employee, volunteer, department, agency, board, committee, or commission of the City or Vendor occurring in the performance of this Agreement, nor shall the County and its agents, representatives, officials, officers, directors, employees, volunteers, departments, agencies, boards, committees, and commissions be liable for purchases or contracts made by the City or Vendor or any agent, representative, official,

officer, director, employee, volunteer, department, agency, board, committees, or commissions of the City or Vendor, in connection with this Agreement.

16.0 INDEMNIFICATION

To the extent permitted by law, the Parties shall, and shall cause any of its Subcontractors, to indemnify, defend, save and hold harmless the other party, any jurisdiction or agency issuing any permits for any work arising out of this Agreement, and its respective agents, representatives, officials, officers, directors, employees, volunteers, departments, agencies, boards, committees, and commissions ("Indemnitee") from and against any and all claims, demands, actions, liabilities, damages, losses, judgments, or expenses (including court costs, attorney and expert fees, and costs of claim processing, investigation, and litigation) ("Claims"): A.) that either directly or indirectly are caused by, arise from, or relate to breach of this Agreement by a Party and any of its Subcontractors, or any of the agents, representatives, officials, officers, directors, employees, volunteers, departments, agencies, boards, committees, or commissions of a Party and any of its Subcontractors; and B.) for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property that are either directly or indirectly caused by, arise from, or relate to, or are alleged to be caused by, arise from, or relate to, in whole or in part, the negligent or willful acts or omissions of a Party and any of its Subcontractors, or any of the agents, representatives, officials, officers, directors, employees, volunteers, departments, agencies, boards, committees, or commissions of a Party and any of its Subcontractors. This indemnity includes any claims or amounts arising out of or recovered under the Workers' Compensation Law or arising out of the failure of a Party or any of its Subcontractors to conform to any federal, state or local laws, statutes, ordinances, rules, regulations, or court decrees. It is the specific intention of the Parties that the Indemnitee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnitee, be indemnified by the Indemnitor and any of its Subcontractors from and against any and all Claims. It is agreed that the Indemnitor and any of its Subcontractors will be responsible for primary loss investigation, defense, and judgment costs where this indemnification is applicable.

17.0 TECHNICAL ASSISTANCE

The County shall provide reasonable technical assistance to the City to assist in complying with state and federal laws and regulations, and accountability for diligent performance and compliance with the terms and conditions of this Agreement and all applicable laws, regulations, and standards. However, this assistance in no way relieves the City of full responsibility and accountability for its actions and performance in compliance with the terms of this Agreement.

18.0 SINGLE AUDIT ACT REQUIREMENTS

The City is subject to the federal audit requirements of the Single Audit Act of 1984, as amended (Pub. L. No. 98-502) (codified at 31 U.S.C. §§ 7501, *et seq.*). The City shall comply with 2 C.F.R. Part 200. Upon completion, such audits shall be made available for public inspection. Audits shall be submitted within the twelve (12) months following the close of the fiscal year. The City shall take corrective actions within six (6) months after the date of receipt of the reports. The County shall consider sanctions as described in 2 C.F.R. § 200.505 if it is determined by either HUD or the County that the City is not in compliance with the audit requirements.

19.0 AUDIT DISALLOWANCES

19.1 The City shall, upon written notice, reimburse the County for any payments made under this Agreement that are disallowed by a federal, state, or County audit in the amount of the disallowance. Court costs and attorney and expert fees incurred will be specifically identified as applicable to the recovery of the disallowed costs in question.

19.2 If the County determines that a cost for which payment has been made is a disallowed cost, then the County will notify the City in writing of the disallowance and the required course of action, which shall be at the option of the County, either to adjust any future claim submitted by the City by the amount of the disallowance or to require immediate repayment of the disallowed amount by the City issuing a check payable to the County.

20.0 STAFF AND VOLUNTEER TRAINING

The County may make available to the City the opportunity to participate in any applicable training activities conducted by the County.

21.0 CLEAN AIR ACT

If the total face value of this Agreement exceeds $100,000, then the City agrees to comply with all regulations, standards, and orders issued under the Clean Air Act of 1970, as amended (42 U.S.C. §§ 7401, *et seq.*), to the extent any are applicable by reason of performance of this Agreement.

22.0 LOBBYING

22.1 No federal appropriated funds have been paid or will be paid by or on behalf of the City to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal agreement, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal agreement, grant, loan, or cooperative agreement.

22.2 If any funds, other than federal appropriated funds, have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with any federal agreement, grant, loan or cooperative agreement, then the City shall complete and submit OMB Form-LLL, titled "Disclosure of Lobbying Activities," in accordance with its instructions and 31 U.S.C. § 1352.

23.0 RELIGIOUS ACTIVITIES

The City warrants that none of its costs and none of the costs incurred by the City or any of its Subcontractors will include any expense for any religious activities.

24.0 POLITICAL ACTIVITY PROHIBITED

None of the funds, materials, property, or services contributed by the County or the City under this Agreement shall be used for any partisan political activity, or to further the election or defeat of any candidate for public office.

25.0 COVENANT AGAINST CONTINGENT FEES

The City warrants that no person or entity has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee. For breach or violation of this warranty, the County may immediately terminate this Agreement without liability.

26.0 SAFEGUARDING OF PARTICIPANT INFORMATION

26.1 The City shall observe and abide by all applicable State of Arizona and federal statues, rules, and regulations regarding the use or disclosure of information including, but not limited to, information concerning applicants for and recipients of contracted services. To the extent permitted by law, the City shall release information to the County, Department, Attorney General's Office, or other designated agency as required by the County by the terms of this Agreement or by law.

26.2 The City shall comply with the requirements of the Arizona Address Confidentiality Program, A.R.S. §§ 41-161, et. seq. The Department will advise the City as to applicable policies and procedures adopted for such compliance.

27.0 RIGHTS IN DATA

The Parties shall have the use of data and reports resulting from this Agreement without cost or other restriction, except as otherwise provided by law or applicable regulation. Each Party shall supply the other Parties, upon request, any available information that is relevant to this Agreement and to the performance under it.

28.0 COPYRIGHTS

If this Agreement results in a book or other written material, the author is free to copyright the work, but the County reserves a royalty-free, nonexclusive, perpetual, and irrevocable license to reproduce, publish, and otherwise use and to authorize others to use, all copyrighted material and all material that can be copyrighted as a result of this Agreement.

29.0 PATENTS

Any discovery or invention arising out of, or developed in the course of, work aided by this Agreement shall be promptly and fully reported to the County for determination as to whether patent protection on such invention or discovery shall be sought and how the rights in the invention or discovery, including rights under any patent issued on such invention or discovery, shall be disposed of and administered in order to protect the public interest.

30.0 AGREEMENT COMPLIANCE MONITORING

30.1 The County will monitor the City's compliance with fiscal and programmatic performance under the terms and conditions of this Agreement and applicable regulations promulgated by the HUD and Maricopa County. On-site visits for compliance monitoring may be made by either the County or its grantor agencies (or by both the County and its grantor agencies) at any time during the City's normal business hours, announced or unannounced. For auditing purposes, the County shall provide the City with a 30-calendar day advance notice of any proposed on-site visits. During an on-site visit, the City shall make all its records and accounts related to work performed under this Agreement available to the County for inspection and copying.

30.2 The County shall request information for monitoring/audit per Office of Management and Budget (OMB) Uniform Guidance 2 C.F.R. Part 200, to include:
30.2.1 Financial Management 2 C.F.R. § 200.302

30.2.2 Internal Controls 2 C.F.R. § 200.303
30.2.3 Bonds 2 C.F.R. § 200.304
30.2.4 Payment and Financial Reporting 2 C.F.R. § 200.305
30.2.5 Cost Sharing or Matching 2 C.F.R. § 200.306
30.2.6 Program Income 2 C.F.R. § 200.307
30.2.7 Revision of Budget and Program Plans 2 C.F.R. § 200.308
30.2.8 Period of Performance 2 C.F.R. § 200.309
30.2.9 Insurance Coverage 2 C.F.R. § 200.310
30.2.10 Record Retention and Access 2 C.F.R. §§ 200.334 – 200.338
30.2.11 Procurement Standards 2 C.F.R. § 200.318
30.2.12 Indirect Costs 2 C.F.R. § 200.414
30.2.13 Compensation-Personal Services 2 C.F.R. § 200.430
30.2.14 Audit Requirements 2 C.F.R. § 200.501-200.517

31.0 CONTINGENCY RELATING TO OTHER CONTRACTS AND GRANTS

31.1 The City shall, during the term of this Agreement, within 15 business days from acceptance, inform the Assistant Director in writing of the award of any other agreement or grant, including any other agreement or grant awarded by the County, where the award may affect either the direct or indirect costs being paid or reimbursed under this Agreement. The City's failure to notify the County of any such agreement shall be a breach of this Agreement and the County may immediately terminate this Agreement without liability.

31.2 The Assistant Director may request, and City shall provide within a reasonable time, which shall not exceed ten (10) business days, a copy of all such other agreements or grants, when, in the opinion of the Assistant Director, the award of the agreement or grant may affect the costs being paid or reimbursed under this Agreement.
If the Assistant Director determines that the award to the City of such other agreements or grants has affected the costs being paid or reimbursed under this Agreement, then the Assistant Director shall prepare an amendment to this Agreement effecting a cost adjustment. If the City disputes the proposed cost adjustment, then the dispute shall be resolved pursuant to the "Disputes" paragraph of this Agreement.

32.0 MINIMUM WAGE REQUIREMENTS

The City warrants that it shall pay all of its employees who are engaged in either performing work or providing services under the terms of this Agreement not less than the minimum wage specified under Section 206(a)(1) of the Fair Labor Standards Act of 1938, as amended (29 U.S.C. 201, *et seq.*), by law and regulation, and, as applicable, Executive Order 13658, as amended, and as specified by Arizona law.

33.0 RECOGNITION OF DEPARTMENT SUPPORT

The City will give recognition to the County and the funding source for its support when the City publishes materials that are (or releases of public information that is) paid for either in whole or in part with funds received by the City under this Agreement.

34.0 INSURANCE

34.1 The City, shall and shall cause any of its Subcontractors to purchase and maintain the minimum insurance stipulated in this Agreement from a company or companies duly licensed by the State of Arizona and possessing a current A.M. Best, Inc. rating of B++6 or higher. In lieu of State of Arizona licensing, the stipulated insurance may be purchased from a company which is or companies which are authorized to do

business in the State of Arizona, provided that such insurance company or companies meet the approval of the County. The form of any insurance policies and forms must be acceptable to the County.

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

34.3 The City's insurance shall be primary insurance as respects the County, and any insurance or self-insurance maintained by the County shall not contribute to it.

34.4 Any failure to comply with the claim reporting provisions of the insurance policies or any breach of an insurance policy warranty shall not affect coverage afforded under the insurance policies to protect the County.

34.5 The insurance policies may provide coverage that contains deductibles or self-insured retentions. Such deductible or self-insured retentions (or both) shall not be applicable with respect to the coverage provided to the County under those policies. The City shall be solely responsible for the deductible and self-insured retention and the County, at its option, may require the City to secure payment of such deductibles or self-insured retentions by a surety bond or an irrevocable and unconditional letter of credit.

34.6 The County reserves the right to request and to receive, within 10 business days, certified copies of any or all of the insurance certificates required under this Agreement. The County shall not be obligated to review policies and endorsements or to advise the City of any deficiencies in such policies and endorsements, and such receipt shall not relieve the City from, or be deemed a waiver of the County's right to insist on strict fulfillment of the City's obligations under this Agreement.

34.7 The insurance policies required by this Agreement, except Worker's Compensation, shall name the County, its agents, representatives, officials, officers, directors, employees, volunteers, departments, agencies, boards, and commissions as Additional Insureds.

34.8 The policies required under this Agreement, except Worker's Compensation, shall contain a waiver of transfer of rights of recovery (subrogation) against the County and its agents, representatives, officials, officers, directors, employees, volunteers, departments, agencies, board, and commissions for any claims arising out of the City's work or service.

34.9 The City's policies shall stipulate that the insurance afforded the City shall be primary insurance and that any insurance carried by the County and its agents, representatives, officials, officers, directors, employees, volunteers, departments, agencies, boards, and commissions shall be excess and not contributory insurance, as provided by A.R.S. § 41-621.

34.10 Coverage provided by the City shall not be limited to the liability assumed under the indemnification provisions of this Agreement.

34.11 Commercial General Liability:

34.11.1. Commercial General Liability insurance and, if necessary, Commercial Umbrella insurance with a limit of not less than $2,000,000 for each occurrence, $2,000,000 Products/Completed Operations Aggregate, and $4,000,000 General Aggregate Limit. The policy shall include coverage for premises liability, bodily injury, broad form property damage, personal injury, products and completed operations and blanket contractual coverage, and shall not contain any provisions which would serve to limit third party action over claims. There shall be no endorsement or modifications of the

CGL limiting the scope of coverage for liability arising from explosion, collapse, or underground property damage.

34.12 Worker's Compensation:

34.12.1 Worker's Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of the City's employees engaged in the performance of the work or services under this Agreement; and Employer's Liability insurance of not less than $1,000,000 for each accident, $1,000,000 disease for each employee, and $1,000,000 disease policy limit.

34.12.2 City waives all rights against County and its agents, representatives, officials, officers, directors, employees, volunteers, departments, agencies, boards, and commissions for recovery of damages to the extent these damages are covered by the Worker's Compensation and Employer's Liability or commercial umbrella liability insurance obtained by the City pursuant to this Agreement.

34.13 Sexual Molestation and Physical Abuse:

34.13.1 When services involve working with children, elderly, or disabled individuals, the insurance requirements in the (sub)contract must include coverage for "sexual molestation and physical abuse." Coverage for this type of claim, or allegation, is excluded from standard general liability policies. Therefore, Citys whose services include working with or caring (or both) for children/elderly and disabled persons should have their policies specifically endorsed to include this coverage.

34.13.2 The policy shall be endorsed to include coverage for sexual molestation and physical abuse at limits not less than $2,000,000.00 per occurrence and $4,000,000.00 aggregate. These limits may be included within a General Liability policy, Professional Liability policy or provided by separate endorsement with its own limits as required. City and its Subcontractors must provide the following statement on their Certificate(s) of Insurance: "Sexual molestation and physical abuse coverage is included." Policies/certificates stating that "Sexual molestation and physical abuse coverage is not excluded" do not meet this requirement.

34.14 Certificates of Insurance:

Upon execution of this Agreement, the City shall, and shall cause any of its Subcontractors, to furnish the County with valid and complete certificates of insurance, or formal endorsements as required by the Agreement, issued by the City's insurer(s), as evidence that policies providing the required coverage, conditions and limits required by this Agreement are in full force and effect. Such certificates shall identify this Agreement by number and title.

34.15 Prior to commencing either work or services under this Agreement, the City shall have insurance in effect as required by the Agreement in the form provided by the County, issued by the City's insurer(s), as evidence that policies providing the required coverage, conditions and limits required by this Agreement are in full force and effect. Such certificates shall be made available to the County with ten (10) business days after a request by the County. BY SIGNING THIS AGREEMENT, THE CITY AGREES TO THIS REQUIREMENT AND THAT FAILURE TO MEET THIS REQUIREMENT WILL RESULT IN CANCELLATION OF THIS AGREEMENT.

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

34.17 If a policy does expire during the life of this Agreement, then a renewed Certificate of Insurance must be sent to the County forty-five (45) business days prior to the expiration date.

34.18 Cancellation and Expiration Notice:
Insurance required under this Agreement shall not be permitted to expire, be canceled, or materially changed without thirty (30) business days prior written notice to the County.

34.19 If the City provides professional or semi-professional personal services under this Agreement for which malpractice or professional liability coverage is available, such as medical, psychiatric, or legal services, then the City shall carry minimum liability coverage of $2,000,000 each occurrence and provide the County with proof of coverage.

34.20 Subcontractor: The City's certificate(s) shall include all Subcontractors as insureds under its policies or the City shall furnish to the County separate certificates for each Subcontractor. All coverages for Subcontractors shall be subject to the minimum requirements identified above.

34.21 Approval: Any modification or variation from the insurance requirements in any agreement must have prior approval from the County whose decision shall be final. Such action will not require a formal Amendment.
Exceptions: In the event the City is a public entity, the Insurance Requirements shall not apply to such public entity. Such public entity shall provide a Certificate of Self-Insurance or a Certificate of Proof of Pool Insurance. Nongovernmental Subcontractors of the City shall comply with all insurance terms.

35.0 BONDING

35.1 The City shall not commence performance or receive any reimbursements under this Agreement until such time as an assurance of performance (performance bond) shall have been provided in the full amount of this Agreement.

35.2 Any performance bond shall be from a company with a rating not less than B++ and shall be in form acceptable to the Maricopa County Attorney.

35.3 The City shall provide the County with documentation of required bonding.

35.4 Nothing contained in this Paragraph shall limit the ability of the City to provide multiple assurances provided that the total assured amount shall be not less than the full amount of this Agreement.

36.0 GRIEVANCE PROCEDURE

The City shall establish a system through which applicants for, and recipients of, services may present grievances and may take appeals about eligibility and other aspects of the City's work under this Agreement. The grievance procedure shall include provisions for notifying the applicants for, and recipients of, services of their eligibility or ineligibility for service and their right to appeal to the County if the grievance is not satisfied at the City's level. This system shall include protest procedures for decisions related to contract awards and requests for reasonable accommodations for persons with disabilities.

37.0 NONDISCRIMINATION, EQUAL OPPORTUNITY AND EQUAL ACCESS

37.1 The City, in connection with any services or other activities under this Agreement, shall not in any way discriminate against any person on the grounds of race, color, religion, sex, national origin, age, disability, political affiliation or belief. The City shall include this clause in all of its Subcontracts.

37.2 The City shall comply with requirements of the Housing and Urban Development Equal Access Rule at 24 C.F.R. Part 5, Final Rule 5863, to ensure equal access to housing and services regardless of gender identity.

38.0 EQUAL EMPLOYMENT OPPORTUNITY

38.1 The City, in connection with any service or other activity under this Agreement, shall not discriminate against any employee or applicant for employment because of race, age, disability, color, religion, sex, or national origin.

38.2 The City , in connection with any service or other activity under this Agreement, shall each take affirmative action to ensure applicants are employed and that employees are treated during employment without regard to their race, age, disability, color, religion, sex, or national origin. Such action shall include but is not limited to the following: employment, upgrading, demotion or transfer, recruitment, or recruitment advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

38.3 The City shall, in connection with any service or other activity under this Agreement, to the extent the following provisions apply, comply with:

38.3.1 Title VI and VII of the Civil Rights Act of 1964, as amended (42 U.S.C. §§ 2000a, *et seq.*);

38.3.2 the Rehabilitation Act of 1973, as amended (29 U.S.C. §§ 701, *et seq.*);

38.3.3 the Age Discrimination in Employment Act of 1967, as amended (29 U.S.C. §§ 621, *et seq.*);

38.3.4 the Americans With Disabilities Act of 1990 (42 U.S.C. §§ 12101, *et seq.*); and

38.3.5 Arizona Executive Order 2009-09, as amended, *et seq.* which mandates that all persons shall have equal access to employment opportunities.

39.0 DISABILITY REQUIREMENTS

The City agrees that any electronic or information technology offered under this Agreement shall comply with Section 508 of the Rehabilitation Act of 1973, which requires that employees and members of the public shall have access to and use of information technology that is comparable to the access and use by employees and members of the public who are not individuals with disabilities.

40.0 UNIFORM ADMINISTRATIVE REQUIREMENTS

By entering into this Agreement, the City agrees to comply with all applicable provisions of Title 2, Subtitle A, Chapter II, Part 200—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS contained in Title 2 C.F.R. §§ 200, et seq.

41.0 FINANCIAL MANAGEMENT

The City shall establish and maintain a separate, interest-bearing bank account for money provided under this Agreement, or an accounting system that assures the safeguarding and accountability of all money and assets provided under this Agreement. No part of the money deposited in such bank account shall be commingled. All interest earned on such an account shall be disposed of in a manner specified by the County in accordance with applicable state and federal regulations. The City shall provide a signed bank account agreement authorizing the County to obtain information about the account. If an accounting system is used, then it shall be in accordance with generally accepted accounting principles.

42.0 RETENTION OF RECORDS

42.1 This provision applies to all financial and programmatic records, supporting documents, statistical records, and other records of the City that are related to this Agreement.

42.2 The City shall retain all records related to this Agreement for a minimum of six (6) years after final payment or until after the resolution of any audit questions, which could be more than six (6) years, whichever is longer, or for the period of affordability imposed by deed restrictions. The County, federal and state auditors, and any other persons duly authorized by the County, shall have full access to, and the right to examine, copy, and make use of any and all of the records.

43.0 ADEQUACY OF RECORDS

If the City's books, records, and other documents related to this Agreement are not sufficient to support and document that allowable services were provided to eligible participants, then the City shall reimburse the County for the services not supported and documented.

44.0 COMPETITIVE BID REQUIREMENTS

44.1 Equipment

The City shall obtain all equipment to be utilized under this Agreement and purchased with funds provided under this Agreement at the lowest practical cost in accordance with the following competitive bidding system:

44.1.1 Procurements in excess of $300, but less than $1,000, require oral price quotations from two or more vendors. The City shall keep and maintain a record of the vendors' verbal quotations. The City's award shall be made to the lowest bidder meeting specification requirements concerning price, conformity to specifications, and other purchasing factors.

44.1.2 Procurements exceeding an aggregate amount of $1,000 must be approved by the Assistant Director. At least three (3) bidders shall be solicited to submit written quotations. The City shall solicit written quotations by issuing a Request for Quotation to at least three (3) vendors. The award shall be made to the lowest bidder meeting specification requirements concerning price, conformity to specifications, and other purchasing factors.

44.2 Supplies

The City shall obtain all supplies to be utilized under this Agreement and purchased with funds provided under this Agreement at the lowest practical cost and in accordance with a system of written quotes whenever the price is expected to be greater than $300, unless the City obtains the County's prior written approval to purchase supplies by an alternate method.

44.3 Minority, Women, and Small Business Enterprises

The City shall take affirmative steps to provide an opportunity for minorities, women, and small businesses to compete in the procurement of equipment and supplies under this Agreement.

44.4 Funding source requirements relating to competitive bid procedures may supersede any or all subparts of this clause and will be specified in the Special Provisions section of this Agreement.

45.0 PROPERTY

45.1 Any County property furnished or purchased pursuant to the terms of this Agreement shall be utilized, maintained, repaired, and accounted for in accordance with instructions furnished by the County, and title to all such property shall revert to the County upon the expiration or termination of this Agreement. The costs to repair

such property are the responsibility of the City within the limits budgeted in this Agreement.

45.2 Any City property furnished or purchased pursuant to the terms of the Agreement shall be utilized, maintained, repaired, and accounted for by the City. Repair costs of such property shall be the responsibility of the City.

46.0 IMMIGRATION LAWS AND REGULATIONS

46.1 Federal Immigration and Nationality Act

46.1.1 The City understands and acknowledges the applicability of the Immigration Reform and Control Act of 1986 (IRCA). The City agrees to comply with the IRCA in performing under this Agreement and to permit the other Parties to inspect personnel records to verify such compliance.

46.1.2 The City warrants compliance with the Federal Immigration and Nationality Act (FINA) and all other federal immigration laws and regulations related to the immigration status of its employees. The City shall obtain statements from its Subcontractors certifying compliance and shall furnish the statements to the Assistant Director upon request. These warranties shall remain in effect through the term of this Agreement. The City and its Subcontractors shall also maintain Employment Eligibility Verification forms (I-9) as required by the U.S. Department of Labor's Immigration and Control Act for all employees performing work under the Agreement. I-9 forms are available for download at USCIS.GOV.

46.1.3 The County may request verification of compliance for any employees or Subcontractors performing work under this Agreement. Should the County either suspect or find that the City or any of its Subcontractors are not in compliance, then the County may pursue any and all remedies allowed by law, including, but not limited to: suspension of work, termination of this Agreement for default, and suspension or debarment (or both) of the City. All costs necessary to verify compliance are the responsibility of the City and its Subcontractor(s).

46.2 Arizona Law

46.2.1 The City warrants that it will comply with A.R.S. § 41-4401 (e-verify requirements) and further acknowledge that:

46.2.2 The City and its Subcontractors and Vendors, if any, warrant their compliance with all federal immigration laws and regulations that relate to their employees and their compliance with A.R.S. § 23-214;

46.2.3 A breach of a warranty under Sub-subparagraphs 48.2.1 and 48.2.2 above shall be deemed a material breach of this Agreement and the County may immediately terminate this Agreement without liability; and

46.2.4 The County and any contracting government entities retain the legal right to inspect the papers and employment records of any employees of the City and its Subcontractors and Vendors who work on this Agreement to ensure that the City and its Subcontractors and Vendors are complying with the warranty provided under Sub-subparagraphs 48.2.1 and 48.2.2 above and that the City agrees to make all papers and employment records of such employee(s) available during normal working hours in order to facilitate such an inspection.

47.0 GOVERNOR'S EXECUTIVE ORDER NO. 88-26

The City is required to use the Arizona Taxonomy of Human Services for reporting and contracting purposes.

48.0 EMPLOYMENT DISCLAIMER

48.1 This Agreement is not intended to constitute, create, give rise to, or otherwise recognize a joint venture agreement, partnership, or other business association or organization of any kind between the Parties, and the rights and obligations of the Parties shall be only those expressly set forth in this Agreement.

48.2 The City agrees that no individual performing under this Agreement on behalf of the City may be considered a County agent, employee, or representative and that no rights of County civil service, County retirement, or County personnel rules shall accrue to or apply to any such individual. The City shall have total responsibility for all salaries, wages, bonuses, retirement, withholdings, workers' compensation, occupational disease compensation, unemployment compensation, other employee benefits, and all taxes and premiums appurtenant thereto concerning such individuals and the City shall indemnify, defend, and hold harmless the County with respect thereto.

48.3 The County agrees that no individual performing under this Agreement on behalf of County may be considered a City agent, employee, or representative and that no rights of the City civil service, the City retirement, or the City personnel rules shall accrue to or apply to any such individual. The County shall have total responsibility for all salaries, wages, bonuses, retirement, withholdings, workers' compensation, occupational disease compensation, unemployment compensation, other employee benefits, and all taxes and premiums appurtenant thereto concerning such individuals and the County shall indemnify, defend and hold harmless the City with respect thereto.

49.0 CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION

49.1 The undersigned, by signing this Agreement, represents that he/she has the authority to bind the City to the terms of this Certification. The City, as the primary participant in accordance with 2 C.F.R. Part 180, certifies to the best of its knowledge and belief that it and its principals:

49.1.1 Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;

49.1.2 Have not within a 3-year period preceding the Start Date of this Agreement, been convicted of or had a civil judgment rendered against them for (1) the commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, State, or local) transaction or contract under a public transaction; (2) the violation of any federal or State antitrust statutes or (3) the commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

49.1.3 Are not presently indicted or otherwise criminally or civilly charged by a governmental entity (federal, state, or local) with the commission of any of the offenses enumerated in Sub-subparagraph 50.1.2 above; and

49.1.4 Have not, within a three-year period preceding this Start Date of this Agreement, had one or more public transactions (federal, state, or local) terminated for cause or default.

49.2 The City agrees to include, without modification, this clause in all lower tier covered transactions (i.e., transactions with Subcontractors) and in all solicitations for lower tier covered transactions related to this Agreement.

50.0 CONTRACTOR EMPLOYEE WHISTLEBLOWER RIGHTS AND REQUIREMENT TO INFORM EMPLOYEES OF WHISTLEBLOWER RIGHTS

50.1 The City agrees that this Agreement and employees working on this Agreement will be subject to the whistleblower rights and remedies in the pilot program on contractor employee whistleblower protections established at 41 U.S.C. § 4712 by Section 828 of the National Defense Authorization Act for Fiscal Year 2013 (Pub. L. 112–239) and Section 3.908 of the Federal Acquisition Regulation;

50.2 The City shall inform its employees in writing, in the predominant language of the workforce, of employee whistleblower rights and protections under 41 U.S.C. § 4712, as described in Section 3.908 of the Federal Acquisition Regulation. Documentation of such employee notification must be kept on file by the City and copies provided to the County upon request; and

50.3 The City shall insert the substance of this clause, including this Paragraph 51.0, in all subcontracts over the simplified acquisition threshold ($250,000 as of June 2021).

51.0 WRITTEN CERTIFICATION IN ACCORDANCE WITH A.R.S. § 35-393.01

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

52.0 SURVIVAL

The indemnification, hold harmless, defense, and non-liability provisions of this Agreement shall have full force and effect notwithstanding any other provisions in this Agreement and shall survive the termination or expiration of this Agreement.

53.0 FORCE MAJEURE

53.1 Neither Party shall be liable for failure of performance, nor incur any liability to the other Party on account of any loss or damage resulting from any delay or failure to perform all or any part of this Agreement if such delay or failure is caused by events, occurrences, or causes beyond the reasonable control and without negligence of the Parties. Such events, occurrences, or causes will include Acts of God/Nature (including fire, flood, earthquake, storm, hurricane, or other natural disaster), war, invasion, act of foreign enemies, hostilities (whether war is declared or not), civil war, riots, rebellion, revolution, insurrection, military or usurped power or confiscation, terrorist activities, nationalization, government sanction, lockout, blockage, embargo, labor dispute, strike, pandemic, and interruption or failure of electricity or telecommunication service.

53.2 Each Party, as applicable, shall give the other Party notice of its inability to perform and particulars in reasonable detail of the cause of the inability. Each party must use best efforts to remedy the situation and remove, as soon as practicable, the cause of its inability to perform or comply.

53.3 The Party asserting Force Majeure as a cause for non-performance shall have the burden of proving that reasonable steps were taken to minimize delay or damages caused by foreseeable events, all non-excused obligations were substantially fulfilled, and the other Party was timely notified of the likelihood or actual occurrence that would justify such an assertion, so that other prudent precautions could be contemplated.

SECTION 2

SPECIAL PROVISIONS

MARICOPA COUNTY

HUMAN SERVICES DEPARTMENT

STANDARDS

The City shall perform the work and provide the services identified in the Work Statement and shall immediately notify the County whenever the City is unable to, or anticipates an inability to, perform any of the work, or provide any of the services required by the terms of this Agreement. The City acknowledges that any inability to perform the work and provide the services, or comply with the standards, set forth in this Agreement may subject the City to the remedies provided in Paragraph 5.0, Default and Remedies for Noncompliance in the Special Provisions.

1.0 COMPLIANCE WITH LAWS, RULES & REGULATIONS

This Agreement and the Parties to it are subject to all applicable federal, state, or local laws, rules, and regulations. The City shall comply with all applicable laws, rules and regulations, without limitation to those designated within this Agreement. Refer to Paragraph 5.0, Default and Remedies for Noncompliance provided in the Special Provisions.

2.0 COMPLIANCE WITH REQUIREMENTS REGARDING ELIGIBILITY FOR PUBLIC BENEFITS

2.1 The City shall comply with state and other laws regarding eligibility for public benefits, including A.R.S. §§ 1-501 and 1-502, which state that public benefits shall only be provided to eligible applicants who are citizens of the United States, or are Qualified Non-Citizens:

2.1.1 All applicants authorized to receive public benefits must provide documentation of their lawful presence in the United States through a verification process.

2.1.2 All eligible applicants must also execute a sworn affidavit stating that the documentation provided during the verification process to prove citizenship or qualified non-citizen is true.

2.1.3 The Affidavit Demonstrating Lawful Presence in the United States or similar form shall be used to document compliance with requirements listed above.

2.1.4 Maricopa County and its subcontracted entities are required to report "discovered violations" of federal immigration law.

2.1.5 Federal public benefits are defined in A.R.S. § 1-501 as any grant, contract, loan, professional license, or commercial license provided by an agency of the United States or by appropriated funds of the United States; and any retirement, welfare, health, disability, public or assisted housing, postsecondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of the United States or by appropriated funds of the United States.

2.1.6 State or local public benefits are defined in A.R.S. § 1-502 as any grant, contract, loan, professional license, or commercial license provide by an agency of the state or local government or by appropriated funds of a state or local government; and any retirement, welfare, health, disability, public or assisted housing, postsecondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of a state or local government or by appropriated funds of a state or local government.

2.2 Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) that meet the following conditions are exempt from A.R.S. §§ 1-501 and 1-502:

2.2.1 deliver in-kind services at the community level, including through public or private nonprofit agencies;

2.2.2 do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and

2.2.3 are necessary for the protection of life or safety.

3.0 AUDIT REQUIREMENTS

The City is in receipt of federal funds through the County and is subject to the federal audit requirements of the Single Audit Act of 1984, as amended (Pub. L. No. 98-502) (codified at 31 U.S.C. § 7501, *et seq.*). The City shall comply with 2 C.F.R. 200, Subpart F. Upon completion, such audits shall be made available for public inspection. Audits shall be submitted to the County within the twelve (12) months following the close of the fiscal year. The City shall take corrective actions within six (6) months of the date of receipt of audit findings. The County shall consider sanctions as described in 2 C.F.R. § 200.505 if it is determined by HUD or the County that the City is not in -compliance with the audit requirements.

4.0 DEFAULT AND REMEDIES FOR NONCOMPLIANCE

4.1 Notwithstanding anything to the contrary, this Subparagraph shall not be deleted or superseded by any other provision of this Agreement.

4.2 This Agreement may be immediately terminated by the County if the City defaults by failing to perform any objective, or breaches any obligation under this Agreement, or any event occurs that jeopardizes the City's ability to perform any of its obligations under this Agreement. The County reserves the right to have the services provided by persons other than the City if the City is unable or fails to provide required services with the specified time frame.

4.3 Failure to comply with the requirements of this Agreement and all applicable federal, state, or local laws, rules, and regulations may result in suspension or termination of this Agreement, the return of unexpended funds (less just compensation for work satisfactorily completed that, to date, has not been paid), the reimbursement to the County by the City of any funds improperly expended, or the recovery of funds improperly acquired. Noncompliance with this Agreement includes but is not limited to:

4.3.1 Nonperformance of any obligations;

4.3.2 Noncompliance with any applicable federal, state, or local laws, rules or regulations, including HUD guidelines, policies, or directives;

4.3.3 Unauthorized expenditure of funds;

4.3.4 Violation of the applicable affordability period;

4.3.5 Improper disposition of recaptured proceeds;

4.3.6 Improper disposition of Program Income;

4.3.7 Noncompliance with applicable financial record requirements, accounting principles, or standards established by 2 C.F.R. Part 200; and

4.3.8 Noncompliance with recordkeeping, record retention, or reporting requirements.

4.4 Notwithstanding the suspension or termination of this Agreement, or the final determination of the proper disposition of funds, the City shall, without intent to limit or with restrictions, be subject to the following:

4.4.1 All funding shall be immediately revoked, and any approvals related to the Project described in the Special Provision or Work Statement shall be deemed revoked and canceled. Thereby, any entitlements to compensation after suspension or termination of this Agreement are similarly revoked and unavailable.

4.4.2 Not be relieved of any liability or responsibility associated with the Special Provision or Work Statement.

4.4.3 Acknowledge that suspension or termination of this Agreement does not affect or terminate any rights against the City at the time of suspension or termination, or that may accrue later. Nothing in this Agreement shall be construed to limit or terminate any right or remedy available under contract or rule.

4.4.4 Waiver of a breach or default of any term, covenant, or condition of this Agreement or any federal, state, or local law, rule, or regulation shall not operate as a waiver of any subsequent breach of the same or any other term, covenant, condition, law, rule, or regulation.

4.5 The City shall, upon notice or with knowledge obtained by the City, or others, take any and all proactive actions necessary, and provide any and all applicable remedies to address and correct any act by it or its employees, officials, successors, assigns, contractors, or Subcontractors that resulted in any wrongdoing (intentional or unintentional); misuse or misappropriation of funds; the incorrect or improper disposition of funds; any violations of any federal, state, or local laws, rules, or regulations; or the breach of any certifications or warranties provided in this Agreement.

5.0 SPECIAL FEDERAL AND PROJECT PROVISIONS

5.1 In accordance with HUD HOME Program regulations, the City agrees to use HOME funds pursuant to the Five-Year Consolidated Plan and the Annual Action Plan as approved by HUD and all requirements of 24 C.F.R. Part 92. The City will require that this requirement is included in the award documents for all subawards at all tiers (including Subcontracts, subgrants, and agreements under grants, loans, and cooperative agreements) and that all Subcontractors and Vendors shall certify and disclose accordingly. The Annual Action Plan is hereby incorporated by reference into this Agreement. The Project activities are described in Section 3 (Work Statement). The City shall be responsible to provide reports of all activities related to the Work Statement. The City agrees to submit to the County the following reports:

5.1.1 **Quarterly Performance Reports:** due on the 15th of January, April, July, and October of the preceding three (3) months (i.e., the July report covers the months of April, May, and June). Reports shall address all Project activities described in the Work Statement. Failure to submit timely Quarterly Performance Reports will result in suspension of reimbursement of funds requested until all reports are brought current.

5.1.2 **Request for Reimbursements:** The Request for Reimbursement Form must include all supporting documentation, and a Match Log. The City will complete the documents and submit them to the County for approval.

5.1.3 **HOME Setup Reports:** due within one (1) year after the date this Agreement is fully executed. According to 24 C.F.R. § 92.250 (b): Before Setup Reports are submitted, the City must evaluate the Project in accordance with guidelines that the City has adopted for determining a reasonable level of profit or return on its investment in the Project and must

not commit or invest any more HOME funds, alone or in combination with other governmental assistance, than are necessary to provide quality affordable housing that is financially viable for a reasonable period (at a minimum, the period of affordability in accordance with 24 C.F.R. §§ 92.252 and 92.254) and that will not provide a profit or return on the City's investment that exceeds the City's established standards for the size, type, and complexity of the Project.

5.1.4 **HOME Completion Report:** due no later than sixty (60) days after final payment is requested. The HOME Completion Report must include all required documents as described in this Agreement. Within ten (10) business days after receipt of the HOME Completion Report, the County will enter the Project completion data into the HUD Exchange Integrated Disbursement and Information System (IDIS). The date the HOME Completion Report is entered into IDIS is the date the affordability period commences for each activity.

5.1.5 **Initial Request for Reimbursement form**: with required documentation for each activity is due within 45 (forty-five) days after submitting a HOME Setup Report.

5.1.6 **Other HUD:** required reporting data as applicable.

6.0 PROGRAM INCOME

All Program Income generated from this Agreement shall be used to fund either the acquisition or rehabilitation (or both) of additional HOME eligible properties to be sold to qualified low-income families as defined in 24 C.F.R. § 92. The HOME requirements shall continue to apply if the City receives and uses Program Income, even if the Program Income funds are earned and expended after the expiration of this Agreement.

7.0 REAL PROPERTY ACQUIRED OR IMPROVED WITH HOME FUNDS

7.1 Upon expiration of this Agreement, any real property under the City's control that was acquired or improved in whole or in part with HOME funds must be occupied by low- or very-low-income households (or both) and in compliance with HOME occupancy limits and must meet the requirements to qualify as affordable housing subject to encumbrances and obligations described in any applicable recorded deed restrictions. The option to use deed restrictions must include period of affordability set forth in 24 C.F.R. §§ 92.252 and 92.254.

8.0 TENANT-BASED RENTAL ASSISTANCE (TBRA)

8.1 Eligible costs are the rental assistance and security deposit payments made to provide TBRA for a family pursuant to 24 C.F.R. § 92.209. Eligible costs also include utility deposit assistance, but only if this assistance is provided with TBRA or a security deposit payment. Administration of TBRA is eligible only under general management oversight and coordination at 24 C.F.R. § 92.207(a), except that the costs of inspecting and determining the income eligibility of the family are eligible costs of TBRA.

9.0 DE-OBLIGATION

9.1 The County may de-obligate funds under this Agreement under any one or more of the following circumstances upon written notice to the City:

9.1.1 The City completes performance under the Work Statement without using all funds provided by the County under this Agreement;

9.1.2 A Program activity under the Work Statement is cancelled or changed for reasons other than non-performance; or
9.1.3 This Agreement has been terminated.

10.0 REDUCTION IN FUNDS

10.1 The County, through an Amendment, may reduce Agreement funds under either or both of the following circumstances:
10.1.1 The County determines that the City failed to utilize the funds provided by this Agreement in compliance with the terms and conditions outlined herein; or
10.1.2 The City failed to perform in accordance with Section 3 (Work Statement) and identified timelines.

11.0 REPAYMENT OF FUNDS

The City shall repay funds that are defined as unallowable costs under applicable laws and regulations. This repayment obligation extends to, but is not limited to, questioned costs identified in either a monitoring review or Single-Audit report. Repayment of funds is required by HUD for failed projects during the period of affordability for Projects financed under this Agreement. The County may specify in writing the terms of the repayment or alternative terms in lieu of repayment. However, in no case shall repayment or alternative terms be accomplished later than one hundred eighty (180) calendar days following the written determination by the County of noncompliance.

12.0 ADMINISTRATIVE REQUIREMENTS

12.1 The County is responsible for ensuring HUD HOME Program funds are administered in accordance with the HOME regulations, 24 C.F.R. Part 92. The County shall monitor the City's activities to ensure compliance with the following:
12.1.1 FINANCIAL RECORDS: accounting system and financial records comply with the applicable requirements and standards of 2 C.F.R. Part 200 and are subject to monitoring from time to time by the either the County or by HUD.
12.1.1.1 The City agrees to adhere to accounting principles and procedures, to utilize adequate internal controls, and maintain necessary source documentation for all costs incurred. The City further agrees to maintain an adequate accounting system that provides for appropriate grant accounting.
12.1.1.2 The City shall adhere to applicable audit requirements as described in, and in accordance with, 2 C.F.R. Part 200. In addition, the City must provide annual single-audit reports or annual audited financial statements to the County.
12.1.1.3 The City shall adhere to the repayment of investment requirements set forth in 24 C.F.R. § 92.503. Any HOME Funds invested in housing that do not meet the affordability requirements for the period specified in either 24 C.F.R. § 92.252 or § 92.254, as applicable, must be repaid in accordance with 24 C.F.R. § 92.503(b)(3).
12.1.2 DOCUMENTATION AND RECORD KEEPING
12.1.2.1 Records to be Maintained: The City shall maintain all records required by the federal regulations specified in 24 C.F.R. § 92.508 that are pertinent to the activities to be

funded under this Agreement. Such records shall include, but not be limited to, records:

12.1.2.1.1 Providing a full description of each activity undertaken and its impact;

12.1.2.1.2 Required to determine the eligibility of activities;

12.1.2.1.3 Demonstrating compliance with environmental review requirements;

12.1.2.1.4 Required to document the acquisition, improvement, use, or disposition of real property acquired or improved with HOME assistance (Properties retained shall continue to meet eligibility criteria);

12.1.2.1.5 Demonstrating citizen participation;

12.1.2.1.6 Demonstrating compliance regarding acquisitions, displacement, relocation, and replacement housing;

12.1.2.1.7 Demonstrating continuing compliance for all activities and compliance with recapture provisions of the affordability standards;

12.1.2.1.8 Documenting compliance with the fair housing and equal opportunity components of the HOME Program;

12.1.2.1.9 Required by 24 C.F.R. § 570.502, 2 C.F.R. Part 200, and OMB Circulars;

12.1.2.1.10 Other records necessary to document compliance with HOME Program requirements;

12.1.2.1.11 Documenting compliance with Section 3 of the Housing and Urban Development Act of 1968 and implementing regulations at 24 C.F.R. Part 75;

12.1.2.1.12 Demonstrating compliance with deeds of trust, promissory notes, and forgivable loans;

12.1.2.1.13 Supporting that the City has maintained client data demonstrating all clients served have met the income and other criteria required by federal law and that no unlawful discrimination occurs in the solicitation or selection process of low-income persons or groups and that no conflict of interest exists, as described in 24 C.F.R. § 92.356;

12.1.2.1.14 Documenting compliance with underwriting and subsidy layering requirements, including the requirement that the City will not invest any more HOME funds in combination with other federal assistance than is necessary to provide affordable housing, as described in 24 C.F.R. § 92.250 and further described in HUD Notice CPD 15-11; and,

12.1.2.1.15 Demonstrating compliance with federal, state, and local laws and regulations, including compliance with A.R.S. §§ 1-501 and 1-502.

12.1.2.2 Outcome Measures – The City shall maintain data that supports the accomplishment of the desired outcomes as indicated in the Work Statement.

12.1.2.3 Disclosure – The City understands that client information collected under this Agreement is private and the use or disclosure of such information, when not directly connected with the administration of the County's or the City's responsibilities with respect to services provided under this Agreement, is prohibited unless written consent is obtained from such person receiving service.

12.1.2.4 Program Activity Reports – Such reports as required by the County including, but not limited to, HOME Setup/Completion Reports, Quarterly Performance Reports, annual Program Income Reports, Match Reports, MBE/WBE information, and other HUD-required reporting data, as applicable, shall be submitted at the completion of each Program that is described under the Work Statement.

12.1.2.5 Audits and Inspections – All of the City's records with respect to any matters covered by this Agreement shall be made available to the County, its designees, and the federal government, at any time during normal business hours, as often as the County deems necessary, to audit, examine, and make excerpts or transcripts of all relevant data. Any relevant deficiencies noted in audit reports shall be addressed by the City within 45 days after receipt by the City. Failure of the City to comply with the above audit requirements shall constitute a violation of this Agreement and may result in the withholding of future payments. The Annual Audit requirement is applicable to all levels of funding received by the City under this Agreement, even if the level of funding is less than the current thresholds cited in 2 C.F.R. § 200.501.

12.1.2.6 Performance Monitoring – The County will monitor the City to determine whether HOME funded activities are implemented and administered in accordance with all applicable federal requirements and gauge performance of the City against goals and performance standards required in this Agreement. The City shall ensure that all required files and documentation are available at scheduled monitoring visits. The failure of the City to administer, implement, and perform as determined by federal regulations and by the County shall constitute non-compliance with this Agreement. Non-compliance is a violation of this Agreement and may result in the withholding of future payments.

13.0 ENVIRONMENTAL REVIEW CONDITIONS

13.1 Completion of the Environmental Review Record (ERR) is mandatory before taking any physical action on a site or entering into choice-limiting contracts. Only exempt activities such as administration may be taken and reimbursed by the County prior to receiving a written release of HOME funds to the City. Exempt activities described in 24 C.F.R. § 58.34(a)(1)-(11) are activities that generally have no physical impact on the environment. If federal funds are involved in an activity, then neither federal nor non-federal funds may be expended or committed by contract (conditional or not) for property acquisition, rehabilitation, conversion, lease, repair, or construction activities until either HUD or the County provides the City with written authorization based on approval of an ERR.

13.2 An option agreement (to purchase land or a single-family residence) on a proposed site or property is allowable prior to the completion of the environmental review if the option agreement is contingent upon a HUD authorization to use funds based on the completion of the ERR. The cost of the option must be a nominal portion of the purchase price.

13.2.1 The City agrees to comply with: The National Environmental Policy Act of 1969 (P.L. 91-190) pursuant thereto 40 C.F.R. Parts 1500 – 1508; Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities pursuant thereto Title 24 C.F.R. Part 58, Subpart A; CPD Notice 01-11 HOME Environmental Review Requirements; and all conditions required in the process of the environmental assessment.

13.2.2 Air and Water - The City shall comply with the following requirements insofar as they apply to the performance of this Agreement:

13.2.2.1 Clean Air Act, 42 U.S.C. § 7401, *et seq.*, as amended.

13.2.2.2 Federal Water Pollution Control Act, as amended, 33 U.S.C. §§ 1251, *et seq*, as amended, Section 1318 relating to inspection, monitoring, entry, reports, and information, and all regulations and guidelines issued thereunder.

13.2.2.3 Environmental Protection Agency (EPA) regulations pursuant to 40 C.F.R. § 50, as amended.

13.2.2.4 The City agrees to comply with conditions set forth by the Air Quality Department or other County agency, as required.

13.2.2.5 Flood Disaster Protection - In accordance with the requirements of the Flood Disaster Protection Act of 1973 (42 U.S.C. § 4001), the City shall ensure that for activities located in an area identified by FEMA as having special flood hazards, flood insurance under the National Flood Insurance Program is obtained and maintained as a condition of financial assistance for acquisition or construction purposes. The City shall require the homeowner to obtain and maintain flood insurance as a condition of funding, or funds shall not be utilized.

13.2.2.6 Historic Preservation – The City shall comply with the Historic Preservation requirements set forth in the National Historic Preservation Act of 1966 (16 U.S.C. § 470) and the procedures set forth in 36 C.F.R. § 800, Advisory Council on Historic Preservation Procedures for Protection of Historic Properties, insofar as they apply to the performance of this Agreement.

13.2.2.7 Release of Funds (ROF) - No funds may be encumbered prior to the completion of the Environmental Review. The ERR must be completed before any funds are obligated. Funding also is conditioned upon the completion of the ERR of every activity site by address. The responsibility for certifying the appropriate ERR and ROF shall rest with the County. It is the responsibility of the City to notify the County and to refrain from making any commitments and expenditures on a site until a ROF has been issued by the County. Failure to meet these conditions will mean that requested funds will not be disbursed.

14.0 ADDITIONAL CERTIFICATIONS, WARRANTIES, AND AGREEMENTS

14.1 The City agrees to undertake the same obligations as the County has undertaken to HUD pursuant to the County's Annual Action Plan (included in this Agreement by reference) and shall adhere to the federal Certifications referenced below, including Attachment 1 - Certification for a Drug-Free Workplace (HUD form 50070) and Attachment 2 - Certification of Payments to Influence Federal Transactions (HUD form 50071). The City shall hold the County harmless, defend, and indemnify the County against any damages or other liabilities that the County may incur with respect to HUD as a result of any failures on the part of the City.

14.2 The City agrees:

14.2.1 To ensure that the total HOME investment in each unit does not exceed the maximum per unit subsidy (24 C.F.R. § 92.250) for the area in which the property is located. This limit is updated annually. Refer to Attachment 3 of this Agreement.

14.2.2 To ensure that the period of affordability imposed on the Project reflects the per unit subsidy limit. The minimum affordability period is five years for HOME subsidies of less than $15,000 per unit; ten years for subsidies of $15,000 to $40,000; and 15 years for subsidies greater than $40,000.

14.2.3 To ensure that the annual Homeownership Value Limits are not exceeded. HOME funds for homebuyer assistance or single-family rehabilitation Projects must have an initial purchase price that does not exceed 95% of the median purchase price for Maricopa County. These limits apply to homeownership units assisted with HOME funds for the following single-family activity types: new housing construction for resale; homebuyer assistance; acquisition with rehabilitation for resale; and owner-occupied housing rehabilitation. This limit is updated annually. Refer to Attachment 3 of this Agreement.

14.2.4 To utilize and make available the HOME funds in conformity with the non-discrimination and equal opportunity requirements set out in the HUD regulations in the National Housing Affordability and Stability Act (24 C.F.R. §§ 92.350-92.454), which include:

14.2.5 To ensure implementation of the Fair Housing Act, (42 C.F.R. §§ 3601-3620), and implementing regulations at 24 C.F.R. Part 100 (discriminatory conduct under the Fair Housing Act), Executive Order 11063 (Equal Opportunity in Housing) as amended by Executive Order 12259 (leadership and coordination of fair housing in federal programs) (3 C.F.R. §§ 1958-1963 Comp., p. 652 and 3

C.F.R. § 1980, Comp. p. 307) and implementing regulations at 24 C.F.R. Part 107 (nondiscrimination and equal opportunity in housing under Executive Order 11063), and Title VI of the Civil Rights Act of 1964 (42 U. S. C. §§ 2000d, *et seq.*), and implementing regulations at 24 C.F.R. Part 1 (Nondiscrimination in Federally Assisted Programs of HUD);

14.2.6 To affirmatively further fair housing, which includes taking appropriate actions to overcome the effects of any impediments identified in the County's "Analysis of Impediments to Fair Housing Choice" and maintain records reflecting any actions taken in regard to fair housing;

14.2.7 To adhere to Executive Order 13166 (Improving Access to Services for Persons with Limited English Proficiency) in accordance with Title VI of the Civil Rights Act of 1964;

14.2.8 To implement the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. §§ 6101, *et seq.*) and the regulations at 24 C.F.R. Part 146 (nondiscrimination on the basis of age in HUD programs or activities receiving federal financial assistance);

14.2.9 To implement of the prohibitions against discrimination on the basis of handicap under Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §§ 794, *et seq.*) and implementing regulations at 24 C.F.R. Part 8 (nondiscrimination based on handicap in federally assisted programs and activities of HUD) and the Americans with Disabilities Act 1990 (42 U.S.C. §§ 12101, *et seq.)*;

14.2.10 To adhere to the requirements of the Executive Order 11246 (Equal Employment Opportunity) and the regulations issued under the Order at 41 C.F.R. Chapter 60 (3 C.F.R. §§ 1964-65, Comp, p. 339);

14.2.11 To implement the requirements of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. § 1702u) (Employment Opportunities for Business and Lower Income Persons in Connection with Assisted Activities);

14.2.12 To implement the requirements of Executive Orders 11625 and 12432 regarding MBE development and 12138 regarding WBE, and Regulations S. 85.36 (e) and of Section 281 of the National Housing Affordability and Stability Act; and

14.2.13 To implement the requirements of the HUD 246 Rule (24 C.F.R. Part 5 Final Rule 5863) to ensure equal access to housing and services regardless of gender identity.

14.3 The City agrees that it will prepare and adopt acceptable procedures and requirements for affirmatively marketing units funded under the HOME Program, when HOME Program-assisted housing contains five (5) or more rental units, by providing information about the availability of HOME Program-assisted units that are vacant at the time of completion or that later become vacant. The City shall make good faith efforts to provide information and to otherwise attract eligible persons from all racial, ethnic, and gender groups in the housing market to the available housing during the period of affordability. These procedures and requirements are not applicable when units are occupied by families referred from a Public Housing Authority's (PHA) waiting list, or to families receiving tenant-based rental assistance provided from HOME funds.

14.4 HOME funds may not be used for operations or modernization of public housing projects financed under the Housing Act of 1937.

14.5 The County, as the participating jurisdiction, assumes all the responsibilities for environmental review, decision making, and action under the National Environmental Policy Act of 1969 (42 U.S.C. § 4321) and the other provisions of the law that would apply to HUD were HUD to undertake such Activities as Federal Activities in accordance with 24 C.F.R. Part 58 (environmental review procedures for entities assuming HUD environmental responsibilities). The County will assume the responsibilities for the Request for Release of Funds. The City shall not commit or incur expenditures for HOME activities until the environmental review process has been completed. Should it be determined that the City incurred expenses in violation of the NEPA requirements, the City will be responsible for the full costs for such expenditures and repayment of any related reimbursements. The City shall provide all necessary assistance to the County in completing this environmental review process.

14.6 The City agrees to comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C. §§ 4291-4655) and the governmental implementing regulations at 49 C.F.R. Part 24; and follow a residential anti-displacement and relocation assistance plan required under §104(d) of the Housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding as they apply to the HOME Program.

14.7 The City shall comply with the Davis-Bacon Act (40 U.S.C. §§ 276a, *et seq.*), Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 327, *et seq.*) related acts, and the provisions of 24 C.F.R. Part 24 regarding Government Debarment and Suspension as they apply to this HOME Program.

14.8 The City shall comply with the Flood Disaster Protection Act of 1973 (42 U.S.C. §§ 4001, *et seq.*) as it applies to this HOME Program.

14.9 The City shall comply with the Drug-Free Workplace Act of 1988 as it applies to the HOME Program.

14.10 Housing assisted with HOME Program funds constitutes HUD-assisted housing for the purposes of the Lead-Based Paint Poisoning Prevention Act (42. U.S.C. §§ 4801, *et seq.*) and is therefore subject to 24 C.F.R. Part 35.

14.11 No person who is an employee, agent, consultant, officer or elected official, or appointed official who exercises or has exercised any functions or responsibilities with respect to activities assisted with HOME funds or who is in a position in a decision making process or gains inside information with regard to these activities, may obtain a financial interest or benefit from a HOME-assisted activity, either for himself/herself or those whom the person has family or business ties, during his/her tenure or for one year thereafter.

15.0 SUBCONTRACTS AND VENDORS

15.1 Approvals – Unless expressly authorized in this Agreement, exempt activities such as architectural, engineering, and administration may not be undertaken and reimbursed by the County prior to receipt of HUD Request Release of Funds (RROF). Exempt activities described in 24 C.F.R. § 58.34(1)(1)-(11) are activities that generally have no physical impact on the environment. Otherwise, the City shall not expend or commit federal or non-federal funds by contract (conditional or not) for property acquisition, rehabilitation, conversion, lease, repair, or construction activities, until HUD has provided written authorization based on approved ERR. Any pre-Agreement costs entered into by Subcontract with any

agency or individual in the performance of this Program that are not exempt activities without Release of Funds (ROF) from the County prior to the execution of such Agreement.

15.2 DUNS Number – All Subcontractors shall have a valid DUNS number and an active profile in the federal System for Award Management, or SAM.

15.3 Fees – The City and all Subcontractors under this Agreement shall not charge servicing, origination, or other fees for the costs of administering the HOME Program, except as permitted by 24 C.F.R. § 92.214(b)(1).

15.4 Selection Process – The City shall ensure that all Subcontracts in the performance of this Agreement are awarded on a fair and open competitive basis. Executed copies of all Subcontracts shall be forwarded to the County along with documentation, if requested, concerning the selection process.

15.5 Section 3 of the Housing and Urban Development Act of 1968 – The City shall include the Section 3 clause in every Subcontract and shall take appropriate action pursuant to the Subcontract upon a finding that a Subcontractor is in violation of regulations issued by HUD. The City shall not subcontract with any entity where the City has notice or knowledge that the entity has been found in violation of the regulations under 24 C.F.R. Part 75. The City has the responsibility of determining Section 3 eligibility and reporting.

15.6 Monitoring – The City shall monitor/review all subcontracted services to assure contract compliance. Results of monitoring efforts shall be summarized in Quarterly Performance Reports and supported with documented evidence, if requested, of follow-up actions taken to correct areas of noncompliance.

16.0 THE COUNTY CERTIFIES

16.1 That a public purpose is served by the County contracting for activities identified in Section 3 (Work Statement).

16.2 That the HOME Program funds designated for the Work Statement activities constitute reasonable and prudent assistance.

17.0 THE CITY AGREES TO

17.1 Complete and submit to the County all Environmental Reviews (ERs) in a timely manner.

17.2 Submit all Requests for Reimbursements and Amendments to the County in a timely manner.

17.3 Keep the Maricopa HOME Consortium informed of progress toward goals.

17.4 Serve as the lien holder for all real estate developed, if applicable.

17.5 Provide, at the completion of the Project, a close out memo detailing the on-going HOME requirements and responsibilities for the affordability period.

18.0 PROGRAM COMPLETION

18.1 Upon completion of the Agreement activities, any Agreement funds not expended shall be retained by the County for reallocation as defined by the Maricopa HOME Consortium Policies and Procedures.

18.2 The disposition of any property purchased during the term of this Agreement shall follow Section 1 (General Provisions), Paragraph 47.0 (Property).

18.3 The City shall continue to be responsible for compliance activities until all HOME Program requirements and contractual obligations are met, including affordability restrictions. The City's obligations shall not end until all close-out requirements are completed. The County will notify the City in writing that a Completion Report is due to the County within sixty (60) days after one of the following occurrences:

18.3.1 Funds have been expended for the activity;
18.3.2 The Work Statement has been completed;
18.3.3 This Agreement has expired; or
18.3.4 The Agreement has otherwise been terminated.

18.4 Following the receipt and approval of the Completion Report for each activity, the County will notify the City in writing that each activity is closed. In compliance with 24 C.F.R. § 92.502(d), all Project completion data shall be entered into IDIS by the County within 120 days after the final drawdown. Project completion means Projects have all necessary title transfer and construction work completed, Projects comply with HOME requirements including property standards set forth at 24 C.F.R. § 92.251, the final draw has been disbursed, and the projection completion data has been entered into IDIS.

18.5 For the purposes of a rental Project, the following shall apply:
18.5.1 The Project shall be completed when the site receives a Certificate of Occupancy;
18.5.2 It is not required for a beneficiary to be identified for the Project to be considered complete. Vacant rental units may be marked as vacant when completion data is entered into IDIS.
18.5.3 If any rental unit remains unoccupied six (6) months after the date of Project completion, the City must provide the County information about marketing efforts to place occupants in the unit and, if appropriate, an enhanced plan for marketing the unit so that it is leased as quickly as possible.
18.5.4 Within eighteen (18) months after the date of Project completion, if efforts to market the unit are unsuccessful and the unit is not occupied by an eligible beneficiary (or beneficiaries), the City shall be required to repay all HOME funds invested in the unit.

19.0 FAILURE TO MAKE PROGRESS

19.1 The failure of the City to make progress according to the Work Statement may result in the termination of this Agreement, de-obligation of funds, or recapture of funds. The City agrees to meet with the County at the site at which the funded activity is to take place to discuss progress and allow the County to provide technical assistance if:
19.1.1 The City fails to complete an Environmental Review pursuant to Section 2 (Special Provision) Paragraph 13.0 (Environmental Review Conditions) within one hundred and eighty (180) calendar days after the date this Agreement is executed.
19.1.2 The City fails to commit funds to a specific local Project in accordance with the terms of this Agreement within eighteen (18) months after the date of full execution of this Agreement. Commit for the purposes of this Paragraph shall have the same meaning as in 24 C.F.R. § 92.2(2)(i)-(iii).
19.1.3 The City fails to expend HOME funds in performance of Project activities in accordance with the terms of this Agreement within twenty-four (24) months after the date of full execution of this Agreement.
19.1.4 Within six (6) months after the date of Project completion, if a unit remains unoccupied, then the City must provide the County information about current marketing efforts and, if appropriate, an enhanced plan for marketing the unit so that it is leased as quickly as possible. Within 18 months from the date of Project completion, if efforts to market the unit are unsuccessful and the unit is not occupied by an eligible tenant, then HUD will require repayment of all HOME funds invested in the unit. A unit that

has not served a low-, or very low-income household has not met the purpose of the HOME program. Therefore, the costs associated with the unit are ineligible. This tracking provides the County with early notice of any units at risk of going unoccupied as described in 24 C.F.R. § 92.252.

19.2 The County will terminate this Agreement and recapture funds, if the City does not perform the activities described in the Work Statement of this Agreement. The County, in its sole discretion, may forgo providing technical assistance and require repayment of funds as outlined in this Agreement under Section 1 (General Provisions), Paragraph 5.0 (Termination), or terminate the Agreement for cause under Section 1 (General Provisions), Paragraph 5.0 (Termination).

20.0 GENERAL CONDITIONS

20.1 Administrative Change Orders and Addenda – The Chairman of the Board of Supervisors is authorized upon the recommendation of the Human Services Department Director and Legal Counsel to a.) make changes within the general scope of the Agreement on behalf of the County through Administrative Change Orders, and b.) identify the single-family properties that are subject to Section 3 (Work Statement) of this Agreement through Addenda. Both Administrative Change Orders and Addenda shall be approved and fully executed by the Chairman of the Board of Supervisors and the authorized representative for the City.

20.1.1 Administrative Change Orders may address any of the following areas:

20.1.1.1 Modifications to the Project timeline if the last day of the Project timeline is within the Agreement term;

20.1.1.2 Modifications to Budget line items if the Agreement Amount remains unchanged;

20.1.1.3 Modifications required by federal, state, or County regulations, ordinances, or policies;

20.1.1.4 Modifications to administrative requirements such as changes in reporting periods, frequency of reports, or report formats required by HUD or local regulations, policies, or requirements; and

20.1.1.5 Modifications to Administrative requirements such as changes in reporting periods, frequency of reports, or report formats required by HUD or by local regulations, policies, or requirements.

20.1.2 Addenda:

20.1.2.1 The City shall submit to the County, an Addendum when each property has been identified and will be acquired under this Agreement. A sample Addendum is attached as Attachment 4; and

20.1.2.2 All Addenda shall be integrated into the Agreement.

20.1.3 It is the responsibility of the City to ensure the latest documents are consulted and followed.

21.0 REVERSION OF ASSETS

Unexpended funds must be de-obligated and returned to the County for reallocation. At the expiration of this Agreement, the County, upon recommendation of the Maricopa HOME Consortium staff, may reallocate any unencumbered funds per the Consortium reallocation policy, as stated in the Maricopa HOME Consortium Intergovernmental Three-year Cooperative Agreement. A written letter to de-obligate funds will be sent to the City

from the County a minimum of ninety (90) calendar days prior to termination of this Agreement.

22.0 VIOLENCE AGAINST WOMEN REAUTHORIZATION ACT of 2013

The City must comply with VAWA 2013, which applies to all victims of domestic violence, dating violence, sexual assault, and stalking, regardless of sex, gender identity, or sexual orientation, and which must be applied consistent with all nondiscrimination and fair housing requirements. The City must meet the requirements as specified in 24 C.F.R. § 92.359. The City must give a Notice of Occupancy Rights to tenants and applicants to ensure they are aware of their rights under VAWA, maintain an emergency transfer plan, and document incidents of domestic violence, dating violence, sexual assault, and stalking.

SECTION 3

WORK STATEMENT

MARICOPA COUNTY

HUMAN SERVICES DEPARTMENT

MARICOPA COUNTY
HOME Investment Partnerships Program
Program Year 2020

Consortium Member: City of Peoria, Arizona
Activity Type: Homebuyer
Project: Construction of New Housing for Sale and Homebuyer Assistance
Program Year 2020 HOME Funds: $235,817 for new construction, development fee, homebuyer assistance, and administration
Type of Property: Single-Family

1.0 DETAILED SCOPE OF WORK: HOME funds will be used to construct two (2) new affordable homes located in Peoria's city limits. The homes will be sold to qualified low-income families in need of housing. HOME funds in the amount of $201,078 are allocated for hard costs, including infrastructure and direct construction costs; $10,000 is allocated for a developer fee; and the remaining $20,000 will be used towards direct homebuyer assistance. If the entire amount of the direct homebuyer assistance is not used, the remaining funds will be allocated to additional hard costs.

1.1 Affordable housing is ranked as a high priority in the Consolidated Plan.

1.2 Methods and instruments used for ensuring affordability: The HOME funds will be secured by a Deed of Trust and Promissory Note. The Recapture provision is used in which all HOME funds are subject to repayment. Any repayment of HOME funds will be recaptured from the net proceeds from the sale of the HOME assisted unit.

1.2.1 Net Proceeds is defined as: Net Proceeds = Sales Price (-) non-HOME debt (-) closing costs.

1.3 There will be no program income generated through this project.

2.0 OBJECTIVES AND OUTCOMES:

	OUTCOMES		
	AVAILABILITY/ ACCESSIBILITY	**AFFORDABILITY**	**SUSTAINABILITY**
DECENT HOUSING	☐ Single Family Housing Rehab and Emergency Rehab, Homebuyer Assistance	☑ Homebuyer Activities, Acquisition/Rehab of rental housing, Acquisition/New Construction of rental housing, Preservation of existing public housing units and TBRA, Expansion of assisted rental units in the private marketplace	☐ Housing Activities in a targeted revitalization area

3.0 LOGIC MODEL: PERFORMANCE INDICATORS:

INPUTS/ RESOURCES In order to accomplish proposed activities, the subrecipient will need the following:	**ACTIVITIES** In order to address the issue, the subrecipient will conduct the following activities:	**OUTPUTS** Once completed, these activities will produce the following:	**OUTCOMES** When completed, these activities will lead to the following changes:	**IMPACT** Long term changes:
HOME funding, City Staff Administration, Client Volunteer Sweat Equity Hours	New construction of two single family homes and homebuyer assistance	Expand affordable housing opportunities	Low - income families become first time homebuyers	Stable neighborhoods

4.0 PROPOSED BENEFICIARIES:

Targeted Population by Income Level	**Number of Households**	**Total Number of Units**	**Number of HOME Assisted Units in program (if rental)**
Households at or below **50%**			
Households at or below **60%**			
Households at or below **80%**	**2**	**2**	
TOTAL	**2**	**2**	

5.0 PRIORITY POPULATIONS:

Complete the table below only if the Activity will specifically set-aside units for a priority population. Set-asides will be enforced through contract provisions.

Priority Populations	**No. of Units**
Elderly	0
Physically Disabled	0
Other Priority Populations: Veterans	0

6.0 PERFORMANCE REPORTING GOALS-TIMELINE OF ACTIVITIES:

MILESTONES	COMPLETION DATE
HOME Contract signed by City Council	November 2021
Market Study	January 2021
Underwriting	December 2021
Secure Financing	June 2022
Environmental Reviews	August 2022
Obtain Site Control: use of developers existing stock	Existing stock
RFQ Issued-Application Process	January 2020
City Selected and Signed Development Contract	December 2021
Acquisition and Construction to commence	August 2022
Certificate of Occupancy	June 2023
Underwriting of Low-Income Family	June 2023
Unit Occupied by Low-Income Family	December 2023
Completion Report submitted to County	December 2023

Any change to the Timeline will need to be submitted to and approved by Maricopa County.

7.0 ACTIVITY BUDGET SUMMARY:

ACTIVITIES	PY 2020 HOME Funds	Additional Sources* Table 8	TOTAL COST
ACQUISITION			
Land including closing costs and fees			$ -
Buildings including closing costs and fees			$ -
TOTAL	$ -		$ -
NEW CONSTRUCTION			$ -
Construction Costs-Materials Permits&Fees, Infrastructure included. May adjust if full homebuyer assistance is not needed.	$ 191,078	$ 248,922	$ 440,000
Developer Fee	$ 10,000		$ 10,000
TOTAL	$ 201,078	$ 248,922	$ 450,000
Homebuyer Assistance			
HB closing/counseling		$ 7,300	$ 7,300
HB Assistance - max amount, any remaining will be used towards construction costs	$ 20,000		$ 20,000
TOTAL	$ 20,000	$ 7,300	$ 27,300
ADMINISTRATION COSTS			$ -
Program Income Administration			
City of Peoria Administration	$ 14,739		$ 14,739
Volunteer Labor		$ 48,000	$ 48,000
TOTAL	$ 14,739	$ 48,000	$ 62,739
GRAND TOTAL	**$ 235,817**	**$ 304,222**	**$ 540,039**

8.0 SOURCE AND AMOUNT OF OTHER RESOURCES:

SOURCE	CASH AMOUNT	VOLUNTEER/ IN-KIND AMOUNT	TOTAL
Volunteers		48,000	**$48,000**
Foundation and Corporate Support	256,222		**$256,222**
TOTALS	**$256,222**	**$48,000**	**$304,222**

9.0 MATCH:

Match commitment must equal 25% of the HOME funds requested. Documentation is due at the time of request for payment(s). Match Logs must be submitted with each Request for Reimbursement and by June 30th of each year.

TYPE	SOURCE/FUNDING AGENCY	TOTAL
Cash or cash equivalents from a non-federal source	Cash Donors	55,269.50
Value of waived taxes, fees or charges associated with HOME projects		
Value of donated land or real property		
Cost of infrastructure improvements associated with HOME projects		
Percentage of proceeds from single- or multi-family state housing bonds		
Value of donated materials, equipment, labor and professional services		
Sweat equity		
TOTAL		**$55,269.50**

MARICOPA COUNTY
HOME Investment Partnerships Program
Program Year 2021

Consortium Member: City of Peoria, Arizona
Activity Type: Homebuyer
Project: Peoria Community Land Trust Program-Acquisition, Rehabilitation and Resale
Program Year 2021 HOME Funds: $232,061 acquisition and administration costs
Type of Property: Single-Family

1.0 SCOPE OF WORK

1.1 Project Description: The City will acquire and rehabilitate two (2) single-family houses in the City of Peoria. This project is a scattered-site single-family homeownership project. The Parties agree to execute an addendum at the time the property is identified. An Addendum to this Agreement identifying individual properties by street address for participation in the City's Community Land Trust Program (CLT) will be executed before funding is made available regarding each property. Funds will be paid to the City only after it has met the commitment requirements as set forth in 24 C.F.R. § 92.2 (1) and (2), respectively, and is prepared to commence rehabilitation within twelve months.

Funds for rehabilitation are obligated by completing a detailed set of specifications (work write-up) and completing a detailed rehabilitation cost estimate based upon those specifications. The cost estimate may include a contingency for construction change orders. The City must inspect each property prior to occupancy and at project completion to ensure compliance with applicable standards and codes. Each property must be free from any defects that pose a danger to the health and safety of occupants and must meet written rehabilitation standards and local codes and ordinances at project completion. Copies of the final inspection report must be retained in the project files and submitted to the City upon submitting a completion report.

When the property is re-sold to a new low-income homebuyer, the city will self-certify to the City that the property meets health and safety standards, written rehabilitation standards, and local codes and ordinances.

Completed homes will be sold to eligible low-income first-time homebuyers. Properties will be acquired using the City's line credit, following completion of environmental review requirements.

In addition to the requirements set forth in Section 4 (Compensation), the City will execute a Deed of Trust and Note provided by the Administrator and naming the City as the Beneficiary in order to secure any funds provided to the City as reimbursement for acquisition costs.

Upon sale of the property to an eligible buyer, the Administrator will provide a Deed of Release and Re-conveyance (By Beneficiary) for the secured acquisition funds.

Resale provisions will be used to ensure compliance with the period of affordability required by HUD at 92.254 of the HOME regulations. The affordability restrictions shall be secured by a Community Land Trust Ground Lease and a Declaration of Affirmative Land Use Restrictions.

Completed units shall be sold through the CLT program and under which the buyer shall purchases only the improvements and shall enter a 99-year CLT Ground Lease with the City. The CLT Ground Lease shall contain provisions that require that the housing to be used as the buyer's principal residence. The Ground Lease also shall restrict resale/ transfer only to Low-Income buyers. In addition, the CLT Ground Lease shall contain a shared appreciation provision that limits the sale price of the housing and helps ensure affordability for future buyers. A Memorandum of Ground Lease and Right of First Refusal shall be recorded. A "Performance" Deed of Trust also shall be recorded with the City as the beneficiary; this is to ensure the City is notified in the event the owner of the home attempts to refinance or transfer the property.

The shared appreciation provision shall conform to Maricopa HOME Consortium's Recapture/Resale Provisions. "Fair Return" for leasehold properties is defined as the lessees purchase price, plus 25% of the lessee's share of the increase in leasehold value at time of resale based on a leasehold valuation performed by a duly licensed appraiser.

Upon sale to an eligible buyer, a Declaration of Affirmative Land Use Restrictive Covenant for HOME Project shall be executed between the City and the City and recorded against the land to secure the Period of Affordability as required by HUD. The Period of Affordability shall be based on the total amount of HOME funds invested in the housing.

Eligible buyers will be required to complete an approved homebuyer education class and homeownership counseling. Eligible buyers also will be required to complete a CLT orientation, at which time the ground lease, resale restrictions, shared equity, and all other provisions of the CLT program shall be fully explained.

1.2 Project Purpose: The Project will create homeownership opportunities for a low- to moderate-income household that is rated as a high priority in the Consolidated Plan.

1.3 Project Beneficiaries: Two (2) first-time homebuyers at or below 80% of the area median income will benefit from this Project. Beneficiaries' income eligibility will be verified by the City's staff and will comply with 24 C.F.R §. 92.203(d)(1).

1.4 Eligible buyers will be required to complete an approved homebuyer education class and homeownership counseling.

1.5 Project Staff: The City shall maintain staff qualified to perform the duties of the project. The City shall immediately notify the City regarding any changes in staff committed to the project. The City reserves the right to review the qualifications of new staff committed to the project after the execution of this Agreement. The City will be responsible for all communications with the Maricopa HOME Consortium, providing all updates and as needed reporting. In addition, any complaints will be the responsibility of the City.

1.6 Subcontractors: The City will oversee every aspect of the project. This oversight includes, but is not limited to, day-to-day operations; preparing budgets; managing the budget, timeline, and change orders; issuing a Request for Proposal and selecting the general contractor and Subcontractors. The City shall select Subcontractors in accordance with the Administrative Requirements of this Agreement. The City shall contract with responsible and qualified Subcontractors to perform the duties of the project. The City shall verify the qualifications of each Subcontractor through license verification, references, and SAM.gov.

1.7 Project Affordability: The family or individual acquiring the housing must qualify as low-income, as defined in 24 C.F.R. § 5.609, and maintain the housing as the principal residence throughout the period of affordability, which shall be for a period of 15 years from the date that the completion report is entered into HUD's Integrated Disbursement and Information System (IDIS). Resale provisions will be used to ensure compliance with the period of affordability required by HUD at 24 C.F.R. § 92.254 of the HOME regulations.

Upon sale to an eligible buyer, a Declaration of Affirmative Land Use Restrictions (LURA) will be executed to secure the Period of Affordability and require the housing to be used as the buyer's principal residence, as required by HUD. The LURA will include a due on sale clause to ensure that funds are recaptured if the property is sold during the Affordability Period.

2.0 OBJECTIVES AND OUTCOMES:

OBJECTIVE	OUTCOMES		
	AVAILABILITY/ ACCESSIBILITY	AFFORDABILITY	SUSTAINABILITY
DECENT HOUSING	☐ Single-Family Housing Rehab and Emergency Rehab, Homebuyer Assistance	☒ Homebuyer Activities, Acq/Rehab of rental housing, Acq/New Construction of rental housing, Expansion of assisted rental units in the private marketplace	☐ Housing Activities in a targeted revitalization area

3.0 LOGIC MODEL: PERFORMANCE INDICATORS:

INPUTS/ RESOURCES	OUTPUTS		OUTCOMES	OBJECTIVES
	ACTIVITIES	PARTICIPATION		
Development Staff, Funding and Contractors	Acquire and rehabilitate two (2) units of Affordable Housing to be held in the CLT	Two (2) Households	Increased affordable housing for a low-income family. Increased homeownership. Improved neighborhoods and quality of life.	Decent and affordable housing

4.0 PERFORMANCE REPORTING GOALS/TIMELINE OF ACTIVITIES:

MILESTONES: Tasks to be Performed	COMPLETION DATE
Application/market study	January 2021
Execute City Agreement with Maricopa County	November 2021
Environmental Review approval	December 2022
Acquisition of properties	December 2022
RFP for rehabilitation activities	March 2023
Homeownership counseling/buyer preparation	March 2023
Rehabilitation	May 2023
Sale of Unit	June 2023
Homebuyer financing secured	June 2023
Expend Proceeds	June 2023
Final Close-out /Project Completion Form	December 2023

Any change to the Timeline will need to be approved by the County.

5.0 ACTIVITY BUDGET SUMMARY:

ACTIVITY	PY 2021 HOME FUNDS	OTHER RESOURCES Table 6	TOTAL ACTIVITY BUDGET
Acquisition	217,557	382,443	600,000
Rehabilitation		60,000	60,000
Developer Fee		66,600	66,600
Closing costs		20,000	20,000
Other Soft Costs		5,000	5,000
Administration-City of Peoria	14,504		
TOTALS	**$232,061**	**$534,043**	**$766,104**

Note: A total of $3,000 per activity will be withheld as retainage from the total amount of HOME funds obligated to each activity until a completion report is submitted to the County.

6.0 SOURCE AND AMOUNT OF OTHER RESOURCES:

OTHER RESOURCES	AMOUNT
Newtown Line of Credit	**$534,043**

7.0 ACTIVITY MATCH:

AMOUNT	FORM OF MATCH	SOURCE
$54,390	IDA Match Funds	Federal HOME Loan Bank-SF

8.0 SALES PRICE:

8.1 To ensure the homes are affordable for the target income group, the sales price shall be calculated so that each buyer's monthly housing expenses (including principal, interest, property taxes, and home insurance) does not exceed 35% of the buyer's gross monthly household income, unless there are documented compensating factors. In addition, the housing will have an initial purchase price or estimated after rehabilitation that does not exceed 95% of the median purchase price for the area, as described in 24 C.F.R. § 92.254 (a)(2). Refer to Attachment 3 to this Agreement.

8.2 The buyer must obtain a mortgage loan with a fixed term and interest rate and lender fees may not exceed 5% of the mortgage amount. The income of the buyer shall be determined according to the requirements at 24 C.F.R. § 92.203.

9.0 PROGRAM INCOME:

All proceeds generated from the development activities shall be considered Program Income and subject to the Program Income requirements set forth in HOME Program regulations as defined in 24 C.F.R. § 92. Program Income shall be retained and expended by the City for the acquisition and rehabilitation of additional properties under this Agreement. Program Income shall be tracked by the City and reported to the County with each Request for Reimbursement and at the request of the County.

10.0 CONVERSION TO RENTAL:

If the home has not been sold to an eligible homebuyer within nine (9) months after the receipt of a Certificate of Occupancy, then it must be converted to a HOME rental unit that complies with all HOME requirements for the period of affordability applicable to such rental units, according to 24 C.F.R. § 92.254(a)(3). If the vacant property is not converted, then HOME funds must be repaid to the County.

SECTION 4

COMPENSATION

MARICOPA COUNTY

HUMAN SERVICES DEPARTMENT

1.0 COMPENSATION

1.1 The City will only utilize HOME funds to pay for eligible activities and costs of those activities permitted in 24 C.F.R. § 92.300 and not specifically prohibited under 24 C.F.R. § 92.214 (Prohibited Activities and Fees).

1.2 The City shall be reimbursed utilizing the Catalog of Federal Domestic Assistance (CFDA): 14.239, HOME Investment Partnerships Program provided to the County through the U.S. Department of Housing and Urban Development (HUD).

1.3 Subject to the availability and authorization of funds for the explicit purposes set forth below, the County will compensate for services rendered as indicated in the following Subparagraphs.

1.4 The City shall not retain any funds drawn down in excess of immediate cash needs (to be used within 15 days after drawing down) to cover subsequent requests for reimbursement. Any excess funds must be returned to the County within 30 calendar days after receipt. The City also must return to the County any interest that is earned on these funds that are drawn down and not expended for eligible costs within 15 calendar days after the funds have been draw down.

2.0 METHOD OF PAYMENT

2.1 The City agrees to submit reimbursement requests utilizing the approved Reimbursement Request Form to the County, along with the Match Log Certification Form. The City may request funds only after it has satisfied the funding contingencies and federal Environmental Review conditions and has a written agreement in place for Project activities. Requests for reimbursement must be made using the County approved format.

2.2 The City may not request disbursement of funds under this Agreement until the funds are needed for payment of eligible costs. The amount of each request must be limited to the amount needed.

2.3 All Program Income funds reported in the Annual Action Plan to be expended on activities outlined in this Agreement must be disbursed before the City requests HOME Entitlement funds from the County.

2.4 The County agrees to reimburse the City for actual allowable costs incurred, upon certification of HUD Environmental Release of Funds and submittal by the City of an itemized statement of actual expenditures incurred, supported by appropriate documentation. Reimbursement by the County is not to be construed as final if HUD disallows reimbursement for the Program or activity or any portion thereof. The County shall reimburse the City on a Net 0 payment standard.

3.0 TIMELINESS

3.1 The City shall submit to the County a Request for Reimbursement of all expenditures within the same fiscal year in which the expenditures are incurred. The fiscal year runs July 1st through June 30th. and all Requests for Reimbursement shall be submitted no later than July 30th for the preceding fiscal year.

3.2 All requests for reimbursements shall be submitted to: HSDFINANCE@MARICOPA.GOV

4.0 FINAL REIMBURSEMENT UPON AGREEMENT TERMINATION

4.1 Prior to termination of this Agreement at the date identified on page 1 of this Agreement, or as may be amended, the City shall submit the final Request for Reimbursement to the County.

4.1.1 This request shall be submitted to the County no later than 30 calendar days after the termination date except as noted immediately below.

4.1.1.1 If the termination date is between June 10th and June 30th, then the final reimbursement request shall be submitted by July 10th.

4.1.1.2 The final progress report, and any other required reports that may be applicable shall be submitted with the final reimbursement request.

SECTION 5

ATTACHMENTS

MARICOPA COUNTY

HUMAN SERVICES DEPARTMENT

Attachment 1

Certification for a Drug-Free Workplace

U.S. Department of Housing and Urban Development

Applicant Name

Program/Activity Receiving Federal Grant Funding

Acting on behalf of the above named Applicant as its Authorized Official, I make the following certifications and agreements to the Department of Housing and Urban Development (HUD) regarding the sites listed below:

I certify that the above named Applicant will or will continue to provide a drug-free workplace by:

a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Applicant's workplace and specifying the actions that will be taken against employees for violation of such prohibition.

b. Establishing an on-going drug-free awareness program to inform employees —

(1) The dangers of drug abuse in the workplace;

(2) The Applicant's policy of maintaining a drug-free workplace;

(3) Any available drug counseling, rehabilitation, and employee assistance programs; and

(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.

c. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph a.;

d. Notifying the employee in the statement required by paragraph a. that, as a condition of employment under the grant, the employee will —

(1) Abide by the terms of the statement; and

(2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

e. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph d.(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federalagency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

f. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph d.(2), with respect to any employee who is so convicted —

(1) Taking appropriate personnal action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

g. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs a. thru f.

2. Sites for Work Performance. The Applicant shall list (on separate pages) the site(s) for the performance of work done in connection with the HUD funding of the program/activity shown above: Place of Performance shall include the street address, city, county, State, and zip code. Identify each sheet with the Applicant name and address and the program/activity receiving grant funding.)

Check here ☐ if there are workplaces on file that are not identified on the attached sheets.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties.

[redacted]

Title: Mayor

Date: 11/17/2021

form HUD-50070 (3/98)
ref. Handbooks 7417.1, 7475.13, 7485.1 & .3

Attachment 2

OMB Approval No. 2577-0157 (Exp. 03/31/2020)

Certification of Payments to Influence Federal Transactions

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

Applicant Name

Program/Activity Receiving Federal Grant Funding

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying, in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all sub recipients shall certify and disclose accordingly.

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

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

[redacted]

Title Mayor

Date (mm/dd/yyyy) 11/17/2021

Previous edition is obsolete

form HUD 50071 (01/14)
ref. Handbooks 7417.1, 7475.13, 7485.1, & 7485.3

Attachment 3

HOME Maximum Per-Unit Subsidy Limits

Please request updated HOME maximum per unit investment limits from the Maricopa County Housing and Community Development Division on an annual basis, as these limits are adjusted annually by the U.S. Department of Housing & Urban Development (HUD). For current Maricopa HOME Consortium limits, refer to additional Maricopa County Information Bulletins here: https://www.maricopa.gov/3893/Notices-Documents. More information can be found here: https://www.hudexchange.info/resource/2315/home-per-unit-subsidy/

HOME Homeownership Value Limits (95% Limits)

Community Housing Development Organizations using HOME funds for homeownership assistance for new housing construction for resale must have an initial purchase price that does not exceed 95% of the median purchase price for Maricopa County, which is **$375,000** as of July 1, 2021.

Please request updated HOME Homeownership Value Limits from the Maricopa County Housing and Community Development Division on an annual basis, as these limits are adjusted annually by the U.S. Department of Housing & Urban Development (HUD), or go to either https://www.maricopa.gov/3893/Notices-Documents *or HUD's website for the updated versions each year.*

Attachment 4

ADDENDUM TO THE GRANT AGREEMENT
FOR SERVICES BETWEEN
MARICOPA COUNTY
ADMINISTERED BY ITS HUMAN SERVICES DEPARTMENT
AND
NEWTOWN COMMUNITY DEVELOPMENT CORPORATION
A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO)

ACTIVITY:
CONTRACT START:
CONTRACT END DATE:
CONTRACT NUMBER:
ACTIVITY FUNDING AMOUNT:

I. Pursuant to the Agreement in Section 2 (General Conditions) on page 35, 20.1.2, the following properties are hereby identified for purchase:

II. Remaining terms of the original agreement not amended hereby remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective on the year and day first above written.

APPROVED BY:
MARICOPA COUNTY

Chairman, Board of Supervisors Date

APPROVED BY:
Newtown Community Development Corp.
(Developer)

Stephanie Brewer, Executive Director Date

Attested to:

Clerk, Board of Supervisors Date

Approved as to form:

Deputy County Attorney Date

CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION

Agenda Item: 18C.

Date Prepared: 1/28/2026 Council Meeting Date: 2/10/2026

TO: Honorable Mayor and City Council

THROUGH: Henry Darwin, City Manager

FROM: Kevin Burke, Deputy City Manager

SUBJECT: Operating Agreement, Peoria Water Users Association

Purpose:

Discussion and possible action to adopt an irrigation water delivery services operating agreement between the Peoria Water Users Association and the City of Peoria.

Summary:

Peoria Water Users Association (PWUA) is an irrigation association located in downtown Peoria delivering Salt River Project (SRP) water to members located approximately between Peoria Avenue on the north, Monroe Avenue on the south, 85th Avenue on the West and Grand Avenue on the East. This agreement would allow PWUA to use of City rights-of-way (ROW) and easements for the distribution pipes associated with delivering irrigation water to members.

Previous Actions/Background:

In 2008, the Peoria voters approved a franchise agreement between PWUA and the City of Peoria for use of City ROW's and easements to deliver SRP water to its members for flood irrigation purposes. That agreement expired in September of 2023. The two parties have been discussing possible options since then. This agreement allows for use of ROW's and easements between now and November of 2026 which is the next possible date for a franchise election. City staff is exploring other options besides a franchise agreement due to the cost of an elections relative to the very small number of members and size of the district.

Staff Recommendation:

Staff recommends approval of the operating agreement.

Fiscal Analysis:

As part of this agreement, PWUA must pay 5% of gross revenues to the City for use of the ROW's and all associated sales tax on water sales.

ATTACHMENTS:

Contact Name and Number:
Kevin Burke, Deputy City Manager, 623.773.7395

IRRIGATION WATER DELIVERY SERVICES OPERATING AGREEMENT

THIS OPERATING AGREEMENT ("Agreement") is entered into as of the _____ day of _____, 2026, by and between the CITY OF PEORIA, an Arizona municipal corporation ("City"), and PEORIA WATER USERS ASSOCIATION, INC., an Arizona non-profit corporation ("PWUA"). The City and PWUA collectively are referred to as the **"Parties"** and individually as a **"Party."**

RECITALS

1. In 2008, the City granted PWUA a franchise, which authorized it to provide irrigation water delivery services to the areas set forth in the map attached hereto as Exhibit A (**"Service Area"**). The Arizona Corporation Commission ("ACC") administratively dissolved PWUA in 2012, and the franchise expired in 2023.

2. PWUA obtained a Certificate of Reinstatement from the ACC on September 18, 2023, and desires now to continue to provide irrigation water utility services to the Service Area

3. Further, PWUA, in order to secure a more reliable financial source for repairs, replacement, and labor, may consider an Irrigation Water Delivery District ("IWDD"), pursuant to Arizona Revised Statutes Title 48, Chapter 20, but is not required to do so by anything in this agreement.

4. The City and PWUA acknowledge that organization of an IWDD requires a petition to the county board of supervisors, signed by a majority of the owners of the acreage within the proposed district, a public hearing, and an order from the board to organize the Irrigation Water Deliver District.

5. The Parties further acknowledge that PWUA, with or without the IWDD, must obtain a franchise, which pursuant to the City of Peoria Charter, Article XII, Section 1, may not be granted without approval of a majority of the qualified electors residing within its corporate limits voting thereon.

6. To facilitate the continued, efficient delivery of irrigation water to the Service Area during the pendency of PWUA's application and election for a City of Peoria franchise, the City and PWUA enter into this Agreement to allow PWUA to continue to operate and maintain an irrigation water delivery system within the Service Area according to the terms herein.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

Section 1. Operating Agreement.

In consideration of the payments hereinafter provided and the benefits to City to be derived from the operation and maintenance of an irrigation water delivery system in the Service Area, PWUA, its successors and assigns, shall have the right and privilege to maintain and operate upon, over, along, across, and under the present and future public property interests of the City including, without limitation: public streets, public alleys, public rights-of-way, public highways, public utility easements, and public bridges (the **"Public Right of Way"**) within the Service Area, an irrigation water delivery system, together with all necessary or desirable appurtenances (including without limitation transmission mains, distribution mains,

service lines, pipes, and related equipment for its own use (the **"Facilities"**)), for the purpose of supplying irrigation water delivery services to the Service Area during the term of this Operating Agreement.

Section 2. Compliance with Legal Requirements, Generally.

a. PWUA shall promptly and fully comply with all applicable statutes, ordinances, judgments, decrees, orders, rules, and regulations of any competent authority having jurisdiction over PWUA's activities, including without limitation the ACC. Failure to maintain active status with the ACC is an Event of Default, as defined in Section 10 of this Agreement and subjects PWUA to all the provisions of Section 10.

b. The City expressly reserves the right to adopt, from time to time in addition to the terms and conditions of this Agreement, ordinances, rules, permit requirements, and regulations it may deem necessary in the exercise of City's governmental powers. Unless expressly stated herein, nothing in this Agreement shall be construed to exempt PWUA from any such applicable ordinances, rules, permit requirements, or regulations.

Section 3. Compliance with City Requirements; Plans Submitted for Approval; City Construction near PWUA's Facilities.

a. The quality of irrigation water delivery services provided by PWUA shall comply with all applicable requirements of the United States Environmental Protection Agency, Arizona Department of Environmental Quality, Arizona Corporation Commission, Arizona Department of Health Services, and the Maricopa County Department of Environmental Health Services.

b. This Operating Agreement will not be effective unless and until PWUA has submitted the following to the City Engineer:
   i. a detailed map accurately depicting the location of all Facilities within or outside of the Service Area. Throughout the term of this Agreement (defined below), PWUA shall keep and maintain accurate records of the location of all Facilities in the Public Right of Way and shall provide an updated map to the City Engineer within thirty (30) days of a written request from the City.

   ii. A list of all properties to which PWUA provides irrigation water delivery services. PWUA shall maintain accurate records of all properties served and provide an updated list to the City Engineer at a minimum of every six (6) months, or within thirty (30) days of a written request from the City.

c. Before beginning any construction work performed pursuant to the rights granted under this Operating Agreement, PWUA must: (i) apply for and obtain all approvals required by the City Engineer, including without limitation: a revocable right-of-way permit and plan review approval; and, (ii) submit construction assurances in the form of a permit bond in the amount of the cost of the improvements or any other form acceptable to the City Engineer and a certificate of insurance for each individual permit. SAID PERMIT BONDS ARE SEPARATE FROM AND IN ADDITION TO ANY OTHER PERFORMANCE BONDS, REVOCABLE LETTERS OF CREDIT, OR OTHER FINANCIAL ASSURANCE PROVIDED BY PWUA.

d. Before a revocable right-of-way permit is granted, PWUA must apply for technical plan review by the City. Such application must include without limitation the number of complete construction plans (including without limitation drawings, details, maps, and notes) required by the City

Engineer. After reviewing said application and plans, the City may either issue the appropriate permit or deny the application and notify PWUA of all deficiencies. PWUA may resubmit the application after remedying the noted deficiencies.

e. If, any time after a permit has been issued, PWUA desires to relocate, change, or upgrade said Facilities, then, before beginning construction, PWUA must obtain a new or amended revocable right-of-way permit from the City Engineer, which approval shall not be unreasonably withheld or delayed.

f. PWUA must follow accepted practices for the industry and must perform all work pursuant to this Operating Agreement in strict compliance with the Peoria City Code, Uniform Standard Specifications for Public Works Construction sponsored and distributed by the Maricopa Association of Governments as amended (hereinafter referred to as "**MAG**"), the City of Peoria supplements to MAG, Peoria Engineering Standards Manual (including without limitation Chapter 12 Public Utilities – Non-City Utilities), and the City or Peoria Street Cut Policy (the "**Local Standards**").

g. The rights granted by this Agreement and in any revocable right-of-way permit issued hereunder shall be for the purposes of operating and maintaining PWUA's existing Facilities. Expansion of the irrigation water delivery system is prohibited.

h. If City undertakes either directly or through a contractor any construction project adjacent to or near Facilities operated pursuant to this Agreement, City shall include in all such construction specifications, bids, and contracts a requirement that, as part of the cost of the project, and at no cost to PWUA, the contractor or designee shall obtain from PWUA the temporary removal, relocation, barricading, or depressurization of Facilities or equipment, the location of which create an unsafe condition in the sole discretion of the City Engineer. City shall indemnify and hold PWUA harmless from any and all claims, costs, losses, or expenses incurred by PWUA as a result of the failure of City to comply with the requirements hereof.

i. PWUA shall not construct, install, maintain, or perform any work in the Public Right of Way without first complying with the provisions of this Section 3. Failure by PWUA to comply with any provision of this Section 3 is an Event of Default, as defined in Section 10 of this Agreement, and subjects PWUA to all the provisions of Section 10.

Section 4. Construction and Relocation of Utility Facilities; Payment.

a. The City's right to use the Public Right of Way for any governmental purpose is paramount to PWUA's right to occupy the Public Right of Way. All maintenance and construction pursuant to this Agreement must be conducted to reasonably minimize interference with vehicular and pedestrian traffic and all other authorized uses of the Public Right of Way. All phases of construction carried out by PWUA pursuant to this Agreement, including without limitation: maintenance that affects traffic control, bedding, backfilling, compaction, or paving, are subject to regulation by the City and may be subject to additional requirements in the reasonable discretion of the City Engineer.

b. Upon completion of any construction involving underground Facilities in the Public Right of Way, PWUA shall promptly furnish to the City Engineer documentation accurately showing the location of said underground Facilities in a format compatible with the City's computer-aided drafting and

geographic information system software. If the City Engineer determines that PWUA's electronic format is not compatible with the City's system, then PWUA must provide said documentation in hard copy format satisfactory to the City Engineer and reimburse the City for the cost to convert the documentation to a compatible format.

c. If City elects to abandon a Public Right of Way containing Facilities, PWUA may elect to abandon such Facilities or may request in writing that City convey such interest to PWUA. The City Engineer may agree to convey such interest so long as the City Attorney determines in its sole discretion that such conveyance is legal and advisable. Such conveyance shall be by quit claim with no warranties of title.

d. If Facilities are required to be relocated, PWUA shall relocate its Facilities subject to the following provisions:

   i. For Facilities located outside of the Public Right of Way, if the City requires such Facilities be relocated as part of a City project, then the City shall bear the entire cost of relocating such Facilities (including the cost of securing additional private property rights, if necessary).

   ii. For Facilities located within the Public Right of Way: (a) If the City requires such Facilities be relocated as part of a City project, then City shall bear the costs of the relocation; (b) If PWUA requires such Facilities be relocated as part of a PWUA project, then PWUA shall bear the costs of the relocation.

   iii. All relocated Facilities must be relocated within the Public Right of Way whenever reasonably possible.

   iv. When a conflict exists between PWUA's proposed location of Facilities and existing facilities owned, licensed, or permitted by City, PWUA may request in writing that such existing facilities be relocated. The City Engineer shall have complete discretion to determine a resolution. If the City Engineer determines that the existing facilities should be relocated, PWUA shall bear the entire cost of relocating the existing facilities, irrespective of the function they served.

   v. Should City contribute to or bear the cost of relocating any Facilities for any reason, the City shall not bear any cost related to upgrading, extending, or improving any Facilities unless such upgrade, extension, or improvement is deemed beneficial to the City in proportion to the cost as determined by the City Engineer.

   vi. City will not unreasonably or arbitrarily exercise its right to require Facilities to be relocated or seek to avoid City's obligations under this Section 4.

Section 5. Indemnification and Hold Harmless; Insurance.

a. To the fullest extent allowed by law, PWUA shall indemnify, defend, and protect City and hold City harmless from any loss or costs due to any claim or liability and all costs and expenses, including but not limited to reasonable attorneys' fees, resulting from the use, construction, maintenance, or operation of Facilities. The provisions of this Section 5.a. will survive the expiration or termination of this Agreement.

b. The City shall not be liable to any third party for damages, losses, or liability arising from the issuance of this Agreement. The provisions of this Section 5.b. will survive the expiration or termination of this Agreement.

c. PWUA shall obtain, maintain at all times, and provide proof of such to City upon request, commercial general liability insurance and commercial automobile liability insurance protecting PWUA in an amount not less than FIVE MILLION Dollars ($5,000,000) per occurrence (combined single limit), including bodily injury and property damage, and in an amount not less than FIVE MILLION Dollars ($5,000,000) annual aggregate for each personal injury liability and products-completed operations, and statutory workers' compensation and employer's liability insurance in an amount not less than ONE MILLION Dollars ($1,000,000). Coverage must be in an occurrence form and in accordance with the limits and provisions specified herein. Claims-made policies are not acceptable. When an umbrella or excess coverage is in effect, coverage must be provided in following form. PWUA must notify City of any change or cancellation of insurance coverage. Such insurance must not be canceled or materially altered to reduce the policy limits unless PWUA notifies City in writing no fewer than thirty (30) days in advance of such cancellation or change.

d. Within thirty (30) days following execution of this Agreement and before the commencement of any construction work pursuant to this Agreement, PWUA shall file with City the required original certificates of insurance, with endorsements, which shall clearly state all of the following:

   i. The policy number; name of insurance company; name and address of the agent or authorized representative; name, address, and telephone number of insured; project name and address; policy expiration date; and specific coverage amounts;

   ii. The policy will not be canceled except after providing thirty (30) days prior notice of cancellation to City; and,

   iii. PWUA's insurance is primary for services it provides with respect to any other valid or collectible insurance that City may possess, including any self-insured retention City may have; and any other insurance City does possess shall be considered excess insurance only and shall not be required to contribute with this insurance.

   iv. PWUA may not commence construction work pursuant to this Agreement prior to the submission of the insurance documents required in this Section 5.d.

e. The provider of insurance described in this Section 5 must be admitted and authorized to do business in the State of Arizona and must be rated at least A- in A.M. Best & Company's Insurance Guide. Insurance policies and certificates issued by any other insurance companies are not acceptable.

f. To the fullest extent permitted by law, all such insurance policies, except Workers' Compensation, for claims arising out of the performance of this Agreement shall name City, its agents, representatives, officers, directors, officials, and employees as additional insureds.

g. All insurance policies shall contain a waiver of transfer rights of recovery (subrogation) against City, its agents, representatives, officers, directors, officials, and employees for any claims arising out of the Association's acts, errors, mistakes, omissions, work, or service.

Section 6. Restoration of Rights-of-Way.

a. Except as hereinafter provided with regard to repairs of Facilities, before PWUA shall cause any opening or alteration whatsoever to be made for any purpose in any Public Right of Way, PWUA must apply for and obtain a right-of-way permit (separate and distinct from any other permit described in this Agreement) from City and must provide for City inspection of the Pubic Right of Way before the work may be considered complete.

b. PWUA shall complete all construction in accordance with all laws and the Local Standards.

c. PWUA shall diligently pursue completion of all construction within a reasonable amount of time. Such work will not be deemed complete until PWUA has restored the Public Right of Way to as good a condition as it existed before such work.

d. During any opening or alteration of the Public Right of Way, when required by the City Engineer, PWUA must apply for and obtain an approved Traffic Control Plan from the City, comply with the Manual of Uniform Traffic Control Devices and the City of Phoenix Barricade Manual, and bear the full cost of any barricades, signage, traffic control devices, rerouting of traffic, or other action or expense that the City Engineer shall reasonably require in the interest of public safety. Upon completion of such work, PWUA shall bear the full cost of removal of barricades, signage, and traffic control devices, including without limitation any cost incurred by City to remove or store barricades not otherwise removed by PWUA or its contractors. The City Engineer is authorized to restrict or limit construction activities to certain designated hours and days to minimize impact on traffic.

e. PWUA must obtain and maintain for the duration of this Agreement an annual emergency encroachment permit and an annual maintenance encroachment permit (separate and distinct from any other permit described in this Agreement). Whenever reasonably necessary, PWUA may initiate emergency repairs before obtaining any additional permits, however, PWUA must notify the City Engineer or designee, before initiating the repairs if such notice is practicable in the circumstance. If after initiating emergency repairs, additional permits are required by the City Engineer, PWUA must apply for those permits as soon thereafter as is reasonable and practicable. In all cases, such application must be submitted to the City within three (3) business days after the initiation of the emergency repair. PWUA must maintain any annual permits required by the City Engineer.

f. If PWUA fails to repair the Public Right of Way to a safe and satisfactory condition (normal wear and tear excepted) reasonably satisfactory to the City Engineer, the City shall have the option, upon fifteen (15) days written notice to PWUA, to perform or cause to be performed such work deemed reasonable and necessary by the City Engineer. In such event, the City may demand, and PWUA shall be responsible for the proposed costs to be incurred or the actual costs incurred by the City. Such costs shall be calculated at City's standard rates, plus an administrative fee of fifteen percent. PWUA must reimburse the City for such costs within thirty (30) days after receipt of such a demand for payment by the City. After thirty (30) days, unpaid amounts shall bear interest at the rate of 1.5% per month.

Section 7. Operating Agreement Fees.

a. In consideration of the granting of the rights under this Agreement, PWUA agrees to pay to the City each of the following when due (collectively the "**Fees**"):

   i. A sum equal to five percent (5%) of the gross receipts of PWUA (excluding from gross receipts all sales taxes, gross revenue taxes, or similar charges based upon gross receipts), from the sale of irrigation water delivery services by PWUA within the Service Area. This fee shall be due and payable monthly. This fee is in lieu of any initial permit or inspection fees typically required by the City;

   ii. If PWUA successfully obtains a City franchise, the fee required by Section 7.a.i. shall be reduced to two percent (2%), effective upon the date the City franchise is issued;

   iii. Notwithstanding the foregoing Sections 7.a.i and 7.a.ii., PWUA shall be responsible for fees charged by the City for pavement damage resulting from cuts into new or rehabilitated pavement, in accordance with Chapter 23 of the Peoria City Code (1992); and,

   iv. All applicable local taxes including transaction privilege tax at the then current rate for the utilities classification.

b. This Operating Agreement will not be effective unless and until PWUA pays in full the outstanding and delinquent franchise fees and taxes owed to the City, the invoice for which is attached hereto as Exhibit B.

c. To verify any amount payable according to this Agreement, upon reasonable notice PWUA shall make available all pertinent books and records of its operations and the properties served, for inspection by duly authorized officers or representatives of City.

d. Within thirty (30) days of a City request, PWUA must provide data, in a spreadsheet format acceptable to the City Engineer, reflecting all project numbers, associated city permit numbers, and the respective amounts paid by PWUA for any associated fees.

e. Failure to pay the fees and taxes required by this Section 7 and Section 8 of this Operating Agreement is an Event of Default, as defined in Section 10 of this Agreement, and will subject PWUA to all the provisions of Section 10.

Section 8. Occupation Tax.

Notwithstanding any provision contained herein to the contrary, PWUA shall, in addition to any other payments, pay any business or occupation tax established by City, provided the tax is a flat fee per year and the annual amount of such tax does not exceed the amount of similar fees paid by the other businesses with comparable gross revenue from sales within City.

Section 9. Title to Facilities; Right to Use Easement; Reserved Right to Purchase or Condemn.

a. Title to all Facilities presently owned by PWUA wherever situated on the Public Right of Way shall be and remain in PWUA, its successors, or assigns.

b. The City reserves the right and power to purchase or condemn the Facilities of PWUA within the corporate limits of the City or any additions thereto, as provided by law. PWUA likewise reserves all rights and remedies provided by law in any such circumstance.

c. In the event of a purchase of PWUA or under the exercises of eminent domain, this Agreement shall be construed to have no value for purposes of establishing the value of PWUA.

Section 10. Default, Remedies, Waiver.

In the event (an "**Event of Default**") a Party (the "**Defaulting Party**") fails to perform or fails to otherwise act in accordance with any term or provision hereof (a "**Default**") then the other Party (the "**Non-Defaulting Party**") may provide Notice of the Default to the Defaulting Party (the "**Notice of Default**"). The Defaulting Party shall have thirty (30) days from receipt of the Notice of Default to cure the Default (the "**Cure Period**"). If the failure is such that more than thirty (30) days would reasonably be required to cure the Default or otherwise comply with any term or provision herein, then the Defaulting Party shall Notify the Non-Defaulting Party of such and the timeframe reasonably needed to cure such Default. So long as the Defaulting Party commences performance or compliance or gives Notice of additional time needed to cure within said thirty (30) day period and the Defaulting Party diligently proceeds to complete such performance or fulfill such obligation, the Cure Period will be extended as reasonably necessary; provided further, however, that no Cure Period shall exceed ninety (90) days except by mutual written agreement of the Parties. Any Notice shall specify the nature of the Default and the manner in which the Default may be satisfactorily cured, if reasonably practicable.

a. Remedies for Default. Whenever any Event of Default occurs and is not cured (or cure undertaken) by the Defaulting Party in accordance with this Agreement, the other Party may take any of one or more of the following actions:

   i. Remedies of City. City's remedies for an uncured event of Default by PWUA shall be all remedies available at law or in equity, including, without limitation, any of the following:

      1) The City may terminate this Agreement, and PWUA shall be subject to the conditions in Section 15 of this Operating Agreement.

      2) At any time, City may seek special action or other similar relief (whether characterized as mandamus, injunction, or otherwise), requiring PWUA to undertake and fully and timely to address or to enjoin any construction or activity undertaken by PWUA that is not in accordance with the terms of this Agreement.

      3) Notwithstanding the foregoing, PWUA shall be liable, and City may recover from PWUA, its actual damages for any unrepaired damage to the City's facilities or real property caused by PWUA's actions taken pursuant to this Agreement.

      4) Notwithstanding the foregoing, City at any time may enforce its rights given under any bond or similar financial assurance given or provided by or for the benefit of PWUA pursuant to this Agreement.

   ii. Remedies of PWUA. PWUA's exclusive remedies for an uncured Event of Default by City will consist of and will be limited to a special action or other similar relief (whether characterized as mandamus, injunction or otherwise) requiring City to undertake and fully and timely to perform its obligations under this Agreement. In such event, PWUA may seek to recover any actual damages incurred by PWUA as a result of City's Default.

b. Delays; Waivers. Except as otherwise expressly provided in this Agreement, any delay by any Party in asserting any right or remedy under this Agreement shall not operate as a waiver of any such rights or limit such rights in any way; and any waiver in fact made by such Party with respect to any default by the other Party shall not be considered as a waiver of rights with respect to any other default by the performing Party or with respect to the particular default except to the extent specifically waived in writing. It is the intent of the Parties that this provision will enable each Party to avoid the risk of being limited in the exercise of any right or remedy provided in this Agreement by waiver, laches, or otherwise at a time when it may still hope to resolve the problems created by the default involved.

Section 11. Term.

This Agreement is effective upon PWUA's compliance with Sections 3.b. and 7.b. and execution by both Parties and shall continue and exist (unless terminated pursuant to Section 10) until the earliest of the following occur:

a. PWUA's obtains a franchise pursuant to the Charter of the City of Peoria, Article XII.

b. November 4, 2026. Upon expiration of this Operating Agreement under this Section 11, PWUA shall be subject to the conditions in Section 15.

Section 12. Nature of Agreement.

This Agreement is exclusive to the Service Area, and City shall not enter into similar Agreements with any other person, firm, or corporation providing irrigation within the specific Service Area.

Section 13. Survival of Provisions.

All provisions of this Agreement which are obligatory upon, or which inure to the benefit of PWUA shall be obligatory upon and shall inure to the benefit of all successors and assigns of PWUA and the word "PWUA" wherever used in this Agreement shall include and be taken to mean all successors and assigns of PWUA.

Section 14. Repealer.

All ordinances and parts of ordinances previously granting PWUA a Franchise have expired or are hereby repealed.

Section 15. Miscellaneous Provisions.

a. Governing Law; Choice of Forum. This Agreement shall be deemed to be made under, shall be construed in accordance with, and shall be governed by the internal, substantive laws of the State of Arizona (without reference to conflict of law principles). The Parties wish to confer jurisdiction, to the extent possible, upon the Superior Court of Maricopa County for the purpose of coordinating and centralizing any required judicial administration of this Agreement. Accordingly, any action brought to interpret, enforce, or construe any provision of this Agreement shall be commenced and maintained in the Superior Court of the State of Arizona in and for the County of Maricopa. The Parties irrevocably consent to the exclusive jurisdiction and venue in such court for such purposes and agree not to seek transfer or removal of any action commenced in accordance with the terms of this Section 15.a. The Parties expressly waive trial by jury in any action, proceeding or counterclaim brought by either of them against the other, on any matter whatsoever arising out of

or any way connected with this Agreement or their relationship arising hereunder.

b. Limited Severability. The City and PWUA each intend that the execution, delivery, and performance of this Agreement are in compliance with all applicable laws. However, in the unlikely event that any provision of this Agreement is declared void or unenforceable (or is construed as requiring the City to do any act in violation of any applicable laws, constitutional provision, law, regulation, City code, or City charter), such provision shall be deemed severed from this Agreement and this Agreement shall otherwise remain in full force and effect; provided that this Agreement shall retroactively be deemed reformed to the extent reasonably possible in such a manner so that the reformed agreement (and any related agreements) provide essentially the same rights and benefits (economic and otherwise) to the Parties as if such severance and reformation were not required. The Parties further agree, in such circumstances, to do all acts and to execute all amendments, instruments and consents necessary to accomplish and to give effect to the purposes of this Agreement, as reformed.

c. Construction. The terms and provisions of this Agreement represent the results of negotiations between the Parties, each of which has been or has had the opportunity to be represented by counsel of its own choosing, and none of which has acted under any duress or compulsion, whether legal, economic, or otherwise. Consequently, the terms and provisions of this Agreement shall be interpreted and construed in accordance with their usual and customary meanings, and the Parties each hereby waive the application of any rule of law which would otherwise be applicable in connection with the interpretation and construction of this Agreement that ambiguous or conflicting terms or provisions contained in this Agreement shall be interpreted or construed against the Party who prepared or whose attorney prepared the executed Agreement or any earlier draft of the same.

d. Notices.

i. Except as otherwise required by law, any notice required or permitted under this Agreement (each, a "**Notice**" or when used as a verb "**Notify**") shall be in writing and shall be given by (1) personal delivery, (2) deposit in the United States certified, registered or express mail, return receipt requested, postage prepaid, addressed to the Parties at their respective addresses set forth below, or at such other address as a Party may designate in writing pursuant to the terms of this Section 15.d., or (3) any nationally recognized express or overnight delivery service (e.g. Federal Express or UPS), delivery charges prepaid, for next business day delivery:

If to the City: Henry Darwin, City Manager
City of Peoria
8401 West Monroe Street
Peoria, Arizona 85345

With a required copy to: Emily Jurmu, City Attorney
City of Peoria
8401 West Monroe Street
Peoria, Arizona 85345

If to PWUA:

To the statutory agent.

With a required copy to:

ii. Effective Date of Notices. Any Notice sent by United States Postal Service certified, registered, or express mail shall be deemed to be effective on the earlier of the actual delivery, or three (3) business days after deposit in a post office operated by the United States Postal Service. Any Notice sent by a recognized national overnight delivery service shall be deemed effective one (1) business day after deposit with such service. Any Notice personally delivered or delivered through a same-day delivery/courier service shall be deemed effective upon its receipt or refusal to accept receipt by the addressee. Notices transmitted digitally or electronically or by facsimile may be offered as a courtesy, but do not constitute "Notice" for the purposes of this Section 15.d. Notwithstanding the foregoing, no payment shall be deemed to be made until actually received in good and available funds by the intended payee. Any Party may designate a different person or entity or change the place to which any Notice shall be given as herein provided.

e. Time of Essence. Time is of the essence of this Agreement and each provision hereof.

f. Section Headings. The section headings contained in this Agreement are for convenience in reference only and are not intended to define or limit the scope of any provision of this Agreement.

g. Attorneys' Fees and Costs Between the Parties. In the event of a breach by any Party and commencement of a subsequent legal action in an appropriate forum, the prevailing Party in any such dispute will be entitled to reimbursement of its reasonable attorneys' fees and court costs, including, but not limited to, its reasonable costs of expert witnesses, transportation, lodging and meal costs of out-of-town parties and witnesses, costs of transcript preparation and other reasonable and necessary direct and incidental costs of such dispute.

h. Exhibits. Without limiting the provisions of this Agreement, the Parties agree that all references to this Agreement include all exhibits designated in and attached to this Agreement, such exhibits being incorporated into and made an integral part of this Agreement for all purposes.

i. Integration. Except as expressly provided herein, this Agreement constitutes the entire agreement between the Parties with respect to the subject matters hereof and supersedes any prior agreement, understanding, negotiation or representation regarding the subject matters covered by this Agreement.

j. Further Assurances. Each Party agrees to perform such other and further acts and to execute and deliver such additional agreements, documents, affidavits, certifications, acknowledgments and instruments as any other Party may reasonably require to consummate, evidence, confirm or carry out the matters contemplated by this Agreement or confirm the status of: (a) this Agreement as in full force and effect; and (b) the performance of the obligations hereunder at any time during its Term.

k. Business Days. If the last day of any time period stated in this Agreement or the date on which any obligation to be performed under this Agreement shall fall on a Friday, Saturday, Sunday or legal holiday, then the duration of such time period or the date of performance, as applicable, shall be extended so that it shall end on the next succeeding day which is not a Friday, Saturday, Sunday or legal holiday.

l. Consents and Approvals. Wherever this Agreement requires or permits the consent or approval of a Party to any act, document, use or other matter, such consent or approval shall be given or denied

by such Party in its reasonable discretion, unless this Agreement expressly provides otherwise. Wherever the City's consent is required to be given in this Agreement, such consent will be the consent of the City Manager (or his/her designee), without the requirement of the prior approval of the City Council unless required by Applicable Law, City policy, or the City Manager.

m. Amendment. From time to time, PWUA and City (acting through its City Manager or the City Manager's designee) may, by mutual written agreement, refine, amend, revise, change, or correct any part of this Agreement as the City and PWUA deem necessary or preferable. The City Council authorizes its City Manager (or the City Manager's designee), in the City Manager's administrative capacity, to take any action that the City Manager deems necessary to carry out the intent and purpose of this Agreement, including without limitation to: complete all transactions contemplated within this Agreement, execute amendments to this agreement, and execute any other documents related to this agreement. Except as otherwise expressly provided for in this Agreement, no change or addition shall be made to this Agreement except by written amendment executed by the City and PWUA.

n. Good Faith of Parties. Except where any matter is expressly stated to be in the sole discretion of a Party, in performance of this Agreement or in considering any requested extension of time, the Parties agree that each will act in good faith and will not act unreasonably, arbitrarily, or capriciously and will not unreasonably withhold, delay, or condition any requested approval, acknowledgment or consent.

o. Nonliability of City Officials, Etc., and of Employees, Members and Partners, Etc. of PWUA. No City Council member, official, representative, agent, attorney or employee of the City shall be personally liable to any of the other Parties hereto, or to any successor in interest to any of the other Parties, in the event of any default or breach by the City or for any amount which may become due to any of the other Parties or their successors, or with respect to any obligation of the City under the terms of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, the liability of PWUA under this Agreement shall be limited solely to the assets of PWUA and shall not extend to or be enforceable against the personal assets of any of the individuals or entities who are members, managers, or officers of PWUA.

p. No Partnership. This Agreement shall not be construed as creating a joint venture, partnership, or any other joint arrangement between PWUA and City.

q. No Third-Party Beneficiaries. No person or entity shall be a third-party beneficiary to the Agreement nor have any right or cause of action hereunder. City shall have no liability to third parties for any approval of plans, PWUA's negligence, PWUA's failure to comply with the provisions of this Agreement, or otherwise as a result of the existence of this Agreement.

r. Counterparts; Termination. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall be deemed to be one and the same instrument. In the event of any termination of this Agreement, the Parties shall have no obligations to each other except for any obligations that are stated to survive expiration or termination of this Agreement.

s. Arizona Law Provisions. To the extent required by Arizona State law:

    i. No member, official, or employee of City shall have any direct or indirect interest in this Agreement, nor participate in any decision relating to this Agreement, that is prohibited by

law. This Agreement shall be subject to cancellation pursuant to the provisions of A.R.S. § 38-511 relating to conflicts of interest.

ii. PWUA certifies that it is not currently engaged in, and agrees for the duration of this Agreement that it will not engage in, a "boycott," as that term is defined in § 35-393, Arizona Revised Statutes, of Israel.

iii. To the extent applicable under A.R.S. § 41-4401, PWUA warrants compliance with all federal immigration laws and regulations that relate to their employees and contractors and their compliance with the e-verify requirements under A.R.S. § 23-214(A). The failure by PWUA to comply with such warranty shall be deemed a material breach of this Agreement and may result in the termination of this Agreement by the City.

iv. To the extent applicable under A.R.S. § 35-394, PWUA hereby certifies it does not currently, and for the duration of this Agreement shall not use: (a) the forced labor of ethnic Uyghurs in the People's Republic of China, (b) any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China, and (c) 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.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

CITY OF PEORIA, an Arizona
Municipal Corporation

_____
By: Henry Darwin, City Manager

ATTEST:

_____
Agnes Goodwine, City Clerk

APPROVED AS TO FORM

_____
Emily Jurmu, City Attorney

STATE OF ARIZONA
ss:
County of Maricopa

On this _____ day of 2026, before me, the undersigned officer, personally appeared who acknowledged himself to be the duly appointed and qualified City Manager of the City of Peoria, an Arizona municipal corporation, and that he in such capacity, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF I hereunto set my hand and official seal

_____
Notary Public

My Commission Expires:

_____

PEORIA WATER USERS ASSOCIATION, INC.,
an Arizona non-profit corporation

[redacted]

By: Bart Turner, President of the Board of Directors

STATE OF ARIZONA
ss:
County of Maricopa

On this 22nd day of January 2026, before me, the undersigned officer, personally appeared Glen Barton who acknowledged himself to be the President of the PEORIA WATER USERS ASSOCIATION, INC., an Arizona non-profit corporation, and that he in such capacity, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

[redacted]
Notary Public

My Commission Expires:
September 25, 2026

CARINA CHAVIRA
Notary Public - State of Arizona
MARICOPA COUNTY
Commission # 634505
Expires September 25, 2026

EXHIBIT B

Peoria Water Users Association (PWUA)

In the absence of documented water sales by PWUA nor completed Franchise Fee Remittance Forms, the amount of sales tax and franchise fee past due is based upon historical data received by the City of Peoria.

2009 - 2014

Sales Tax on Water Sales

Based upon the amount of taxes paid from 2009 through 2014, the annual average sales tax was $149.14.

2013-2017

Franchise Fee

City records reflect Franchise Fee payments from 2013 – 2016 at $200 per year. In 2017 the Franchise Fee payment was $220. This is an average of $204 per year.

2019- 2020

Peoria further received a lump sum payment for sales tax and franchise fees of $1,798.26. In October of 2020, Peoria received a payment for sales tax and franchise fee of $404.73.

2021- Current

No payments have been received since October 2020. Using above historical information. PWUA shall pay $175 per year in sales tax for years 2021, 2022, 2023, 2024 and 2025 for a total of $875. With this payment, Peoria TPT shall be considered paid through December 31, 2025.

PWUA shall pay $204 in franchise fees for 2021, 2022, and 2023 for a total of $612. With this payment, the PWUA Franchise fee shall be considered paid through the expiration of the Franchise agreement in September of 2023.

Please Make Check Payable to City of Peoria
Please Mail Check and Remittance Form To:

City of Peoria
Finance Department
8401 W. Monroe Street
Peoria, AZ 85345

CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION

Agenda Item: 19C.

Date Prepared: 1/26/2026

Council Meeting Date: 2/10/2026

TO: Henry Darwin, City Manager

THROUGH: Mike Faust, Deputy City Manager

FROM: Jack Situ,Development and Engineering Director

SUBJECT: Development Agreement, Vistancia Development LLC, Revel Way Reclaimed Waterline

Purpose:

Discussion and possible action to approve a Water Line Development Agreement between Vistancia Development, LLC and the City of Peoria for the construction of a 24-inch reclaimed water line along the Revel Way Road alignment.

Summary:

The City has a number of projects in various states of planning, design, and construction as a part of the Integrated Water Utilities Master Plan (the "IWUMP"). As part of the IWUMP, the City has designed and planned the Reclaimed Water Main Project #2 that involves constructing a 24-inch reclaimed water main to convey reclaimed water from the Pleasant Valley Reservoir & Booster Pump Station along Lone Mountain Parkway and into the Vistancia development, which will be redesigned to follow an alternative alignment that routes the waterline along the new Revel Way alignment within the Vistancia development as illustrated in Exhibit A attached hereto (the "Revel Way Waterline").

Vistancia has developed plans to construct Revel Way Phases 1, 2, and 3 between El Mirage Road and Lone Mountain Parkway, including plans for installation of wet utilities (the "Revel Way Improvements") to support continued growth of the Vistancia community. The Revel Way Improvements do not include plans for reclaimed water utilities and for the purposes of cost efficiencies, the City would like to incorporate the installation of the Revel Way Waterline (the "Project") concurrently with the overall Revel Way Improvements plans being designed and constructed by Vistancia.

The City is responsible for designing and for paying all the costs of the Project, but the City is not participating in the actual construction of the Project, nor will the City participate in the installation of equipment for the Project. All such activities are being coordinated solely by Vistancia. Therefore, Vistancia will perform construction management, coordination, and administrative services necessary for the successful completion of the Project and may receive compensation for such construction management services associated with the Project in an

amount equal to five percent (5%) of total construction costs of the Project (the “Construction Management Fee”). Vistancia will be solely responsible for Revel Way Improvements and costs thereof.

The City’s responsibility to pay Vistancia the actual cost for the Project shall not exceed the guaranteed maximum price of two million and eight-hundred and forty-thousand dollars ($2,840,000), which includes a contingency in the amount of fifteen percent (15%) of the cost of the Project (the “Cap”). All funds will be deposited into an Escrow Account with First American Title Agency. Vistancia will submit monthly invoices and pay applications for the Project Costs and its Construction Management Fee, which will all be paid via a City-approved draw from the Escrow Account.

Upon completion of construction of the Project by Vistancia and after final acceptance thereof by the City, the City will own, operate and maintain the Revel Way Reclaimed Water Line.

Previous Actions/Background:

The CIP budget for this Project was approved by Council in May 2025.

Staff Recommendation:

Staff recommends that Council approve the Waterline Development Agreement with Vistancia Development, LLC.

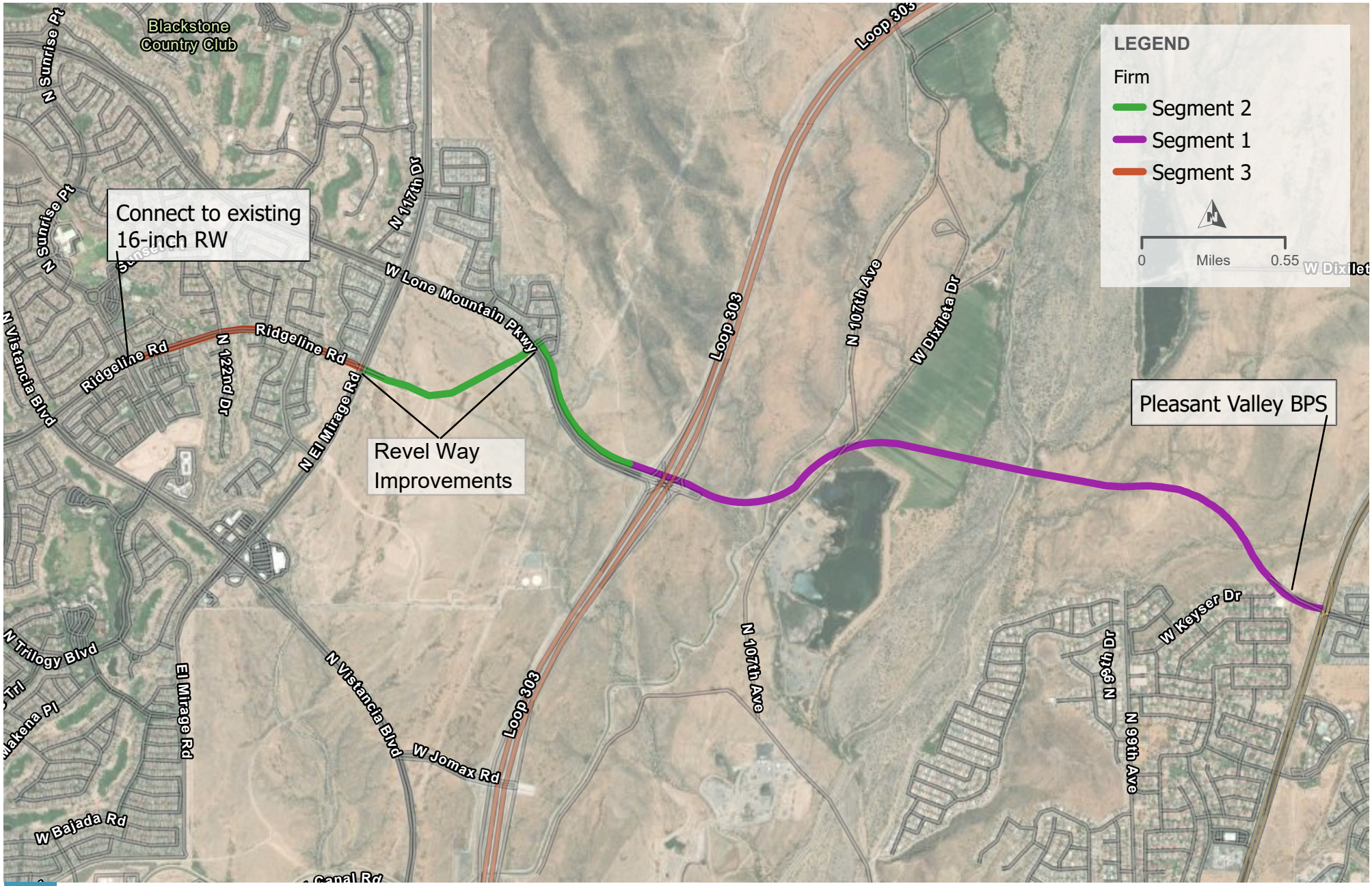
Fiscal Analysis:

The City’s Project costs referenced in this Agreement have already been contemplated by Council and appropriated in the CIP budget.

ATTACHMENTS:

Exhibit A- Project Illustration
Waterline Development Agreement- Revel Way Reclaimed Waterline

Contact Name and Number:
Jack Situ
Development and Engineering Director
Jack.situ@peoriaaz.gov
623.773.7548



ALIGNMENT - RECLAIMED WATERLINE PROJECT #2

CITY OF PEORIA

JANUARY 2024

When Recorded Return to:
City of Peoria
City Clerk's Office
8401 W. Monroe Street
Peoria, Arizona 85345

WATERLINE DEVELOPMENT AGREEMENT
BETWEEN
THE CITY OF PEORIA
AND
VISTANCIA DEVELOPMENT, LLC

THIS WATERLINE DEVELOPMENT AGREEMENT (the "Agreement") dated the __ day of _____, 2026 (the "Effective Date"), by and between the City of Peoria, Arizona, an Arizona municipal corporation (the "City"), and Vistancia Development LLC, a Delaware limited liability company ("Vistancia" or "Vistancia Development LLC"). The City and Vistancia may be referred to herein as the "Parties" or individually as a "Party."

RECITALS

A. The City has a number of projects in various states of planning, design, and construction as a part of the Integrated Water Utilities Master Plan (the "IWUMP").

B. As part of the IWUMP, the City has designed and planned the Reclaimed Water Main Project #2 that involves constructing a 24-inch reclaimed water main to convey reclaimed water from the Pleasant Valley Reservoir & Booster Pump Station along Lone Mountain Parkway and into the Vistancia development, which will be redesigned to follow an alternative alignment that routes the waterline along the new Revel Way alignment within the Vistancia development as illustrated in **Exhibit A** attached hereto (the "Revel Way Waterline").

C. Vistancia has developed plans through its engineer to construct the following within the Five North at Vistancia development ("Five North at Vistancia"): Revel Way Phases 1, 2, and 3 between El Mirage Road and Lone Mountain Parkway, including plans for installation of wet utilities (the "Revel Way Improvements") to support continued growth of the Vistancia community. The Revel Way Improvements do not include plans for reclaimed water utilities.

D. The City would like to incorporate the installation of the Revel Way Waterline into the overall Revel Way Improvements plans being designed and constructed by Vistancia.

E. The underlying land, roadway alignments, and rights-of-way that include the Revel Way Improvements as described in **Exhibit B** is referred to as a "Property."

F. The Parties agree that it would be more efficient and cost beneficial to the City if Vistancia constructs the Revel Way Waterline (referred to as the "Project") concurrently with the Revel Way Improvements.

G. The City will be responsible for designing the Project.

H. The Project will be constructed per engineering plans and specifications approved by the City.

I. Vistancia is responsible for paying the costs associated with the Revel Way Improvements.

J. The City is responsible for paying the costs associated with the Revel Way Waterline.

K. A contractor (the "Contractor") as yet undetermined, will be selected by Vistancia and the City as the construction manager at-risk (CMAR) procured in accordance with Title 34 of the Arizona Revised Statutes to build the Project per guaranteed maximum price contracts procured in accordance with Title 34 of the Arizona Revised Statutes.

L. An engineer (the "Engineer"), will be selected by Vistancia and the City to provide Construction Administration and Inspection (CA&I) services for the Project.

M. Vistancia will perform construction management, coordination, and administrative services necessary for the successful completion of the Project and, subject to the terms and limitations of this Agreement, Vistancia may receive compensation for such construction management services associated with the Project in an amount equal to five percent (5%) of Total Construction Costs (the "Construction Management Fee"). For purposes of this Agreement, the "Total Construction Costs" shall mean the total costs of the Project, including without limitation, the construction costs, all permit fees and other fees related to the Project. The Construction Management Fee shall be paid exclusively from the Escrow Account established for the Project pursuant to Section 5.

N. The Parties agree and acknowledge that the City is not participating in the actual construction of the Project, nor will the City participate in the installation of equipment for the Project. All such activities are being coordinated solely by Vistancia. The Parties agree and acknowledge that the City's sole and only responsibility under this Agreement is the monetary contribution toward the Project, at the time and in the manner provided in this Agreement, and that the City will not have any responsibility or liability regarding their installation, nor for the construction of the Revel Way Improvements until the City accepts for maintenance the Revel Way Improvements.

O. City and Vistancia are entering into this Agreement pursuant to Arizona Revised Statutes §9-500.05, which authorizes the City to enter into a development agreement related to real property located inside the incorporated area of the City with a landowner or other person having an interest in the real property. The purpose of this Agreement is to establish the conditions, terms, restrictions and requirements for public infrastructure and the financing of public infrastructure. Notwithstanding anything to the contrary contained in this Agreement, within thirty (30) days after Final Completion (as defined herein) of the Project, the Parties shall execute, and record, an instrument terminating this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, which are hereby acknowledged, the City and Vistancia agree as follows:

1. **Incorporation of Recitals**. The Parties acknowledge that the Recital Paragraphs A through O inclusive (the "Recitals") set forth above are true and correct in all material respects and are incorporated into this Agreement as though fully set forth herein.

2. **Definitions**. In this Agreement, unless a different meaning clearly appears from the context, the words and phrases below shall be construed as defined in this Section 2. Words used in the present tense include the future tense, words in the plural number include the singular number, and words in the singular number include the plural number. The use of the term "shall" in this Agreement means a mandatory act or obligation.

"**Agreement**" means this Agreement, as amended and restated or supplemented in writing from time to time and includes all attached exhibits and schedules. References to sections or exhibits are to this Agreement unless otherwise qualified. The Recitals set forth in Paragraphs A through O, inclusive, are incorporated by reference in, and form a part of, this Agreement but are not intended to expand the scope, number, or nature of Vistancia's undertakings beyond those expressly set forth in the numbered sections of or the exhibits to this Agreement.

"**Applicable Laws**" means collectively, all laws that apply to the development of the Property including, to the extent applicable, without limitation federal, state, county, and local laws (statutory and common law), ordinances, rules, regulations, standards, permit requirements, and other requirements and official policies of the City, as they may be amended or hereafter enacted from time to time, the Peoria City Code, City's Zoning Ordinance, City's General Plan, City's Minimum Park Standards, and all related necessary approvals or requirements by City Council or City Boards and Commissions.

"**A.R.S.**" means Arizona Revised Statutes as now or later enacted or amended.

"**City**" means the City of Peoria, Arizona as designated on the first page of this Agreement.

"**City Code**" means the Code of the City as amended from time to time.

"**City Council**" means the City Council of the City.

"**City Representative**" is defined in Subsection 13.1.

"Contractor" means as defined in Recital K.

"Construction Management Fee" means as defined in Recital M.

"**Cure Period**" means as defined in Section 10.

"**Default (including Event of Default, Defaulting Party, Non-Defaulting Party, and Notice of Default)**" means as defined in Section 10.

"**Draw Request**" means as defined in Section 5.4.

"**Effective Date**" means as defined on Page 1.

"Engineer" means as defined in Recital L.

"**Escrow Account**" means as defined in Section 5.1.

"**Escrow Agent**" means as defined in Section 5.3.

"**Escrow Funds**" means as defined in Section 5.1.

"Final Completion" of the Project shall be deemed to have occurred for purposes of this Agreement when: (i) Substantial Completion has occurred, free of any mechanics, materialmen's, or other liens arising from the Project; (ii) Vistancia has submitted a final Draw Request in accordance with the provisions of Section 5 below; (iii) Vistancia and Contractor have caused to be completed any Punch List items noted in connection with the City's Final Walk-Through inspection of the Project; and (iv) to the extent applicable, the Project have been accepted by the City, subject to warranty and maintenance obligations and a one-year walk-through, if applicable, as confirmed in writing by Vistancia and the Contractor.

"**Final Walk-Through**" means as defined in Section 7.2.

"**Indemnity**" means as defined in Section 15.

"IWUMP" means the Integrated Water Utilities Master Plan as defined in Recital A.

"**Management Fee Invoice**" means a Construction Management Fee invoice as defined in Section 3.11.

"**Monthly Invoice**" means as defined in Subsection 3.7.

"**Notice and Notify**" means as defined in Subsection 17.5.

"**Party**" or "**Parties**" means Vistancia and the City as designated on the first page of this Agreement and their successors and assigns.

"**Printed Instructions**" means as defined in Section 5.8.

"**Project**" means as defined in Recital F.

"**Property**" means as defined in Recital E and legally described and depicted in **Exhibit B**.

"**Punch List Items**" means as defined in Section 7.4.

"Recitals" means as defined in Section 1.

"Revel Way Completion Date" means as defined in Section 6.

"Revel Way Improvements" means as defined in Recital C.

"Revel Way Waterline" means as defined in Recital B.

"**State**" means the State of Arizona.

"**Substantial Completion**" of the Revel Way Improvements shall be deemed to have occurred for purposes of this Agreement when the applicable improvements have been substantially completed in accordance with the plans and specifications, subject only to punch list items. Seller shall cause any punch list items to be corrected and completed within ninety (90) days after the date of Substantial Completion (or any applicable component thereof).

"**Term**" means as defined in Section 16.

"**Vistancia**" means the entity Vistancia Development LLC as designated on the first page of this Agreement.

"Vistancia's Representative" means as defined in Section 13.1.

3. **Vistancia's Obligations**: In exchange for City's Obligations Vistancia will:

3.1. Vistancia and Contractor shall establish a construction schedule. All amounts deposited with Escrow Agent shall be deemed budgeted and appropriated in the fiscal year in which this Agreement was executed, even if construction of the Project is not Finally Completed until a subsequent fiscal year.

3.2. Vistancia will require the Engineer to provide CA&I services and ensure the Contractor constructs the Revel Way Waterline concurrently with the Revel Way Improvements per the Contractor's schedule and per the City approved plans and specifications.

3.3. Vistancia shall require the Contractor to construct the Revel Way Waterline in accordance with the current approved plans for the Revel Way Improvements, and the City will not require Vistancia to modify the location of the Revel Way Waterline regardless of any change in design to the Revel Way Improvements.

3.4. Vistancia will require the Contractor to construct the Revel Way Improvements, with the exception of the Project, at Vistancia's expense.

3.5. Vistancia will require the Engineer to provide CA&I services and the Contractor to construct the Project at the City's expense, per the guaranteed maximum cost breakdown outlined in **Exhibit C**. Any change orders adjusting the scope of the Project or the costs of the construction of the Project is subject to review and approval by the City Manager, in the City Manager's reasonable discretion.

3.6. Vistancia will require the Engineer and Contractor to submit pay applications for the work completed (using Vistancia's standard form of pay application) to Vistancia and the City on a monthly basis (the "Monthly Invoice") for City review and reasonable approval. The pay application must contain a clear and accurate accounting that clearly separates the work completed on the overall Revel Way Improvements from the Project to clearly articulate the amount owed by Vistancia and the City.

3.7. Vistancia will require the Engineer and Contractor to submit Monthly Invoices to the City at the address set forth in Subsection 5.4 of this Agreement.

3.8. Upon the City's reasonable approval of any Monthly Invoice associated with work for the Project, Vistancia shall submit a Draw Request to the Escrow Agent as set forth in Section 5 of this Agreement (using Vistancia's standard form of draw request).

3.9. Upon receipt of a disbursement from Escrow, as set forth in Section 5, Vistancia shall pay the entire amount invoiced in the applicable Monthly Invoice for work completed on the Project.

3.10. Vistancia shall submit invoices to the City and the Escrow Agent for the Construction Management Fee on a monthly basis with each Draw Request (each a "Management Fee Invoice"). Each Management Fee Invoice shall reflect the Construction Management Fee earned during the applicable monthly period in an amount equal to five percent (5%) of Total Construction Costs incurred during such period.

3.11. Vistancia agrees to permit the City to attend coordination, progress, and other meetings related to the Project. The City's attendance at such meetings will be at its sole discretion.

3.12. Pursuant to Section 7 hereto, upon achieving Substantial Completion of the Project, Vistancia shall provide written notice to the City and schedule a Final Walk-Through with the City.

4. **City's Obligations**: In exchange for Vistancia's Obligations City will:

4.1. The City will be responsible for the design of the Project, but the Parties acknowledge that the design of the Project is complete and is the subject of approved plans.

4.2. Within ten (10) days of receipt of a Management Fee Invoice or Monthly Invoice for work associated with the Project, the City shall submit its approval or reasonable denial to Vistancia and the Escrow Agent as set forth in Section 5 of this Agreement. The City's approval of a Management Fee Invoice or Monthly Invoice for the Project is deemed approval of the associated Draw Request set forth in Section 5 herein. Any denial shall be accompanied by written notice describing the reasons for disapproval. City approval shall be within the City's sole discretion to ensure statutory and contractual compliance, provided if the City's reasons for objecting to a Management Fee Invoice or a Monthly Invoice do not relate to statutory or contractual compliance, then the City's disapproval will be effective only if reasonable. A failure of the City to timely approve or deny shall be deemed to be City's approval for all purposes under this Agreement.

4.3. The City's responsibility to pay Vistancia the actual cost for the Project shall not exceed the guaranteed maximum price of two million and eight-hundred and forty-thousand dollars ($2,840,000), which includes a contingency in the amount of fifteen percent (15%) of the cost of the Project (the "Cap"), as provided in **Exhibit C**, unless the City agrees, in writing, in the City's sole discretion, to an increase in costs. Notwithstanding anything to the contrary, in the event Vistancia or the Contractor procure or receive an updated budget for the cost of the Project (including a fifteen percent (15%) contingency), on or before February 27, 2026, and the updated budget (including the fifteen percent (15%) contingency) establishes an estimated cost for the Project which exceeds the Cap, and if the City does not agree to increase the Cap in writing within ten (10) days after Vistancia delivers the updated budget to the City, then Vistancia may elect to terminate this Agreement upon written notice to the City, and upon such termination by Vistancia, neither party shall have any further obligation hereunder.

4.4. Upon Substantial Completion of the Project and notice thereof from Vistancia, Conduct a Final Walk-Through with the Contractor and Vistancia.

4.5. Upon completion of construction of the Project by Vistancia and after final acceptance thereof by the City, the City will own, operate and maintain the Project.

5. **Payment of Project Costs; Escrow**.

5.1. Cash in Escrow Account. Within ten (10) business days of Vistancia providing the City a copy of an executed construction contract for the Project, the City shall establish with the Escrow Agent an interest bearing account (the "Escrow Account") for the Project into which it shall deposit, in cash, by cashier's check or by wires transfer of immediately available funds, an amount equal to the maximum price for the Project as set forth in **Exhibit C** plus the Construction Management Fee calculated based on the maximum price for the Project as set forth in **Exhibit C** (the "Escrow Funds"). Interest earned on the Escrow Accounts shall accrue to the benefit of the City. The Escrow Agent shall provide accounting statements upon request to the City and Vistancia.

5.2. Limited Purpose of Escrow Funds. The Escrow Funds shall be used solely to pay Construction Management Fees and to disburse funds to Vistancia for payment of eligible, documented costs set forth in a Draw Request, approved as set forth in Section 3, in connection with the Project, as expressly permitted by this Agreement. No funds shall be disbursed in advance of costs being incurred by way of a Monthly Invoice, approved as set forth in Section 3, and submitted via a Draw Request.

5.3. Designation of Escrow Agent. For purposes of this Section 5, the City and Vistancia by execution of this Agreement designate First American Title Insurance Company (the "Escrow Agent") as its agent with full power and authority to execute any and all documents, notices and any other documents necessary to permit the Escrow Agent to draw against the available funds in an Escrow Account in order to fund Vistancia's Draw Request for the Project pursuant to this Section 5.

5.4. Monthly Draw Requests. Vistancia may submit written requests to both the City and the Escrow Agent for payment of Monthly Invoices and/or Construction Management Fees from the Escrow Account on a monthly basis ("Draw Request"). All Draw Requests shall be delivered to the City and the Escrow Agent by email or U.S. mail as follows:

City of Peoria:
Development and Engineering Department Director
9875 N 85th Avenue
Peoria, AZ 85345

Email: enadmin@peoriaaz.gov

Copy to:
Development and Engineering Department
Attn: Project Manager
9875 N 85th Avenue
Peoria, AZ 85345
Email: enadmin@peoriaaz.gov

Escrow Agent:
First American Title Insurance Company
Attn: Jeff Schumacher
2555 E. Camelback Rd., Suite 350
Phoenix, AZ 85016
Email: JSchumacher@firstam.com

Each Draw Request shall be submitted in a form reasonably acceptable to the City and shall include:

5.4.1. An itemized statement of eligible Project costs or Construction Management Fees incurred during the applicable month; and

5.4.2. Supporting documentation, including invoices, and lien waivers as reasonably required by the City; and

5.4.3. A certification by Vistancia that all requested amounts represent eligible costs incurred in compliance with this Agreement and applicable law.

5.5. City Review and Approval. The City's approval of a Monthly Invoice or Management Fee Invoice for the Project is deemed approval of the associated Draw Request set forth in this Section 5.

5.6. Disbursement by Escrow Agent. The Escrow Agent shall release funds from the Escrow Account only upon receipt of written authorization from the City approving the applicable Monthly Invoice or Management Fee Invoice. The Escrow Agent shall have no responsibility to evaluate the eligibility or accuracy of the Draw Request and may conclusively rely on the City's written approval.

5.7. Termination; Remaining Funds. Upon completion of the Project or termination of this Agreement, any funds remaining in the Escrow Accounts after payment of all approved Draw Requests shall revert to the City, unless otherwise expressly provided herein.

5.8. Escrow Instructions. This Agreement shall constitute escrow instructions to Escrow Agent as well as the agreement of the Parties. Escrow Agent's printed Standard Conditions of Escrow and Trust Department Special Collection Account Fee Schedule are attached hereto as **Exhibit D** and are by reference incorporated into and made a part of this Agreement (the "Printed Instructions"). If the Printed Instructions, or any other printed escrow instructions requested of the Parties with regard to Escrow Agent, conflict or are inconsistent with any provision of this Agreement, the provisions of the Standard Conditions of Escrow shall control. The City shall pay all fees associated with the Escrow Account or Escrow Agent's services.

6. **Completion Deadline and Force Majeure Delay**. The construction of the Revel Way Waterline must be completed prior to June 30, 2027 (the "Revel Way Completion Date"). Should Vistancia and Contractor fail to complete the Project by the Completion Date, then the Parties may agree in writing to extend the completion timeframe. The agreement to such an extension can be facilitated and executed administratively by the City Manager by way of a letter agreement. However, the decision to allow any extension as set forth in this Section 6 will be in the reasonable discretion of the City Manager. Notwithstanding anything to the contrary, the Revel Way Completion Date shall be subject to a day-for-day extension due to any Force Majeure Delay. "Force Majeure Delay" shall mean a delay in progress of construction of the Project due to unusually inclement weather, acts of God, substantial unavailability or shortage of labor or materials, national emergency, epidemics or pandemics only if resulting in a federal or state declared state of emergency, fire or other casualty, natural disaster, war, the failure to perform required actions within customary time periods by governmental authorities, riots, acts of violence, labor strike, injunctions in connection with litigation, or any other cause not within the reasonable control of Vistancia. Vistancia must provide written notice to the City within thirty (30) days after Vistancia first becomes aware of a condition that creates a Force Majeure Delay, which notice shall reasonably detail the reason(s) giving rise to the Force Majeure Delay, and which shall also set forth a good faith estimate of the anticipated duration of the Force Majeure Delay, and any increased costs arising out of the Force Majeure Delay. Any additional costs arising from a Force Majeure Delay (in excess of the amount deposited in the Escrow Account) shall require the City's reasonable approval before being eligible for reimbursement in accordance with Section 5 of this Agreement.

7. **Project Completion; Walk-Through Inspection**.

7.1. Notice of Substantial Completion. Upon achieving Substantial Completion of the Project, Vistancia shall provide written notice to the City certifying that the Project has been completed in substantial accordance with the approved plans, specifications, and the terms of this Agreement.

7.2. Scheduling of Walk-Through Inspection. Within a reasonable time following such notice, Vistancia and the Contractor shall coordinate with the City to schedule a joint walk-through inspection of the Project ("Final Walk-Through"). The Final Walk-

Through shall be conducted at a mutually agreed-upon date and time during normal business hours.

7.3. Purpose of Inspection. The purpose of the Final Walk-Through shall be to allow the City to verify completion of the Project, identify any incomplete, defective, or non-conforming work, and confirm compliance with applicable City standards, approvals, and this Agreement.

7.4. Punch List Items. Following the Final Walk-Through, the City may provide the Vistancia with a written list of any items requiring correction or completion ("Punch List"). Vistancia shall cause all Punch List items to be completed or corrected within a reasonable time, prior to final acceptance of the Project.

7.5. Final Acceptance. Completion of the Final Walk-Through and correction of any Punch List items shall be a condition precedent to the City's final acceptance of the Project and, if applicable, release of any remaining Escrow Funds.

7.6. No Waiver. The City's participation in the Final Walk-Through or acceptance of the Project, shall not constitute a waiver of any rights, remedies, or warranties provided under this Agreement or applicable law.

8. **City Representations**. The City represents and warrants to Vistancia that as of the Effective Date.

8.1. The City has the full right, power, and authorization to enter into and perform this Agreement and each of the City's obligations and undertakings under this Agreement, and the City's execution, delivery, and performance of this Agreement have been duly authorized and agreed to in compliance with the requirements of the City Code.

8.2. All consents and approvals necessary to the execution, delivery, and performance of this Agreement have been obtained, and no further action needs to be taken in connection with such execution, delivery, and performance.

8.3. This Agreement (and each undertaking of the City contained herein), constitutes a valid, binding, and enforceable obligation of the City, enforceable according to its terms, except to the extent limited by bankruptcy, insolvency, and other laws of general application affecting creditors' rights and by equitable principles, whether considered at law or in equity.

8.4. The execution, delivery, and performance of this Agreement by the City is not prohibited by and does not conflict with, any other agreements, instruments, judgments, or decrees to which the City is a party or is otherwise subject.

9. **Vistancia Representations**. Vistancia represents and warrants to the City that as of the Effective Date:

9.1. Vistancia has the full right, power, and authorization to enter into this Agreement and perform its undertakings contemplated by this Agreement, and the execution, delivery, and performance of this Agreement by Vistancia has been duly authorized and agreed to in compliance with the organizational documents of Vistancia.

9.2. All consents and approvals necessary to the execution, delivery, and performance of this Agreement have been obtained, and no further action needs to be taken in connection with such execution, delivery, and performance.

9.3. Vistancia knows of no litigation, proceeding, or investigation pending or threatened against or affecting Vistancia contesting the validity or enforceability of this Agreement or Vistancia's performance under this Agreement.

9.4. This Agreement (and each undertaking of Vistancia contained herein) constitutes a valid, binding, and enforceable agreement of Vistancia, enforceable according to its terms, except to the extent limited by bankruptcy, insolvency, and other laws of general application affecting creditors' rights and by equitable principles, whether considered at law or in equity.

9.5. The execution, delivery, and performance of this Agreement by Vistancia is not prohibited by, and does not conflict with, any other agreements, instruments, judgments, or decrees to which Vistancia is a party or to which Vistancia is otherwise subject.

9.6. Vistancia has not paid or given, and will not pay or give, any Third Party any money or other consideration for obtaining this Agreement other than normal costs of conducting business and costs of professional services such as the services of architects, engineers, and attorneys.

10. **Default**. In the event (an "**Event of Default**") a Party (the "**Defaulting Party**") fails to perform or fails to otherwise act in accordance with any term or provision hereof (a "**Default**") then the other Party (the "**Non-Defaulting Party**") may provide Notice of the Default to the Defaulting Party (the "**Notice of Default**"). The Defaulting Party shall have thirty (30) days from receipt of the Notice of Default to cure the Default (the "**Cure Period**"). If the failure is such that more than thirty (30) days would reasonably be required to cure the Default or otherwise comply with any term or provision herein, then the Defaulting Party shall Notify the Non-Defaulting Party of such and the timeframe reasonably needed to cure such Default. So long as the Defaulting Party commences performance or compliance or gives Notice of additional time needed to cure within said thirty (30) day period and the Defaulting Party diligently proceeds to complete such performance or fulfill such obligation, the Cure Period will be extended as reasonably necessary; provided further, however, that no Cure Period shall exceed ninety (90) days except by mutual written agreement of the Parties. Any Notice shall specify the nature of the Default and the manner

in which the Default may be satisfactorily cured, if reasonably practicable. Notwithstanding anything to the contrary, there shall be no Cure Period for a failure of a Party to pay money when due.

11. **Remedies for Default**. Whenever any Event of Default occurs and is not cured (or cure undertaken) by the Defaulting Party in accordance with this Agreement, the other Party may take any of one or more of the following actions:

11.1. Remedies of City. City's remedies for an uncured event of Default by Vistancia shall be all remedies available at law or in equity, including, without limitation, any of the following:

11.1.1. If an uncured event of Default by Vistancia occurs prior to completion of construction as required by the terms of this Agreement, City may terminate this Agreement.

11.1.2. Notwithstanding the foregoing, at any time, City may seek special action or other similar relief (whether characterized as mandamus, injunction, or otherwise), requiring Vistancia to undertake and fully and timely to address or to enjoin any construction or activity undertaken by Vistancia that is not in accordance with the terms of this Agreement.

11.1.3. Notwithstanding the foregoing, Vistancia shall be liable, and City may recover from Vistancia, its actual damages for any unrepaired damage to any City facility or real property caused by Vistancia's actions taken pursuant to this Agreement.

11.1.4. Notwithstanding anything to the contrary, in no event will Vistancia be liable for consequential, speculative or punitive damages.

11.2. Remedies of Vistancia. Vistancia's remedies for an uncured event of Default by the City shall be all remedies available at law or in equity, including, without limitation, any of the following:

11.2.1. If an uncured event of Default by the City occurs prior to completion of construction as required by the terms of this Agreement, Vistancia may terminate this Agreement.

11.2.2. Notwithstanding the foregoing, at any time, Vistancia may seek special action or other similar relief (whether characterized as mandamus, injunction, or otherwise), requiring the City to undertake and fully and timely to address or to enjoin any construction or activity undertaken by the City that is not in accordance with the terms of this Agreement.

11.2.3. Notwithstanding anything to the contrary, in no event will the City be liable for consequential, speculative or punitive damages.

12. **Delays; Waivers**. Except as otherwise expressly provided in this Agreement, any delay by any Party in asserting any right or remedy under this Agreement shall not operate as a waiver of any such rights or limit such rights in any way; and any waiver in fact made by such Party with respect to any default by the other Party shall not be considered as a waiver of rights with respect to any other default by the performing Party or with respect to the particular default except to the extent specifically waived in writing. It is the intent of the Parties that this provision will enable each Party to avoid the risk of being limited in the exercise of any right or remedy provided in this Agreement by waiver, laches, or otherwise at a time when it may still hope to resolve the problems created by the default involved.

13. **Cooperation and Alternative Dispute Resolution**.

13.1. Representatives. To further the cooperation of the Parties in implementing this Agreement, the City and Vistancia each shall designate and appoint a representative to act as a liaison between the City and its various departments and Vistancia. The initial representative for the City shall be the City staff member designated by the City Manager (the "**City Representative**") and the initial representative for Vistancia shall be its Project Manager, as identified by Vistancia from time to time (the "**Vistancia's Representative**"). The City's Representative and Vistancia's Representatives shall be reasonably available to the extent necessary to discuss and review the performance of the Parties to this Agreement and the development of the Property.

13.2. Impasse. The Parties agree that if at any time Vistancia believes an impasse has been reached with City staff on any issue affecting the Project, the Revel Way Improvements, which the Parties agree is not a Default, Vistancia shall have the right to immediately appeal to the City Representative for an expedited decision pursuant to this Subsection 13.2. If the Vistancia and City Representative cannot resolve an impasse, the Vistancia has the right to meet with the City Manager or the City Manager's designee.

13.3. City's Claim Procedures. Notwithstanding any language in this Section 13, Claims by Vistancia shall comply with time periods, statutory limits, deadlines, and all other requirements of City's claims procedures as amended from time to time. Nothing in this Agreement shall be interpreted to amend or alter such time periods, statutory limits, deadlines, or other requirements in any way.

14. **Attorney General Action; A.R.S. § 41-194.01.** If pursuant to A.R.S. § 41-194.01 the Attorney General determines that this Agreement violates any provision of state law or the

Constitution of Arizona and the City and Vistancia are not able (after good faith attempts) to modify the Agreement so as to resolve the violation with the Attorney General within thirty (30) days of notice from the Attorney General pursuant to and under the provisions of A.R.S. § 41-194.01(B)(1), this Agreement shall automatically terminate at midnight on the thirtieth (30th) day after receiving such notice from the Attorney General, and upon such termination the Parties shall have no further obligations under this Agreement. Additionally, if the Attorney General determines that this Agreement may violate a provision of state law or the Constitution of Arizona under A.R.S. § 41-194.01(B)(2), and the Arizona Supreme Court requires the posting of a bond under A.R.S. § 41-194.01(B)(2), the City shall be entitled to terminate this Agreement, except if Vistancia posts such bond; and provided further, that if the Arizona Supreme Court determines that this Agreement violates any provision of state law or the Constitution of Arizona, the City may terminate this Agreement and the Parties shall have no further obligations hereunder.

15. **Indemnity**. Vistancia shall, and shall ensure that the Contractor, Engineer and each subcontractor contractually agrees to indemnify, defend, and hold harmless the City, and its directors, officers, employees, and agents, for, from and against all claims, demands, suits, and costs including, but not limited to, costs of defense, reasonable attorneys' fees, witness fees of any type, losses, damages, expenses and liabilities, whether direct or indirect, and whether to any person (including, but not limited to, employees of the City), or to any property, to which the City, its directors, officers, employees, or agents may be put or subject to by reason of (i) any act or omission by Vistancia, the Contractor, Engineer, or subcontractor or any of its directors, officers, employees, agents, contractors, or invitees relating to actions in connection with the Project, the Revel Way Improvements by any person or entity, including but not limited to Vistancia, the Contractor, Engineer, or such subcontractor and/or its employees, agents, contractors, invitees or successors in interest; or (ii) any failure on the part of Vistancia, the Contractor, Engineer, or subcontractor, or any of its directors, officers, employees, contractors, agents or successors in interest to fulfill its obligations hereunder, except to the extent that any loss, damage, expense, and liability is attributable to the gross negligent or willful acts or failure to act or misconduct of the City, its directors, officers, employees, and agents. Such Indemnity shall survive the revocation, expiration, or termination of this Agreement.

Prior to commencement of any work on the Project, Vistancia will cause its Contractor, Engineer and subcontractors to deliver to the City an amended Certificate of Insurance or a separate Certificate of Insurance naming the City as an additional insured with equivalent limits and terms to that certain Certificate of Insurance issued to Vistancia.

16. **Term**. Unless sooner terminated in accordance with the terms herein, the term of this Agreement shall commence of the Effective Date and continue until all of the following have occurred: (a) the full performance of all obligations by the Parties hereunder; and (b) payment of all amounts due by the Parties hereunder (the "Term"), as it may be extended by the application of extensions otherwise set forth in this Agreement. Notwithstanding the foregoing, all reimbursement obligations, warranties, and indemnity provisions of the Parties, and any provision

of this Agreement that explicitly states it will survive termination will survive any such expiration or termination in accordance with the terms of this Agreement.

17. **Miscellaneous**. The following additional provisions apply to this Agreement:

17.1. Appropriation. Any funding provided for in this Agreement, other than in the current fiscal year, is contingent upon being budgeted and appropriated by the City's governing body in such fiscal year. This Agreement may be terminated by the City, without penalty, at the end of any fiscal year due to non-appropriation of funds. The City shall give Vistancia prompt written notice after it knows that funding will not be available. Notwithstanding anything to the contrary, the entire amount deposited with Escrow Agent shall be deemed budgeted and fully appropriated within the fiscal year this Agreement is executed, even if construction of the Project is not Finally Completed until a subsequent fiscal year.

17.2. Governing Law; Choice of Forum. This Agreement shall be deemed to be made under, shall be construed in accordance with, and shall be governed by the internal, substantive laws of the State of Arizona (without reference to conflict of law principles). The Parties wish to confer jurisdiction, to the extent possible, upon the Superior Court of Maricopa County for the purpose of coordinating and centralizing any required judicial administration of this Agreement. Accordingly, any action brought to interpret, enforce, or construe any provision of this Agreement shall be commenced and maintained in the Superior Court of the State of Arizona in and for the County of Maricopa. The Parties irrevocably consent to the exclusive jurisdiction and venue in such court for such purposes and agree not to seek transfer or removal of any action commenced in accordance with the terms of this Subsection 17.2. The Parties expressly waive trial by jury in any action, proceeding or counterclaim brought by either of them against the other, on any matter whatsoever arising out of or any way connected with this Agreement or their relationship arising hereunder.

17.3. Limited Severability. Notwithstanding the provisions of Section 14 of this Agreement, the City and Vistancia each intend that the execution, delivery, and performance of this Agreement are in compliance with all Applicable Laws.

17.4. Construction. The terms and provisions of this Agreement represent the results of negotiations between the Parties, each of which has been or has had the opportunity to be represented by counsel of its own choosing, and none of which has acted under any duress or compulsion, whether legal, economic, or otherwise. Consequently, the terms and provisions of this Agreement shall be interpreted and construed in accordance with their usual and customary meanings, and the Parties each hereby waive the application of any rule of law which would otherwise be applicable in connection with the interpretation and construction of this Agreement that

ambiguous or conflicting terms or provisions contained in this Agreement shall be interpreted or construed against the Party who prepared or whose attorney prepared the executed Agreement or any earlier draft of the same.

17.5. Notices.

17.5.1. Except as otherwise required by law, any notice required or permitted under this Agreement (each, a "**Notice**" or when used as a verb "**Notify**") shall be in writing and shall be given by (i) personal delivery, (ii) deposit in the United States certified, registered or express mail, return receipt requested, postage prepaid, addressed to the Parties at their respective addresses set forth below, or at such other address as a Party may designate in writing pursuant to the terms of this Subsection 17.5, or (iii) any nationally recognized express or overnight delivery service (e.g. Federal Express or UPS), delivery charges prepaid, for next business day delivery:

If to the City:

City Manager
City of Peoria
8401 West Monroe Street
Peoria, Arizona 85345

With a required copy to:

City Attorney
City of Peoria
8401 West Monroe Street
Peoria, Arizona 85345

Development and Engineering Department Director
9875 N. 85th Ave.
Peoria, AZ 85345

If to Vistancia:

Vistancia Development LLC
c/o Land Resources, LLC
Gabe Hill
Partner
7010 E. Acoma Drive, Suite 204
Scottsdale AZ 85254
Phone: 480-305-2175
Email: ghill@land-resources.com

With a required copy to:

Berens Blonstein PLC
Attn: Marc Blonstein
7033 E. Greenway Parkway, Suite 210
Scottsdale, AZ 85254
Phone: 480-624-2703
Email: mblonstein@berensblonstein.com

Vistancia Development LLC
100 Bayview Circle #2000
Newport Beach, CA 92660
Attention: Richard S. Whiteley
Telephone: 949-851-2121
Email: rwhiteley@ihpinc.com

17.5.2. Effective Date of Notices. Any Notice sent by United States Postal Service certified, registered, or express mail shall be deemed to be effective on the earlier of the actual delivery, or three (3) business days after deposit in a post office operated by the United States Postal Service. Any Notice sent by a recognized national overnight delivery service shall be deemed effective one (1) business day after deposit with such service. Any Notice personally delivered or delivered through a same-day delivery/courier service shall be deemed effective upon its receipt or refusal to accept receipt by the addressee. Notices transmitted digitally or electronically or by facsimile may be offered as a courtesy, but do not constitute "Notice" for the purposes of this Subsection 17.5. Notwithstanding the foregoing, no payment shall be deemed to be made until actually received in good and available funds by the intended payee. Any Party may designate a different person or entity to receive Notice or change the place to which any Notice shall be given as herein provided.

17.6. Time of Essence. Time is of the essence of this Agreement and each provision hereof.

17.7. Section Headings. The section headings contained in this Agreement are for convenience in reference only and are not intended to define or limit the scope of any provision of this Agreement.

17.8. Attorneys' Fees and Costs Between the Parties. In the event of a breach by any Party and commencement of a subsequent legal action in an appropriate forum, the prevailing Party in any such dispute will be entitled to reimbursement of its reasonable attorneys' fees and court costs, including, but not limited to, its

reasonable costs of expert witnesses, transportation, lodging and meal costs of out-of-town parties and witnesses, costs of transcript preparation and other reasonable and necessary direct and incidental costs of such dispute.

17.9. Exhibits. Without limiting the provisions of this Agreement, the Parties agree that all references to this Agreement include all exhibits designated in and attached to this Agreement, such exhibits being incorporated into and made an integral part of this Agreement for all purposes.

17.10. Integration. Except as expressly provided herein, this Agreement constitutes the entire agreement between the Parties with respect to the subject matters hereof and supersedes any prior agreement, understanding, negotiation or representation regarding the subject matters covered by this Agreement.

17.11. Further Assurances. Each Party agrees to perform such other and further acts and to execute and deliver such additional agreements, documents, affidavits, certifications, acknowledgments and instruments as any other Party may reasonably require to consummate, evidence, confirm or carry out the matters contemplated by this Agreement or confirm the status of: (a) this Agreement as in full force and effect; and (b) the performance of the obligations hereunder at any time during its Term.

17.12. Business Days. If the last day of any time period stated in this Agreement or the date on which any obligation to be performed under this Agreement shall fall on a Friday, Saturday, Sunday or legal holiday, then except with regard to payment provisions, as provided below, the duration of such time period or the date of performance, as applicable, shall be extended so that it shall end on the next succeeding day which is not a Friday, Saturday, Sunday or legal holiday. Notwithstanding anything to the contrary, if the date for payment of funds shall fall on a Friday, Saturday, Sunday or legal holiday, the duration of such time period for payment shall be shortened so that it shall end on the day prior to the day on which the payment date falls, and which is not a Friday, Saturday, Sunday or legal holiday.

17.13. Consents and Approvals. Wherever this Agreement requires or permits the consent or approval of a Party to any act, document, use or other matter, such consent or approval shall be given or denied by such Party in its reasonable discretion, unless this Agreement expressly provides otherwise. Wherever the City's consent is required to be given in this Agreement, such consent will be the consent of the City Manager (or his/her designee), without the requirement of the prior approval of the City Council unless required by Applicable Law, City policy, or recommended by the City Manager.

17.14. Covenants Running With Land; Inurement. Until such time that this Agreement is terminated pursuant to the terms herein, the covenants, conditions, terms and provisions of this Agreement relating to the Property, the Revel Way Improvements and the Project shall run with the Property and shall be binding upon, and shall inure to the benefit of the Parties and their respective successors and assigns with respect to such Property. Wherever the term "Party" or the name of any particular Party is used in this Agreement such term shall include any such Party's successors and assigns.

17.15. Recordation. Within ten (10) business days after this Agreement has been approved by the City and executed by the Parties, the City shall cause this Agreement to be recorded in the Official Records of Maricopa County, Arizona.

17.16. Amendment. From time to time, Vistancia and City (acting through its City Manager or the City Manager's designee) may, by mutual written agreement, refine, amend, revise, change, or correct any part of this Agreement as the City and Vistancia deem necessary or preferable. The City Council authorizes its City Manager (or the City Manager's designee), in the City Manager's administrative capacity, to take any action that the City Manager deems necessary to carry out the intent and purpose of this Agreement, including without limitation to: complete all transactions contemplated within this Agreement, execute amendments to this agreement, approve all Draw Requests and other items the City is to approve in this Agreement, and execute any other documents related to this Agreement. Except as otherwise expressly provided for in this Agreement, no change or addition shall be made to this Agreement except by written amendment executed by the City and Vistancia. Within ten (10) business days after any amendment to this Agreement, such amendment shall be recorded in the Official Records of Maricopa County, Arizona. Upon amendment of this Agreement as established herein, references to "Agreement" or "Development Agreement" shall mean the Agreement as amended. The effective date of any duly processed minor or major amendment shall be the date on which the last representative for the Parties executes the Agreement. If, after the effective date of any amendment(s), the Parties find it necessary to refer to this Agreement in its original, unamended form, they shall refer to it as the "Original Development Agreement." When the Parties mean to refer to any specific amendment to the Agreement, which amendment is unmodified by any subsequent amendments, the Parties shall refer to it by the number of the amendment as well as its effective date.

17.17. Good Faith of Parties. Except where any matter is expressly stated to be in the sole discretion of a Party, in performance of this Agreement or in considering any requested extension of time, the Parties agree that each will act in good faith and will not act unreasonably, arbitrarily, or capriciously and will not unreasonably withhold, delay, or condition any requested approval, acknowledgment or consent.

17.18. Nonliability of City Officials, Etc., and of Employees, Members and Partners, Etc. of Vistancia. No City Council member, official, representative, agent, attorney or employee of the City shall be personally liable to any of the other Parties hereto, or to any successor in interest to any of the other Parties, in the event of any default or breach by the City or for any amount which may become due to any of the other Parties or their successors, or with respect to any obligation of the City under the terms of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, the liability of Vistancia under this Agreement shall be limited solely to the assets of Vistancia and shall not extend to or be enforceable against the personal assets of any of the individuals or entities who are members, managers, or officers of Vistancia.

17.19. City Council Action. Notwithstanding any language of this Agreement or any subsequent additional document, no City action shall be required by this Agreement, which either the City Attorney or City Manager determines should be presented to the City Council for formal action; unless and until said formal City Council action has been affirmatively taken and such action is no longer subject to referendum. This Agreement does not bind the City Council or remove its independent authority to make determinations related to formal action of the City Council in any way.

17.20. No Partnership. This Agreement shall not be construed as creating a joint venture, partnership, or any other joint arrangement between Vistancia and the City.

17.21. No Third-Party Beneficiaries. No person or entity shall be a third-party beneficiary to the Agreement nor have any right or cause of action hereunder. City shall have no liability to third parties for any approval of plans, Vistancia's negligence, Vistancia's failure to comply with the provisions of this Agreement, or otherwise as a result of the existence of this Agreement.

17.22. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall be deemed to be one and the same instrument.

17.23. Arizona Law Provisions. To the extent required by Arizona State Law:

17.23.1. No member, official, or employee of City shall have any direct or indirect interest in this Agreement, nor participate in any decision relating to this Agreement, that is prohibited by law. This Agreement shall be subject to cancellation pursuant to the provisions of A.R.S. § 38-511 relating to conflicts of interest.

17.23.2. Vistancia certifies that it is not currently engaged in, and agrees for the duration of this Agreement that it will not engage in a "boycott," as that term is defined in § 35-393, Arizona Revised Statutes, of Israel.

17.23.3. To the extent applicable under A.R.S. § 41-4401, Vistancia warrants compliance with all federal immigration laws and regulations that relate to their employees and contractors and their compliance with the e-verify requirements under A.R.S. § 23-214(A). The failure by Vistancia to comply with such warranty shall be deemed a material breach of this Agreement and may result in the termination of this Agreement by the City.

17.23.4. To the extent applicable under A.R.S. § 35-394, Vistancia hereby certifies it does not currently, and for the duration of this Agreement shall not use: (a) the forced labor of ethnic Uyghurs in the People's Republic of China, (b) any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China, and (c) 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.

(Signature Page follows)

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

CITY OF PEORIA, an Arizona municipal corporation

By:_____
Henry Darwin, City Manager Date
Or Authorized Designee

APPROVED AS TO FORM:

By: _____
Emily Jurmu, City Attorney Date

ATTEST:

_____
Agnes Goodwine, City Clerk

VISTANCIA DEVELOPMENT LLC,
a Delaware limited liability company

By: Vistancia Investors LLC,
a Delaware limited liability company
Its Manager

By: [redacted]
Senior Vice President

By: [redacted]
Barry S. Villines
Chief Financial Officer

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of the document.

STATE OF California)
) ss.
County of Orange)

On January 29, 2026, before me, Paula Pokorny, Notary Public, personally appeared Barry S. Villines and Eric Koff, who proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature [redacted]

PAULA POKORNY
Notary Public - California
Orange County
Commission # 2393656
My Comm. Expires Mar 10, 2026

(Seal)

CONSENT OF ESCROW AGENT

[TO BE EXECUTED BY ESCROW AGENT AND FEES DUE TO ESCROW AGENT PURSUANT TO SECTION 5.1 TO BE PAID WHEN THE CITY FUNDS THE ESCROW FUNDS PURSUANT TO SECTION 5.1]

Escrow Agent has executed this Agreement as of the day and year first above written for the sole purpose of accepting the responsibilities of Escrow Agent set out in Section 5.1.

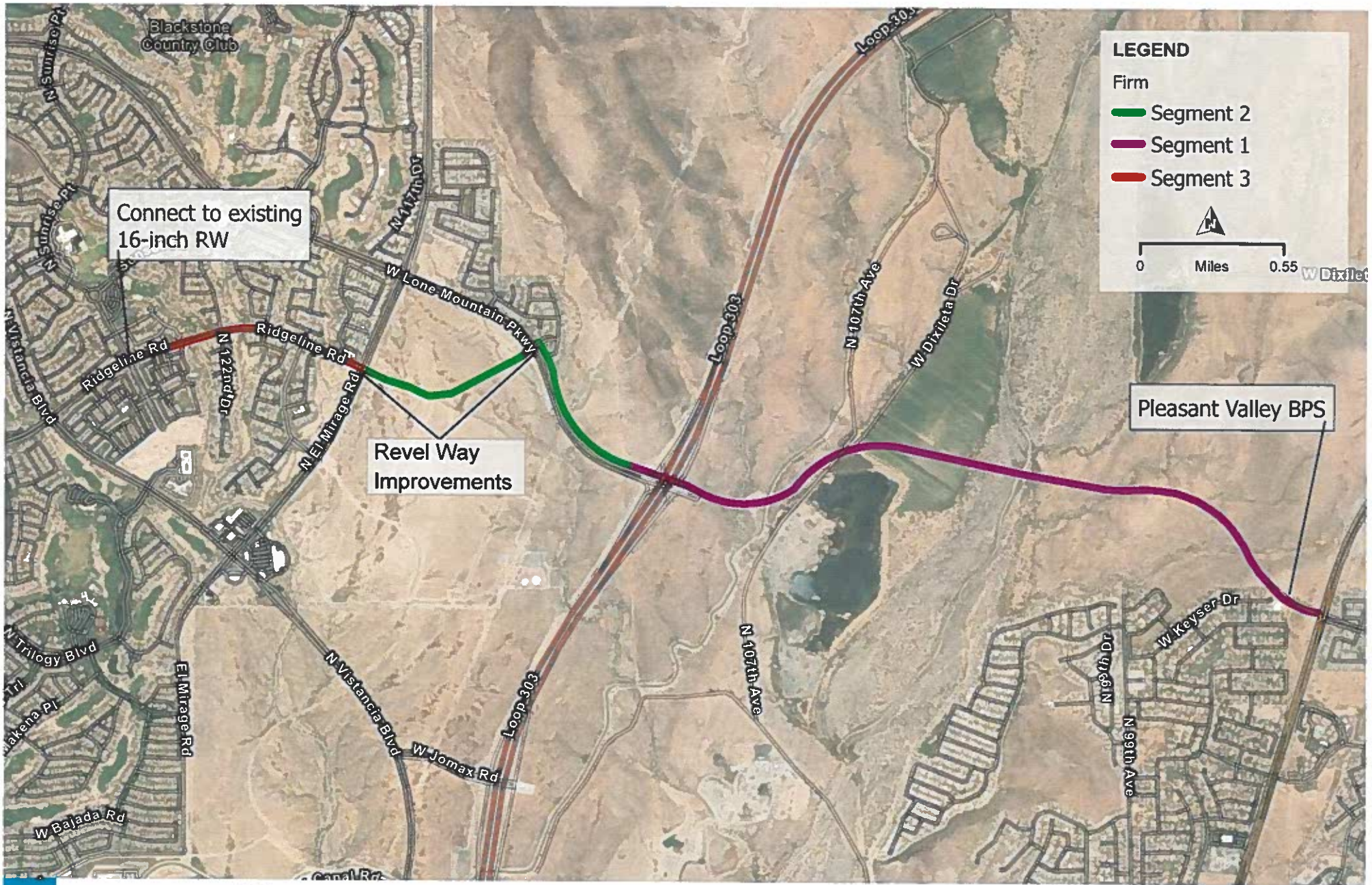
ESCROW AGENT:

FIRST AMERICAN TITLE INSURANCE COMPANY,
a Nebraska corporation

By: _____
Name: _____
Title: _____

EXHIBIT A

Revel Way Waterline



ALIGNMENT - RECLAIMED WATERLINE PROJECT #2

CITY OF PEORIA

JANUARY 2024

PATH: C:\USERS\HHABECK\ONEDRIVE - HDR, INC\DOCUMENTS\CITY OF PEORIA\PROJECT 2 PIPELINE\EXHIBITS\PROJECT 2 PIPELINE ALIGNMENT.APRX - USER: HHABECK - DATE: 1/23/2024

EXHIBIT B

Legal Description of the Property

LEGAL DESCRIPTION FOR

"REVEL WAY RIGHT-OF-WAY"

All that certain lot, tract, or parcel of land, situated in a portion of the Northeast Quarter of Section 25, Township 5 North, Range 1 West and the Northwest Quarter of Section 30, Township 5 North, Range 1 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, and being more completely described as follows, to-wit:

COMMENCING at a found GLO monument on a pipe for the Southeast Quarter of said Section 25, from which a found GLO monument on a 2" pipe for the South Quarter corner of said Section 25 bears North 89 deg. 47 min. 14 sec. West (Basis of Bearings) – 2,565.10 feet;

THENCE North 89 deg. 47 min. 14 sec. West along the South line of the Southeast Quarter of said Section 25, a distance of 2,255.39 feet;

THENCE North 00 deg. 12 min. 46 sec. East departing said South line, a distance of 3,979.62 feet to the **TRUE POINT OF BEGINNING**;

THENCE North 23 deg. 04 min. 54 sec. East, a distance of 102.00 feet;

THENCE South 66 deg. 55 min. 06 sec. East, a distance of 230.00 feet;

THENCE South 62 deg. 20 min. 40 sec. East, a distance of 150.48 feet;

THENCE South 66 deg. 55 min. 06 sec. East, a distance of 357.38 feet to a Point of Curvature of a tangent circular curve to the left, having a radius of 625.00 feet, a central angle of 19 deg. 37 min. 37 sec., and being subtended by a chord which bears South 76 deg. 43 min. 54 sec. East - 213.05 feet;

THENCE in a southeasterly direction along said curve to the left, an arc distance of 214.10 feet;

THENCE South 86 deg. 32 min. 43 sec. East tangent to said curve, a distance of 89.63 feet;

THENCE North 48 deg. 27 min. 17 sec. East, a distance of 42.43 feet;

THENCE North 03 deg. 45 min. 03 sec. East, a distance of 4.50 feet;

THENCE South 86 deg. 32 min. 43 sec. East, a distance of 80.98 feet;

THENCE South 41 deg. 32 min. 43 sec. East, a distance of 42.43 feet;

THENCE South 86 deg. 32 min. 43 sec. East, a distance of 61.32 feet to a Point of Curvature of a tangent circular curve to the left, having a radius of 628.50 feet, a central angle of 30 deg. 34 min. 10 sec., and being subtended by a chord which bears North 78 deg. 10 min. 13 sec. East - 331.36 feet;

THENCE in a northeasterly direction along said curve to the left, an arc distance of 335.33 feet;

THENCE North 62 deg. 53 min. 08 sec. East tangent to said curve, a distance of 308.62 feet;

THENCE South 27 deg. 06 min. 52 sec. East, a distance of 1.00 feet;

THENCE North 62 deg. 53 min. 08 sec. East, a distance of 664.00 feet;

THENCE North 27 deg. 06 min. 52 sec. West, a distance of 6.00 feet;

THENCE North 62 deg. 53 min. 08 sec. East, a distance of 134.10 feet to a Point of Curvature of a non-tangent circular curve to the left, having a radius of 626.00 feet, a central angle of 2 deg. 17 min. 52 sec., and being subtended by a chord which bears North 57 deg. 09 min. 19 sec. East - 25.10 feet;

THENCE in a northeasterly direction along said curve to the left, an arc distance of 25.10 feet;

THENCE North 53 deg. 05 min. 41 sec. East non-tangent to said curve, a distance of 69.61 feet;

THENCE North 64 deg. 19 min. 38 sec. East, a distance of 76.22 feet;

THENCE North 54 deg. 51 min. 55 sec. East, a distance of 11.77 feet;

THENCE South 35 deg. 08 min. 05 sec. East, a distance of 81.00 feet;

THENCE South 54 deg. 51 min. 55 sec. West, a distance of 92.15 feet to a Point of Curvature of a tangent circular curve to the right, having a radius of 716.00 feet, a central angle of 5 deg. 46 min. 42 sec., and being subtended by a chord which bears South 57 deg. 45 min. 16 sec. West - 72.18 feet;

THENCE in a southwesterly direction along said curve to the right, an arc distance of 72.21 feet;

THENCE South 77 deg. 28 min. 32 sec. West non-tangent to said curve, a distance of 45.46 feet;

THENCE South 62 deg. 53 min. 08 sec. West, a distance of 794.68 feet;

THENCE South 17 deg. 53 min. 08 sec. West, a distance of 42.43 feet;

THENCE South 27 deg. 06 min. 52 sec. East, a distance of 12.00 feet;

THENCE South 62 deg. 53 min. 08 sec. West, a distance of 70.00 feet;

THENCE North 72 deg. 06 min. 52 sec. West, a distance of 42.43 feet;

THENCE South 62 deg. 53 min. 08 sec. West, a distance of 88.62 feet;

THENCE South 67 deg. 27 min. 24 sec. West, a distance of 150.19 feet to a Point of Curvature of a non-tangent circular curve to the right, having a radius of 704.50 feet, a central angle of 27 deg. 33 min. 44 sec., and being subtended by a chord which bears South 79 deg. 40 min. 26 sec. West - 335.64 feet;

THENCE in a southwesterly direction along said curve to the right, an arc distance of 338.90 feet;

THENCE North 86 deg. 32 min. 43 sec. West tangent to said curve, a distance of 18.21 feet;

THENCE South 48 deg. 27 min. 17 sec. West, a distance of 42.43 feet;

THENCE South 03 deg. 27 min. 17 sec. West, a distance of 6.50 feet;

THENCE North 86 deg. 32 min. 43 sec. West, a distance of 81.00 feet;

THENCE North 41 deg. 32 min. 43 sec. West, a distance of 42.43 feet;

THENCE North 86 deg. 32 min. 43 sec. West, a distance of 100.63 feet to a Point of Curvature of a tangent circular curve to the right, having a radius of 715.00 feet, a central angle of 19 deg. 37 min. 37 sec., and being subtended by a chord which bears North 76 deg. 43 min. 54 sec. West - 243.73 feet;

THENCE in a northwesterly direction along said curve to the right, an arc distance of 244.93 feet;

THENCE North 66 deg. 55 min. 06 sec. West tangent to said curve, a distance of 201.22 feet;

THENCE South 68 deg. 04 min. 54 sec. West, a distance of 35.36 feet;

THENCE North 66 deg. 55 min. 06 sec. West, a distance of 26.00 feet;

THENCE South 23 deg. 04 min. 54 sec. West, a distance of 12.00 feet;

THENCE North 66 deg. 55 min. 06 sec. West, a distance of 26.00 feet;

THENCE North 21 deg. 55 min. 06 sec. West, a distance of 35.36 feet;

THENCE North 66 deg. 55 min. 06 sec. West, a distance of 100.00 feet;

THENCE North 62 deg. 20 min. 40 sec. West, a distance of 150.48 feet;

THENCE North 66 deg. 55 min. 06 sec. West, a distance of 184.16 feet to the **POINT OF BEGINNING**, containing *255,373 square feet or 5.863 acres of land*, more or less.

EXHIBIT C

Guaranteed Maximum Cost Breakdown for Revel Way Waterline

ENGINEER'S OPINION OF PROBABLE CONSTRUCTION COST

Project Name: **Reclaimed Water Project 2 - Segment 2A Pipeline (Revel W)** Date: **10/23/2024**
Description: **Preliminary OPCC**
Level: **Class 3 (Semi-Detailed)**

Bid Item No.	Bid Item Description	Unit	Qty	Unit Price	Extended Total
1	**Site Preperation**				**$ 60,000.00**
	Mobilization \ Demobilization	EA	1	60,000	$ 60,000.00
2	**Pipeline Installation**				**$ 1,934,820.00**
	F&I 16-inch DIP with Fittings	LF	62	$ 295	$ 18,290.00
	F&I 24-inch DIP with Fittings	LF	2,931	$ 415	$ 1,216,365.00
	Restrained Joints	LF	2,085	$ 120	$ 250,200.00
	24" DIP Plug & Curb Stop	EA	2	$ 4,200	$ 8,400.00
	16" DIP Plug & Curb Stop	EA	1	$ 3,600	$ 3,600.00
	F&I 2-inch ARV	EA	8	$ 9,500	$ 76,000.00
	F&I 16-inch Gate Valve	EA	1	$ 18,500	$ 18,500.00
	F&I 24-inch Gate Valve	EA	2	$ 38,500	$ 77,000.00
	F&I 2-inch ARV	EA	8	$ 9,500	$ 76,000.00
	6" Fire Hydrant Assembly	EA	6	$ 9,000	$ 54,000.00
	24" x 16" Tee	EA	1	$ 6,500	$ 6,500.00
	24" x 6" Tangential Tee	EA	6	$ 4,500	$ 27,000.00
	24" 45° Bend	EA	24	$ 3,500	$ 84,000.00
	16" 45° Bend	EA	2	$ 2,000	$ 4,000.00
	Trench Safety	LF	2,993	$ 5	$ 14,965.00
3	**Miscellaneous**				**$ 141,000.00**
	Construction Staking \ Testing (6%)	LS	1	$ 116,000	$ 116,000.00
	Traffic Control	LS	1	$ 15,000	$ 15,000.00
	As-built Drawing Preparation	LS	1	$ 10,000	$ 10,000.00
				Probable Construction Bid Price (Rounded)	**$ 2,136,000.00**
				Construction Management 10%	$ 193,482.00
				Sales Tax 5.27%	$ 112,460.40
				Bond 1.20%	$ 25,632.00
				Subtotal	***$ 2,467,574.40***
				Contingency 15.00%	$ 370,136.16
				Total Probable Construction Bid Price (Rounded)	**$ 2,840,000.00**

EXHIBIT D

Printed Instructions

[See Attached]

EXHIBIT "D"
STANDARD CONDITIONS OF ESCROW
(HOLDBACK / JDA ACCOUNT)

RECITALS:

A. This Escrow Agreement is made and executed for the sole benefit of the parties hereto and Escrow Agent. It is the intention of the parties hereto that no materialman or supplier concerned with the construction of improvements upon the property shall be or shall be considered to be a third party Beneficiary, either incidentally or directly, of this Escrow Agreement.

B. The parties hereto understand that the Escrow Agent is acting as a disbursing/holding agent whose duties may include servicing draw requests, managing Letters of Credit, managing interest-bearing accounts and holding documents.

C. Notwithstanding anything in this Agreement to the contrary, Escrow Agent shall not be bound by any term or provision in an agreement to which it is not a party.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, the parties hereto agree as follows;

AGREEMENT

1. **Disbursements:** Escrow Agent shall disburse funds, subject to the terms of the Escrow Agreement (Holdback / JDA), in accordance with the written authorization executed by the Parties hereto or their Designated Agent. Note: Escrow Agent may require mutual instruction from all Parties.

2. **Requests of Accounting:** Upon request of any of the Parties hereto a copy of Escrow Agent's record of accounting for funds received and disbursed, on Escrow Agent's form, shall be furnished to the parties hereto.

3. **Indemnification:** The Parties hereto hereby indemnify and promise to hold harmless Escrow Agent against but not limited to all costs, damages, attorneys fees, expenses and liabilities which Escrow Agent may incur or sustain in connection with the Escrow Agreement (Holdback / JDA), or any court action arising therefrom, and will pay the same upon demand, except claims arising out of Escrow Agent's negligence, bad faith, recklessness, intentional misconduct or breach of the Agreement.

4. **Conflicting Demands:** If conflicting demands are made upon Escrow Agent, Escrow Agent may hold any money or documents subject to such conflicting demands until the rights of the Parties making such conflicting demands be determined by court action. Escrow Agent may interplead said money or documents, whereupon Escrow Agent shall be fully relieved of any and all liability in regard to such demands and the Parties hereunder.

5. **Specimen Signatures:** The Parties hereto shall furnish to Escrow Agent such information as may be required by Escrow Agent setting forth the names and specimen signatures of their Designated Agent whose signature Escrow Agent may accept.

6. **Instruction to Escrow Agent:** This Agreement shall constitute joint instructions to Escrow Agent from the Parties and the amounts deposited shall be disbursed and dealt with by Escrow Agent in strict accordance with the following:

   a. **Money Market Account:** Escrow Agent may deposit or invest the amounts deposited in a money market account reasonably acceptable to Parties (provided the deposited amounts are available for immediate withdrawal, as and when required under the Agreement). Interest monies earned on such Money Market Account(s) will be added to the Escrow Account funds to be utilized for costs and fees related to the Agreement. It is understood by the Parties that the Escrow Agent is not providing management nor oversight functions with respect to a payment made on behalf of another, nor has significant economic interest in connection with the payment; and therefore, would not be responsible for issuing information returns to the IRS under IRC section 6041 and/or Rev. Rul. 73-90.

   b. **Limitation of Liability:** Notwithstanding any other provisions of this Escrow Agreement, Escrow Agent has no responsibility nor liability for completion of improvements to the Property; or to guarantee that the funds deposited into escrow are sufficient to complete the improvements; or for any mechanic's or materialman's liens that may be filed except to the extent that Escrow Agent fails to properly disburse monies pursuant to these instructions. Escrow Agent shall not be liable for any action taken or omitted by it, except for its own negligence, bad faith or willful misconduct; nor shall it be liable or responsible for the validity, enforceability or sufficiency of any document furnished to it pursuant to any provision thereof; nor shall it be responsible for any representation or statements made in any of those documents. Any disbursement by Escrow Agent of any advance shall not be deemed to be approval by Escrow Agent of any work performed or any materials furnished with respect thereto or a representation by Escrow Agent that the unused portion of the total cumulative sum is sufficient to pay remaining construction costs.

   c. **Advice of Counsel:** Escrow Agent shall be entitled to rely upon advice of counsel concerning legal matters and upon any document or notice delivered to it hereunder which it believes to be genuine or to have been presented by a proper person.

   d. **Compensation:** Escrow Agent shall be entitled to receive compensation for its services hereunder in accordance with the rate schedule attached hereto as Exhibit "2" and is incorporated herein by this reference. Escrow Agent is hereby authorized to deduct from first monies available its fees. **Note: A reasonable charge will be made for extraordinary services rendered.**

7. **Cancellation:** This Escrow Agreement may be canceled only upon written approval of all Parties hereto except as otherwise provided in the Escrow Agreement.

   a. The Escrow Agent's action upon cancellation shall consist of final disbursement of funds upon written direction of the Parties or by court action, whichever is applicable.

8. **Standard Conditions of Escrow Controls**: To the extent of any conflicts between the Escrow Agreement and the Standard Conditions of Escrow concerning the obligations of the Escrow Agent, the provisions of this Standard Conditions of Escrow shall control.

9. **Resignation**: Escrow Agent has the right to resign upon written notice thereof mailed to the parties thirty (30) days prior to the effective date of such resignation. If such right is exercised, all funds and documents shall be delivered to a mutually appointed substitute Escrow Agent or as otherwise directed by the parties hereto.

10. **Binding Effect:** This Agreement shall be binding upon and shall inure to the benefit of the heirs, representatives, successors and assigns of the Parties hereto.

11. **Party:** Whenever the context of this instrument so requires words used in the masculine gender include the feminine and neuter; the singular number includes the plural, and the plural the singular; the word person includes a corporation, company, partnership or association, or society as well as a natural person. Every reference to any Party or to the Parties collectively shall be deemed to constitute a reference to all successors in interest or assigns of the Party referred to.

ESCROW AGENT:

First American Title Insurance Company
2555 E. Camelback Road, Suite 350
Phoenix, AZ 85016

Phone: (602) 567-8154

TRUST DEPARTMENT
SPECIAL COLLECTION ACCOUNT FEE SCHEDULE
Effective 02/01/2021

ACCEPTANCE AND SET UP FEE	$ 500.00
Set Up Accounting of each Allocation Account	$ 250.00
ADDITIONAL DEPOSIT (Not in Investment Account)	$ 25.00
SET UP FEE OF INVESTMENT ACCOUNT (per account)	$ 100.00
Additional Deposits (each check)	$ 25.00
Withdrawals (each)	$ 25.00
Each DISBURSEMENT (includes 2 remittances)	$ 125.00
Each additional remittance	$ 25.00
Annual Fee in advance [1]	$ 500.00
Annual Fee in advance of each Allocation Account	$ 250.00
Courier Fee	$ 20.00
Courier Fee – Special	$ 50.00
NSF Fee	$ 25.00
Assignment and Assumption	$ 200.00
Amendment / Modification	$ 200.00
Accounting Review/ Analysis Fees (per hour)	$ 150.00
Letters of Credit (LOC's)	
Acceptance/ Setup Fees	$ 100.00
Renewal	$ 100.00
Modification (Reduction/Extension)	$ 100.00
Termination	$ 100.00
Deed of Trust (Full or Partial Release)	$ 75.00
Termination/Close out Fee	$ 400.00
Termination/Close out Fee of each Allocation Account	$ 250.00

The above charges are the minimum charges and First American Title Insurance Company reserves the right to amend this schedule from time to time as deemed necessary.

[1]: Annual Fee of $500.00 covers the first $50,000 of initial budget as outlined by the agreement between parties and shall increase $1.00 for every additional $1,000.00 or fraction thereafter. If the actual for the first year exceed the initial budget, the annual fee for that year will be adjusted to reflect the actual expenses. After the first year, the annual fee will be based on the then-current budget or the amount held in escrow, whichever is greater.

In addition to the fees described above, all parties will be required to pay for additional services in terminating the account or accounts and in performing services in connection with the transmission of any notices required to be transmitted under terms of the agreement being serviced.

The fees in this Section are based on present costs and are subject to change, without written notice or otherwise, in accordance with costs of operation.

Specific charges for letters of credit renewal, increases or decreases required pursuant to terms of the Agreement will be determined by the type of transaction, complexity of administration and/or accounting services required. These charges and any additional work will range from a minimum of **$100.00** to a maximum of $1,000.00 depending on the services required. The Company will require written instructions concerning the handling of these accounts along with a completed (IRS) W-9 Form.

Need to confirm with FATCO this fee schedule is still applicable and/or replace with current fee schedule.

CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION

Agenda Item: 20C.

Date Prepared: 1/28/2026 Council Meeting Date: 2/10/2026

TO: Henry Darwin, City Manager

THROUGH: Mike Faust, Deputy City Manager

FROM: Jack Situ, P.E., Development and Engineering Director

SUBJECT: Maintenance Improvement District No. 1299, Saddleback-Parcel B13 Phase 1, Saddleback Mountain Way and Galvin Street

Purpose:

Discussion and possible action to approve the Petition for Formation, adopt **RES. 2026-17** Intention and ordering the formation of proposed Maintenance Improvement District No. 1299, Saddleback-Parcel B13 Phase 1, located at Saddleback Mountain Way and Galvin Street; and adopt **RES. 2026-18** ordering the improvements within the proposed Maintenance Improvement District and declaring an emergency.

Summary:

The purpose of the Maintenance Improvement District is for the operations, maintenance, repair and improvements to landscaping adjacent to designated public roadways and parkways within the proposed district, as well as drainage and retention within each proposed district. Until such time as the Homeowner's Association fails, and the Council directs City staff to assume maintenance responsibility, a line item of $0.00 will display on the homeowners' property tax bills.

Pursuant to the provision of A.R.S. 48-574, et. seq., the Mayor and Council are empowered to adopt a Resolution ordering the formation of a Maintenance Improvement District. A Petition and Resolution of Intention are attached for formation of City of Peoria Maintenance Improvement District No. 1299, Saddleback-Parcel B13 Phase 1, located at Saddleback Mountain Way and Galvin Street. In the case in which all of the property owners have presented a petition for formation, the ordinary publication and protest period are not required by law; the Council may then adopt a Resolution ordering the improvements when necessary once the Resolution of Intention is first adopted. The Resolution Ordering the improvements finalizes the formation of the Maintenance Improvement District process.

Under Arizona State law, commencing in October 2027, the residents will have a line item of $0.00 on their property tax bill for maintenance of the landscape, irrigation and drainage improvements, located adjacent to and within the public rights-of-way and tracts until such time the Homeowner's Association fails. In accordance with state statute, an assessment diagram and map, listing each parcel of property within the district has been prepared.

Previous Actions/Background:

The final plat for Saddleback-Parcel B13 Phase 1 was approved by the City on October 15, 2025 and recorded with the County.

Staff Recommendation:

Staff recommends the approval of the Petition for Formation, adopt the Resolution of Intention, and Resolution Ordering the Improvements for a proposed Maintenance Improvement District No. 1299, Saddleback-Parcel B13 Phase 1, located at Saddleback Mountain Way and Galvin Street as well as authorize the City Clerk to record the Maintenance Improvement District with the Maricopa County Recorder's Office subject to the following stipulations:

1. All civil and landscape/irrigation plans must be approved by the City of Peoria (City) prior to recordation of the Maintenance Improvement District;

2. The final plat for the subdivision must be approved by City Council and recorded with the Maricopa County Recorder's Office prior to recordation of the Maintenance Improvement District; and

3. The developer must provide a fully executed Petition, Waiver and Consent to Formation of a Municipal Improvement District.

Fiscal Analysis:

There is no direct fiscal impact to the City to approve the Maintenance Improvement District. However, the City would incur the additional charges associated with the maintenance responsibilities should the taxing district not be approved and recorded, and the Homeowner's Association fails.

ATTACHMENTS:

Exhibit 1 Petition for Formation
Exhibit 2 Proposed Resolution of Intention to Create
Exhibit 3 Proposed Resolution Declaring Intention to Order

Contact Name and Number:
Jack Situ, Development and Engineering Director, 623-773-7548.

PETITION, WAIVER AND CONSENT TO FORMATION OF A MUNICIPAL IMPROVEMENT DISTRICT BY THE CITY OF PEORIA

[1299]
MID#

[Saddleback B13 - Phase 1]
Subdivision Name

To: Honorable Mayor and Council
City of Peoria, Arizona

Pursuant to Arizona Revised Statutes, Sections 48-574 and 48-575, the undersigned property owner respectfully petitions the City Council of the City of Peoria, Arizona (City Council) to order the formation of a Municipal Improvement District under Arizona Revised Statutes, Title 48, Chapter 4, Article 2. In support of this petition, the undersigned agrees to waive certain rights under the Arizona Improvement District Law and to consent to the formation and completion of the District.

1. Area of District. The proposed district is described by a map and by a legal description on Exhibit "A" that is attached hereto and incorporated herein by reference. The proposed district consists of 280.54 acres and is entirely within the corporate boundaries of the City of Peoria.

2. Ownership. The undersigned (is) (are) the sole owner(s) of the real property within the proposed district.

3. Purpose. The district is proposed to be formed for the purpose of the operation, maintenance, repair and improvements for landscape maintenance adjacent to designated public roadways and parkways within the proposed district and drainage and retention within each proposed district.

4. Public Convenience and Necessity. The necessity for the proposed district is for the operation, maintenance, repair and improvements for landscape maintenance adjacent to designated streets and parkways within the proposed district by the levying of special assessments in the proposed district.

5. Waiver and Consent. The petitioners with full knowledge of their rights being waived hereunder, hereby expressly waive:

   (a) Any and all irregularities, illegalities or deficiencies which may exist in the acts or proceedings resulting in the adoption of the Resolution of Intention and the Resolution Ordering the Work;

   (b) Any necessity for publication and posting of the Resolution of Intention and the Notice of Proposed Improvements pursuant to A.R.S. §48-578;

   (c) All protest rights whatsoever under A.R.S. §48-579(A) and (B), which provide for protests against the work; and

   (d) All objections to the filing of and adoption by the City of the plans and specifications, the Engineer's estimate and the Assessment Diagram, all of which provide for the completion of the District.

Further, the improvements described above are of more than local or ordinary public benefit.

In Witness whereof the parties have executed this Petition and Waiver Agreement as of the _____ day of _____ 20____.

SADDLEBACK PEORIA PARTNERS, LLC Print Property Owner Name SORAN MCKINNERNEY Print Name 1111 W. 11th St. Austin TX 78703 [redacted] Signature	Date: 6/24/2025	Property (Tax Parcel Numbers) 503-95-163
Print Property Owner Name Print Name Address Signature		Property (Tax Parcel Numbers)

Accepted and approved by:

CITY OF PEORIA, ARIZONA, an
ARIZONA MUNICIPAL CORPORATION

ATTEST:

By_____
Mayor

_____
City Clerk

APPROVED AS TO FORM:

_____
City Attorney

RESOLUTION NO. 2026-17

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PEORIA, ARIZONA, DECLARING ITS INTENTION TO CREATE AN IMPROVEMENT DISTRICT TO MAINTAIN LANDSCAPING INCLUDED WITHIN, NEAR AND ADJACENT TO A PARKWAY AND RELATED FACILITIES TOGETHER WITH APPURTENANT STRUCTURES AS SHOWN ON THE PLANS, FOR MAINTENANCE WITHIN AN AREA IN THE CITY OF PEORIA AS DESCRIBED HEREIN; ADOPTING PLANS FOR CITY OF PEORIA MAINTENANCE IMPROVEMENT DISTRICT NO. 1299, SADDLEBACK-PARCEL B13 PHASE 1, AS MORE PARTICULARLY DESCRIBED HEREIN, AND DECLARING THE WORK OR IMPROVEMENT TO BE OF MORE THAN LOCAL OR ORDINARY PUBLIC BENEFIT, AND THAT THE COST OF SAID WORK OR IMPROVEMENT SHALL BE ASSESSED UPON A CERTAIN DISTRICT, AND PROVIDING THAT THE PROPOSED WORK OR IMPROVEMENT SHALL BE PERFORMED UNDER ARIZONA REVISED STATUTES TITLE 48, CHAPTER 4, ARTICLE 2, AND AMENDMENTS THERETO AND DECLARING AN EMERGENCY.

WHEREAS, the Mayor and Council of the City of Peoria, Arizona, declare that the Maintenance of the landscaping included within, near and adjacent to a parkway and related facilities in the District to be of more than local or ordinary public benefit, and further that the cost of said maintenance shall be assessed on a certain District; and

WHEREAS, the Mayor and Council of the City of Peoria, Arizona, declare that the maintenance of landscaping included within, near, and adjacent to a parkway and related facilities in the District is incidental to the maintenance and preservation of the parkway and related facilities, has aesthetic value, and maintains and increases the value of property within the District; and

WHEREAS, the City Council declares that the maintenance of landscaping included within and adjacent to a parkway and related facilities preserves and promotes the health, safety, and welfare of those citizens of the City of Peoria living within the District as well as preservation of the streets and parkways which may be adversely impacted by drainage and other water formations; and

WHEREAS, the City of Peoria declares that the maintenance of a landscaped buffer between a parkway and the adjacent developments reduces the visual and other impact of light, air and noise pollution and tends to increase personal and vehicular safety on the parkway and decreases the likelihood vehicular accidents will harm adjacent developments in furtherance of the health, safety and welfare of those citizens of the City living within the District; and

WHEREAS, the City Council declares that maintenance of landscaped drainage and other water control facilities and features within, near or adjacent to a parkway and related facilities tends to preserve the structural integrity of the parkway and mitigates flooding of adjacent areas and the structural integrity of the parkway and mitigates flooding of adjacent areas and the parkway by draining water to and from the parkway in furtherance of the health, safety and welfare of those citizens of the City of Peoria living within the District:

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF PEORIA AS FOLLOWS:

Section 1. Definitions.

In this Resolution, the following terms shall have the following meanings:

"Assessment Diagrams" shall mean those duplicate diagrams of the property contained in the Assessment District is to be filed with the Clerk and approved by the Mayor and Council.

"Assessment District" shall mean the lots, pieces or parcels of land lying within the boundaries described on Exhibit B attached hereto and as shown on the map on file with the City Engineer.

"City" shall mean the City of Peoria, Arizona.

"City Council" or "Council" shall mean the Mayor and Council of the City.

"Clerk" shall mean the City Clerk.

"Engineer" shall mean City Engineer.

"Lots" shall mean all lots, pieces or parcels of land lying within the Assessment District.

"Parkways" shall mean those streets and rights-of-way which are designated in Exhibit B as "Parkways," and specifically those portions of Pedestrian Facilities, Parks, Retention, Detention and Storm Water Management Facilities included within or adjacent to the Assessment District.

"Plans and Specifications" shall mean the engineer's estimate for the Maintenance Improvement District No. 1299 filed with the Clerk prior to the adoption of this Resolution.

"Superintendent of Streets" shall mean the City Engineer.

Section 2. Declaration of Intention to Order an Improvement.

The public interest or convenience requires, and it is the intention of the Mayor and Council of the City of Peoria, Arizona, to order the following work, hereinafter "Work," to be performed, to wit:

The maintenance of all landscaping, including replacement of landscape materials, in the area generally described as follows:

SEE EXHIBIT "A", LEGAL DESCRIPTION OF CITY OF PEORIA MAINTENANCE IMPROVEMENT DISTRICT NO. 1299

The Mayor and Council of the City of Peoria, Arizona designate as parkways, those areas set forth on Exhibit "B" Assessment Diagram in accordance with Title 48, Chapter 4, Article 2, Arizona Revised Statutes. The public interest and convenience require, and it is the intention of the City Council to order the Work adjacent to the designated parkways to be performed as stated herein. All items of the Work shall be performed as prescribed by the Plans and Specifications hereby approved and adopted by the Council and on file in the Office of the City Engineer and no assessment for any lot shall exceed its proportion of the Estimate. The estimate of the cost and expenses of the work or improvements on file in the offices of the Superintendent of Streets and the Clerk of the City are hereby approved and adopted by the Mayor and Council of the City. In addition to the requirements of law, the procedures set forth in the City Code will be followed regarding acceptance of bids and setting tax levies. For purposes of this Resolution and of all resolutions, ordinances and notices pertaining to this Resolution, the improvement as herein described is hereby designated City of Peoria Maintenance Improvement District No. 1299.

Section 3. Determination of Need.

In the opinion of the City Council, the Work is of more than local or ordinary public benefit. The City Council 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 within the Assessment District.

Section 4. Preparation of Assessment Diagrams.

The City Engineer is hereby authorized and directed to prepare duplicate diagrams (Assessment Diagrams) of the property contained within the Assessment District. The diagrams shall show each separate lot, numbered consecutively, the approximate area in square feet of each lot, and the location of the lot in relation to the work proposed to be done.

Section 5. Exclusion of Certain Property.

Any public street or alley within the boundaries of the Assessment District is hereby omitted from the assessment hereafter to be made. Any lot belonging to the United States, the State, a county, city, school district or any political subdivision or institution of the State or county, which is included within the Assessment District shall be omitted from the assessment hereafter made.

Section 6. Officers Not Liable.

In no event will the City of Peoria or any officer thereof be liable for any portion of the cost of said Improvement District nor for any delinquency of persons or property assessed.

Section 7. Annual Statement.

The City Council shall make annual statements and estimates of the expenses of the District which shall be provided for by the levy and collection of ad valorem taxes upon the assessed value of all real and personal property in the District as provided in A.R.S. § 48-574 and amendments thereto.

Section 8. Statutory Authority.

The Work and all proceedings pertaining thereto shall be performed under the provisions of Title 48, Article 2, specifically Section 48-574, and all amendments thereto and pursuant to Article I, Section 3, (8) of the Peoria City Charter.

Section 9. Delegation of Authority.

The City Engineer is hereby authorized to fill in any blanks and to make any minor corrections necessary to complete the Plans and Specifications and the Contract Documents.

PASSED AND ADOPTED by the Mayor and Council of the City of Peoria, Arizona, this 10th day of February, 2026.

CITY OF PEORIA, an Arizona municipal corporation

_____
Jason Beck, Mayor

_____
Date Signed

ATTEST:

_____
Agnes Goodwine, City Clerk

APPROVED AS TO FORM:

_____
Emily Jurmu, City Attorney

Effective Date: _____

CERTIFICATION OF CITY ENGINEER

I hereby certify that I have read the description set out under the definition "Assessment District" and approve the same. I further certify that I have read the description set out under the definition "Work" and approve the same.

_____
Jack Situ, Dev. & Eng. Director

CERTIFICATION OF CITY CLERK

I hereby certify that the above and foregoing Resolution No. 2026-17 duly passed by the Mayor and Council of the City of Peoria, Arizona at a regular meeting held on February 10, 2026 and that a quorum was present there and that the vote thereon was _____ ayes and _____ nays. _____ were no vote or absent.

_____
City Clerk, City of Peoria

EXHIBIT "A"
VILLAGE 13 PHASE 1 (R250033) MID BOUNDARY DESCRIPTION

A PORTION OF LAND LOCATED IN SECTION 3, TOWNSHIP 5 NORTH, RANGE 1 WEST, THE EAST HALF OF SECTION 4, TOWNSHIP 5 NORTH, RANGE 1 WEST & THE SOUTH HALF OF SECTION 34, TOWNSHIP 6 NORTH, RANGE 1 WEST, OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 3, BEING MARKED BY A GLO BRASS CAP, FROM WHICH THE NORTH QUARTER CORNER OF SAID SECTION 3, BEING MARKED BY A GLO BRASS CAP BEARS, SOUTH 89 DEGREES 40 MINUTES 00 SECONDS EAST, 2635.55 FEET;

THENCE SOUTH 89 DEGREES 40 MINUTES 00 SECONDS EAST, ALONG THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 3, 329.08 FEET TO THE **POINT OF BEGINNING**;

THENCE CONTINUING ALONG SAID NORTH LINE, SOUTH 89 DEGREES 40 MINUTES 00 SECONDS EAST, 1160.31 FEET;

THENCE DEPARTING SAID NORTH LINE, NORTH 19 DEGREES 08 MINUTES 44 SECONDS EAST, 285.67 FEET;

THENCE NORTH 88 DEGREES 21 MINUTES 37 SECONDS EAST, 199.14 FEET;

THENCE SOUTH 13 DEGREES 34 MINUTES 23 SECONDS EAST, 206.61 FEET;

THENCE SOUTH 87 DEGREES 02 MINUTES 54 SECONDS EAST, 77.42 FEET;

THENCE NORTH 21 DEGREES 25 MINUTES 30 SECONDS EAST, 257.54 FEET;

THENCE SOUTH 67 DEGREES 32 MINUTES 34 SECONDS EAST, 380.88 FEET;

THENCE NORTH 22 DEGREES 27 MINUTES 26 SECONDS EAST, 444. 39 FEET;

THENCE SOUTH 84 DEGREES 57 MINUTES 20 SECONDS EAST, 624.59 FEET;

THENCE NORTH 72 DEGREES 44 MINUTES 43 SECONDS EAST, 553.34 FEET;

THENCE SOUTH 69 DEGREES 12 MINUTES 48 SECONDS EAST, 108.57 FEET;

THENCE SOUTH 29 DEGREES 14 MINUTES 23 SECONDS EAST, 214.73 FEET;

THENCE NORTH 64 DEGREES 39 MINUTES 48 SECONDS EAST, 199.34 FEET;

THENCE SOUTH 82 DEGREES 28 MINUTES 11 SECONDS EAST, 596.51 FEET;

THENCE SOUTH 53 DEGREES 57 MINUTES 02 SECONDS EAST, 431.32 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE NORTHWESTERLY, FROM WHICH THE CENTER BEARS NORTH 53 DEGREES 57 MINUTES 02 SECONDS WEST, 1155.00 FEET;

THENCE ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 16 DEGREES 01 MINUTES 34 SECONDS, AN ARC LENGTH OF 323.06 FEET TO A POINT ON THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 3;

THENCE CONTINUING ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 20 DEGREES 42 MINUTES 57 SECONDS, AN ARC LENGTH OF 417.60 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 1245.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 14 DEGREES 23 MINUTES 42 SECONDS, AN ARC LENGTH OF 312.80 FEET;

THENCE SOUTH 31 DEGREES 36 MINUTES 13 SECONDS EAST, 45.00 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHEASTERLY, FROM WHICH THE CENTER BEARS SOUTH 31 DEGREES 36 MINUTES 13 SECONDS WEST, 1200.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 50 DEGREES 53 MINUTES 21 SECONDS, AN ARC LENGTH OF 1065.82 FEET;

THENCE SOUTH 07 DEGREES 30 MINUTES 26 SECONDS WEST, 134.60 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 1200.00 FEET;

THENCE ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 34 DEGREES 29 MINUTES 17 SECONDS, AN ARC LENGTH OF 722.31 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 5000.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 07 DEGREES 08 MINUTES 51 SECONDS, AN ARC LENGTH OF 623.75 FEET;

THENCE SOUTH 34 DEGREES 50 MINUTES 52 SECONDS WEST, 732.38 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 1200.00 FEET;

THENCE ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 53 DEGREES 38 MINUTES 33 SECONDS, AN ARC LENGTH OF 1123.48 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 1200.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 29 DEGREES 33 MINUTES 55 SECONDS, AN ARC LENGTH OF 619.21 FEET;

THENCE SOUTH 58 DEGREES 55 MINUTES 30 SECONDS WEST, 260.06 FEET;

THENCE NORTH 11 DEGREES 28 MINUTES 30 SECONDS WEST, 234.20 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 100.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 20 DEGREES 48 MINUTES 58 SECONDS, AN ARC LENGTH OF 36.33 FEET;

THENCE NORTH 32 DEGREES 17 MINUTES 29 SECONDS WEST, 119.10 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 500.00 FEET;

THENCE ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 03 DEGREES 56 MINUTES 39 SECONDS, AN ARC LENGTH OF 34.42 FEET;

THENCE NORTH 28 DEGREES 20 MINUTES 50 SECONDS WEST, 368.28 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 3175.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 12 DEGREES 06 MINUTES 04 SECONDS, AN ARC LENGTH OF 670.58 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 1200.00 FEET;

THENCE ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 01 DEGREES 35 MINUTES 24 SECONDS, AN ARC LENGTH OF 33.30 FEET TO A POINT ON THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 3;

THENCE CONTINUING ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 16 DEGREES 13 MINUTES 58 SECONDS, AN ARC LENGTH OF 339.98 FEET;

THENCE NORTH 05 DEGREES 21 MINUTES 56 SECONDS WEST, 123.85 FEET;

THENCE NORTH 84 DEGREES 38 MINUTES 04 SECONDS EAST, 134.24 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE NORTHWESTERLY, WHOSE CENTER BEARS NORTH 00 DEGREES 52 MINUTES 22 SECONDS EAST, 57.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 27 DEGREES 43 MINUTES 28 SECONDS, AN ARC LENGTH OF 27.58 FEET;

THENCE NORTH 63 DEGREES 08 MINUTES 54 SECONDS EAST, 29.91 FEET TO A POINT ON THE WEST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 3;

THENCE CONTINUING NORTH 63 DEGREES 08 MINUTES 54 SECONDS EAST, 20.91 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 200.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 04 DEGREES 50 MINUTES 40 SECONDS, AN ARC LENGTH OF 16.91 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 200.00 FEET;

THENCE ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 05 DEGREES 28 MINUTES 14 SECONDS, AN ARC LENGTH OF 19.10 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 655.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 06 DEGREES 24 MINUTES 50 SECONDS, AN ARC LENGTH OF 73.32 FEET;

THENCE NORTH 11 DEGREES 54 MINUTES 15 SECONDS EAST, 28.60 FEET;

THENCE NORTH 58 DEGREES 37 MINUTES 27 SECONDS EAST, 122.48 FEET;

THENCE NORTH 10 DEGREES 11 MINUTES 28 SECONDS WEST, 422.48 FEET;

THENCE NORTH 01 DEGREES 49 MINUTES 58 SECONDS WEST, 296.23 FEET;

THENCE NORTH 29 DEGREES 09 MINUTES 37 SECONDS EAST, 730.40 FEET;

THENCE NORTH 45 DEGREES 31 MINUTES 30 SECONDS WEST, 92.04 FEET;

THENCE NORTH 15 DEGREES 37 MINUTES 50 SECONDS WEST, 56.83 FEET;

THENCE SOUTH 88 DEGREES 25 MINUTES 42 SECONDS WEST, 110.45 FEET;

THENCE NORTH 18 DEGREES 15 MINUTES 45 SECONDS WEST, 266.40 FEET;

THENCE NORTH 20 DEGREES 07 MINUTES 19 SECONDS EAST, 344.64 FEET TO SAID **POINT OF BEGINNING;**

SAID PARCEL CONTAINS 12,720,378 SQUARE FEET OR 292.0197 ACRES, MORE OR LESS.



Resolution No. 2026-17

EXHIBIT “B”

IS ON FILE IN THE

CITY OF PEORIA
CITY CLERK’S OFFICE
8401 W. MONROE STREET
PEORIA, AZ 85345

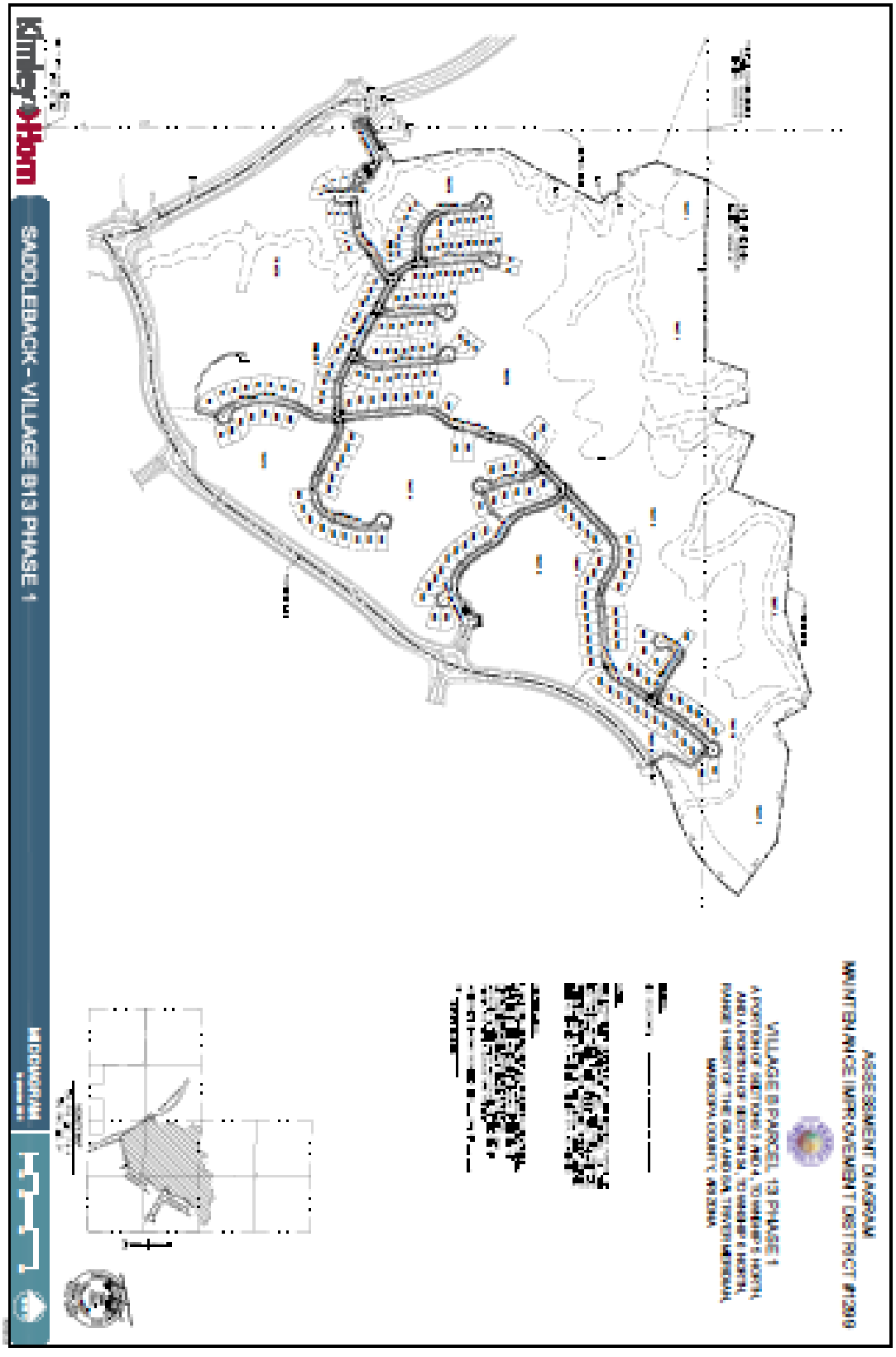

SADDLEBACK - VILLAGE B13 PHASE 1
ASSESSMENT DIAGRAM
MAINTENANCE IMPROVEMENT DISTRICT #1299
VILLAGE B PARCEL 13 PHASE 1

EXHIBIT "A"

VILLAGE 13 PHASE 1 (_____) MID BOUNDARY DESCRIPTION

A PORTION OF LAND LOCATED IN SECTION 3, TOWNSHIP 5 NORTH, RANGE 1 WEST, THE EAST HALF OF SECTION 4, TOWNSHIP 5 NORTH, RANGE 1 WEST & THE SOUTH HALF OF SECTION 34, TOWNSHIP 6 NORTH, RANGE 1 WEST, OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 3, BEING MARKED BY A GLO BRASS CAP, FROM WHICH THE NORTH QUARTER CORNER OF SAID SECTION 3, BEING MARKED BY A GLO BRASS CAP BEARS, SOUTH 89 DEGREES 40 MINUTES 00 SECONDS EAST, 2635.55 FEET;

THENCE SOUTH 89 DEGREES 40 MINUTES 00 SECONDS EAST, ALONG THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 3, 325.00 FEET TO THE POINT OF BEGINNING;

THENCE CONTINUING ALONG SAID NORTH LINE, SOUTH 89 DEGREES 40 MINUTES 00 SECONDS EAST, 1160.31 FEET;

THENCE DEPARTING SAID NORTH LINE, NORTH 19 DEGREES 05 MINUTES 46 SECONDS EAST, 285.67 FEET;

THENCE NORTH 08 DEGREES 21 MINUTES 27 SECONDS EAST, 199.14 FEET;

THENCE SOUTH 13 DEGREES 34 MINUTES 23 SECONDS EAST, 206.61 FEET;

THENCE SOUTH 87 DEGREES 02 MINUTES 58 SECONDS EAST, 77.42 FEET;

THENCE NORTH 21 DEGREES 25 MINUTES 30 SECONDS EAST, 257.54 FEET;

THENCE SOUTH 67 DEGREES 32 MINUTES 34 SECONDS EAST, 360.68 FEET;

THENCE NORTH 22 DEGREES 27 MINUTES 26 SECONDS EAST, 444.39 FEET;

THENCE SOUTH 84 DEGREES 57 MINUTES 20 SECONDS EAST, 424.59 FEET;

THENCE NORTH 72 DEGREES 44 MINUTES 40 SECONDS EAST, 153.34 FEET;

THENCE SOUTH 69 DEGREES 12 MINUTES 46 SECONDS EAST, 108.57 FEET;

THENCE SOUTH 29 DEGREES 14 MINUTES 23 SECONDS EAST, 214.73 FEET;

THENCE NORTH 68 DEGREES 39 MINUTES 46 SECONDS EAST, 199.36 FEET;

THENCE SOUTH 82 DEGREES 28 MINUTES 11 SECONDS EAST, 196.51 FEET;

THENCE SOUTH 53 DEGREES 57 MINUTES 02 SECONDS EAST, 483.32 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE NORTHWESTERLY, FROM WHICH THE CENTER BEARS NORTH 53 DEGREES 57 MINUTES 02 SECONDS WEST, 1155.00 FEET;

THENCE ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 16 DEGREES 01 MINUTES 34 SECONDS, AN ARC LENGTH OF 323.06 FEET TO A POINT ON THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 3;

THENCE CONTINUING ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 20 DEGREES 42 MINUTES 57 SECONDS, AN ARC LENGTH OF 417.00 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 1385.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 14 DEGREES 23 MINUTES 42 SECONDS, AN ARC LENGTH OF 347.80 FEET;

THENCE SOUTH 31 DEGREES 16 MINUTES 13 SECONDS EAST, 45.00 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHEASTERLY, FROM WHICH THE CENTER BEARS SOUTH 31 DEGREES 16 MINUTES 13 SECONDS WEST, 1200.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 54 DEGREES 53 MINUTES 21 SECONDS, AN ARC LENGTH OF 1085.82 FEET;

THENCE SOUTH 07 DEGREES 30 MINUTES 26 SECONDS WEST, 134.60 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 1200.00 FEET;

THENCE ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 34 DEGREES 29 MINUTES 17 SECONDS, AN ARC LENGTH OF 722.31 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 5000.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 07 DEGREES 08 MINUTES 51 SECONDS, AN ARC LENGTH OF 622.75 FEET;

THENCE SOUTH 34 DEGREES 50 MINUTES 52 SECONDS WEST, 752.38 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 1200.00 FEET;

THENCE ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 53 DEGREES 38 MINUTES 33 SECONDS, AN ARC LENGTH OF 1123.48 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 1200.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 29 DEGREES 33 MINUTES 55 SECONDS, AN ARC LENGTH OF 618.21 FEET;

THENCE SOUTH 58 DEGREES 55 MINUTES 30 SECONDS WEST, 260.06 FEET;

THENCE NORTH 31 DEGREES 28 MINUTES 30 SECONDS WEST, 234.20 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 100.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 20 DEGREES 48 MINUTES 58 SECONDS, AN ARC LENGTH OF 36.33 FEET;

THENCE NORTH 32 DEGREES 17 MINUTES 29 SECONDS WEST, 115.10 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 500.00 FEET;

THENCE ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 03 DEGREES 56 MINUTES 39 SECONDS, AN ARC LENGTH OF 34.42 FEET;

THENCE NORTH 28 DEGREES 20 MINUTES 50 SECONDS WEST, 368.28 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 3175.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 12 DEGREES 06 MINUTES 04 SECONDS, AN ARC LENGTH OF 670.58 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 1200.00 FEET;

THENCE ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 01 DEGREES 35 MINUTES 24 SECONDS, AN ARC LENGTH OF 33.20 FEET TO A POINT ON THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 3;

THENCE CONTINUING ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 16 DEGREES 13 MINUTES 58 SECONDS, AN ARC LENGTH OF 339.58 FEET;

THENCE NORTH 05 DEGREES 21 MINUTES 56 SECONDS WEST, 123.85 FEET;

THENCE NORTH 84 DEGREES 38 MINUTES 04 SECONDS EAST, 134.36 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE NORTHWESTERLY, WHOSE CENTER BEARS NORTH 10 DEGREES 52 MINUTES 22 SECONDS EAST, 57.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 27 DEGREES 43 MINUTES 28 SECONDS, AN ARC LENGTH OF 27.58 FEET;

THENCE NORTH 63 DEGREES 08 MINUTES 54 SECONDS EAST, 25.91 FEET TO A POINT ON THE WEST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 3;

THENCE CONTINUING NORTH 63 DEGREES 08 MINUTES 54 SECONDS EAST, 20.51 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 200.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 04 DEGREES 50 MINUTES 40 SECONDS, AN ARC LENGTH OF 16.91 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 200.00 FEET;

THENCE ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 05 DEGREES 28 MINUTES 14 SECONDS, AN ARC LENGTH OF 19.10 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 655.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 06 DEGREES 24 MINUTES 50 SECONDS, AN ARC LENGTH OF 73.32 FEET;

THENCE NORTH 11 DEGREES 54 MINUTES 15 SECONDS EAST, 28.60 FEET;

THENCE NORTH 58 DEGREES 37 MINUTES 27 SECONDS EAST, 122.46 FEET;

THENCE NORTH 10 DEGREES 11 MINUTES 28 SECONDS WEST, 422.48 FEET;

THENCE NORTH 01 DEGREES 49 MINUTES 58 SECONDS WEST, 256.23 FEET;

THENCE NORTH 29 DEGREES 09 MINUTES 37 SECONDS EAST, 730.40 FEET;

THENCE NORTH 45 DEGREES 31 MINUTES 30 SECONDS WEST, 92.04 FEET;

THENCE NORTH 15 DEGREES 37 MINUTES 50 SECONDS WEST, 56.80 FEET;

THENCE SOUTH 88 DEGREES 25 MINUTES 42 SECONDS WEST, 110.45 FEET;

THENCE NORTH 18 DEGREES 15 MINUTES 45 SECONDS WEST, 266.40 FEET;

THENCE NORTH 20 DEGREES 07 MINUTES 19 SECONDS EAST, 346.64 FEET TO SAID POINT OF BEGINNING;

SAID PARCEL CONTAINS 13,720,378 SQUARE FEET OR 292.087 ACRES, MORE OR LESS.

Kimley»Horn
SADDLEBACK – VILLAGE B13 – PHASE 1
MID DIAGRAM

CITY OF PEORIA, ARIZONA
NOTICE

OF THE PASSAGE OF A RESOLUTION ORDERING THE IMPROVEMENT CONSISTING OF AUTHORIZING THE MAINTENANCE OF LANDSCAPING INCLUDED WITHIN, NEAR, AND ADJACENT TO A PARKWAY AND RELATED FACILITIES TOGETHER WITHIN APPURTENANT STRUCTURES AS SHOWN ON THE PLANS FOR THE IMPROVEMENT DISTRICT KNOWN AS CITY OF PEORIA MAINTENANCE IMPROVEMENT DISTRICT NO. 1299, SADDLEBACK-PARCEL B13 PHASE 1.

This notice is given pursuant to the provisions of Title 48, Chapter 4, Article 2, Sections 48-571 to 48-619, both inclusive, Arizona Revised Statutes, as amended.

On the 10th day of February, 2026 the Mayor and Council of the City of Peoria adopted Resolution No. 2026-18; ordering the improvements of maintaining landscaping included within, near, and adjacent to a parkway and related facilities together within appurtenant structures shown on the plans, within the corporate limits of the City and creating an Improvement District known as the City of Peoria Maintenance Improvement District No. 1299, pursuant to Title 48, Chapter 4, Arizona Revised Statutes; and amendments thereto for the purpose of maintaining landscaping included within, near, and adjacent to a parkway and related facilities together within appurtenant structures, which includes a charge for the maintenance of landscaping and other related items, together with all appurtenant structures as shown on the plans; and directing that this notice been given.

Any owner, or any other person having an interest in any lot, piece or parcel of land situated within the above-described assessment district, who claims that any of the provisions, acts or proceedings relative to the above described improvements are irregular, defective, illegal, erroneous or faulty, may file with the City Clerk, Room 150, 8401 West Monroe Street, Peoria, Arizona 85345, within 15 days from the date of the first publication of this notice, a written notice specifying in what way said acts or proceedings are irregular, defective, illegal, erroneous or faulty.

Further information concerning City of Peoria Maintenance Improvement District No. 1299 may be obtained by contacting Mr. Jack Situ, Development & Engineering Director, City of Peoria, Arizona, 8401 West Monroe, Peoria, Arizona 85345, (623) 773-7691.

DATED AND SIGNED this _____ day of _____, 2026.

_____
Jack Situ, P.E.
Superintendent of Streets
City of Peoria, Arizona

RESOLUTION NO. 2026-18

RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF PEORIA, ARIZONA DECLARING ITS INTENTION TO ORDER THE IMPROVEMENTS OF A CERTAIN AREA WITHIN THE CORPORATE LIMITS OF THE CITY AND CREATING AN IMPROVEMENT DISTRICT KNOWN AS THE CITY OF PEORIA MAINTENANCE IMPROVEMENT DISTRICT NO. 1299, SADDLEBACK-PARCEL B13 PHASE 1 PROVIDING THAT THE COST OF THE MAINTENANCE OF THE LANDSCAPING INCLUDED WITHIN, NEAR, AND ADJACENT TO A PARKWAY AND RELATED FACILITIES TOGETHER WITH APPURTENANT STRUCTURES AS SHOWN ON THE PLANS, SHALL BE ASSESSED UNDER THE PROVISIONS OF TITLE 48, CHAPTER 4, ARTICLE 2, ARIZONA REVISED STATUTES, AS AMENDED; AND DECLARING AN EMERGENCY.

BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF PEORIA, ARIZONA, THAT:

SECTION 1. The public interest or convenience require and it is the intention of the Mayor and Council of the City of Peoria, Arizona to order the maintenance of landscaping within the proposed district and that the cost of maintaining landscaping included within, near, and adjacent to a parkway and related facilities together with appurtenant structures be assessed upon a certain improvement district to be known as Peoria Maintenance Improvement District No. 1299.

The estimate of the cost and expenses for the maintenance of the landscaping on file with the Superintendent of Streets and the City Clerk is approved and adopted by the Mayor and Council of the City.

SECTION 2. The maintenance of the landscaping, therefore, in the opinion of the Mayor and Council of the City, are of more than local or ordinary public benefit, and are of special benefit to the respective lots, pieces and parcels

of land within the real property described herein. The Mayor and Council of the City make and order that the cost and expense for the maintenance of the landscaping included within, near, and adjacent to a parkway and related facilities together with appurtenant structures be chargeable upon a district to be known and designated as the City of Peoria Maintenance Improvement District No. 1299 and as described and bounded as set forth on Exhibits A and B attached, and declare that the district in the City benefited by the maintenance of landscaping included within, near, and adjacent to a parkway and related facilities together with appurtenant structures to be assessed, to pay the costs and expenses thereof in proportion to the benefits derived therefrom.

The City shall not assess the costs and expenses for the maintenance of landscaping included within, near, and adjacent to a parkway and related facilities together with appurtenant structures, which are for the general public benefit against the respective lots, pieces and parcels of land located within the boundaries of the City of Peoria Maintenance Improvement District No. 1299 and if a portion of the costs and expenses for the maintenance of landscaping is for the general public benefit, the City shall assess the boundaries of the City of Peoria Maintenance Improvement District No. 1299 only that portion of such costs and expenses which benefits the lots, pieces and parcels of land located within the boundaries of the City of Peoria Maintenance Improvement District No. 1299.

SECTION 3. The costs and expense for the maintenance of landscaping shall be made and all proceedings therein taken; that the Superintendent of Streets of the City shall post or cause to be posted notices thereof; that the City Clerk shall certify to the passage of this Resolution of Intention; that the Engineer shall prepare duplicate diagrams of the City of Peoria Maintenance Improvement District No. 1299 described in Section 2 of this Resolution to be assessed to pay the costs and expenses thereof, under and in accordance with the provisions of Title 48, Chapter 4, Article 2, Arizona Revised Statutes, as amended.

SECTION 4. The majority of owners of all of the real property within the proposed district have executed a Petition for formation of a Maintenance Improvement District and the City Council has verified the ownership of the property. Publication and posting of the notice of the passage of the Resolution of Intention will be completed as prescribed by the State Statues.

SECTION 5. Any Resolutions or parts of Resolutions in conflict with the provisions of this Resolution are hereby repealed.

SECTION 6. The immediate operation of the provisions of this Resolution is necessary for the preservation of the public peace, health and safety and an emergency is declared to exist, and this Resolution will be in full force and effect from and after its passage and approval by the Mayor and Council of the

City of Peoria, Arizona as required by law and is exempt from the referendum provisions of the Constitution and laws of the State of Arizona.

PASSED AND ADOPTED by the Mayor and Council of the City of Peoria, Arizona, this 10th day of February, 2026.

CITY OF PEORIA, an Arizona municipal corporation

_____
Jason Beck, Mayor

_____
Date Signed

ATTEST:

_____
Agnes Goodwine, City Clerk

APPROVED AS TO FORM:

_____
Emily Jurmu, Acting City Attorney

Effective Date: _____

EXHIBIT "A"
VILLAGE 13 PHASE 1 (R250033) MID BOUNDARY DESCRIPTION

A PORTION OF LAND LOCATED IN SECTION 3, TOWNSHIP 5 NORTH, RANGE 1 WEST, THE EAST HALF OF SECTION 4, TOWNSHIP 5 NORTH, RANGE 1 WEST & THE SOUTH HALF OF SECTION 34, TOWNSHIP 6 NORTH, RANGE 1 WEST, OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 3, BEING MARKED BY A GLO BRASS CAP, FROM WHICH THE NORTH QUARTER CORNER OF SAID SECTION 3, BEING MARKED BY A GLO BRASS CAP BEARS, SOUTH 89 DEGREES 40 MINUTES 00 SECONDS EAST, 2635.55 FEET;

THENCE SOUTH 89 DEGREES 40 MINUTES 00 SECONDS EAST, ALONG THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 3, 329.08 FEET TO THE **POINT OF BEGINNING**;

THENCE CONTINUING ALONG SAID NORTH LINE, SOUTH 89 DEGREES 40 MINUTES 00 SECONDS EAST, 1160.31 FEET;

THENCE DEPARTING SAID NORTH LINE, NORTH 19 DEGREES 08 MINUTES 44 SECONDS EAST, 285.67 FEET;

THENCE NORTH 88 DEGREES 21 MINUTES 37 SECONDS EAST, 199.14 FEET;

THENCE SOUTH 13 DEGREES 34 MINUTES 23 SECONDS EAST, 206.61 FEET;

THENCE SOUTH 87 DEGREES 02 MINUTES 54 SECONDS EAST, 77.42 FEET;

THENCE NORTH 21 DEGREES 25 MINUTES 30 SECONDS EAST, 257.54 FEET;

THENCE SOUTH 67 DEGREES 32 MINUTES 34 SECONDS EAST, 380.88 FEET;

THENCE NORTH 22 DEGREES 27 MINUTES 26 SECONDS EAST, 444. 39 FEET;

THENCE SOUTH 84 DEGREES 57 MINUTES 20 SECONDS EAST, 624.59 FEET;

THENCE NORTH 72 DEGREES 44 MINUTES 43 SECONDS EAST, 553.34 FEET;

THENCE SOUTH 69 DEGREES 12 MINUTES 48 SECONDS EAST, 108.57 FEET;

THENCE SOUTH 29 DEGREES 14 MINUTES 23 SECONDS EAST, 214.73 FEET;

THENCE NORTH 64 DEGREES 39 MINUTES 48 SECONDS EAST, 199.34 FEET;

THENCE SOUTH 82 DEGREES 28 MINUTES 11 SECONDS EAST, 596.51 FEET;

THENCE SOUTH 53 DEGREES 57 MINUTES 02 SECONDS EAST, 431.32 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE NORTHWESTERLY, FROM WHICH THE CENTER BEARS NORTH 53 DEGREES 57 MINUTES 02 SECONDS WEST, 1155.00 FEET;

THENCE ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 16 DEGREES 01 MINUTES 34 SECONDS, AN ARC LENGTH OF 323.06 FEET TO A POINT ON THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 3;

THENCE CONTINUING ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 20 DEGREES 42 MINUTES 57 SECONDS, AN ARC LENGTH OF 417.60 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 1245.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 14 DEGREES 23 MINUTES 42 SECONDS, AN ARC LENGTH OF 312.80 FEET;

THENCE SOUTH 31 DEGREES 36 MINUTES 13 SECONDS EAST, 45.00 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHEASTERLY, FROM WHICH THE CENTER BEARS SOUTH 31 DEGREES 36 MINUTES 13 SECONDS WEST, 1200.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 50 DEGREES 53 MINUTES 21 SECONDS, AN ARC LENGTH OF 1065.82 FEET;

THENCE SOUTH 07 DEGREES 30 MINUTES 26 SECONDS WEST, 134.60 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 1200.00 FEET;

THENCE ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 34 DEGREES 29 MINUTES 17 SECONDS, AN ARC LENGTH OF 722.31 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 5000.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 07 DEGREES 08 MINUTES 51 SECONDS, AN ARC LENGTH OF 623.75 FEET;

THENCE SOUTH 34 DEGREES 50 MINUTES 52 SECONDS WEST, 732.38 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 1200.00 FEET;

THENCE ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 53 DEGREES 38 MINUTES 33 SECONDS, AN ARC LENGTH OF 1123.48 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 1200.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 29 DEGREES 33 MINUTES 55 SECONDS, AN ARC LENGTH OF 619.21 FEET;

THENCE SOUTH 58 DEGREES 55 MINUTES 30 SECONDS WEST, 260.06 FEET;

THENCE NORTH 11 DEGREES 28 MINUTES 30 SECONDS WEST, 234.20 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 100.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 20 DEGREES 48 MINUTES 58 SECONDS, AN ARC LENGTH OF 36.33 FEET;

THENCE NORTH 32 DEGREES 17 MINUTES 29 SECONDS WEST, 119.10 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 500.00 FEET;

THENCE ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 03 DEGREES 56 MINUTES 39 SECONDS, AN ARC LENGTH OF 34.42 FEET;

THENCE NORTH 28 DEGREES 20 MINUTES 50 SECONDS WEST, 368.28 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 3175.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 12 DEGREES 06 MINUTES 04 SECONDS, AN ARC LENGTH OF 670.58 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 1200.00 FEET;

THENCE ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 01 DEGREES 35 MINUTES 24 SECONDS, AN ARC LENGTH OF 33.30 FEET TO A POINT ON THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 3;

THENCE CONTINUING ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 16 DEGREES 13 MINUTES 58 SECONDS, AN ARC LENGTH OF 339.98 FEET;

THENCE NORTH 05 DEGREES 21 MINUTES 56 SECONDS WEST, 123.85 FEET;

THENCE NORTH 84 DEGREES 38 MINUTES 04 SECONDS EAST, 134.24 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE NORTHWESTERLY, WHOSE CENTER BEARS NORTH 00 DEGREES 52 MINUTES 22 SECONDS EAST, 57.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 27 DEGREES 43 MINUTES 28 SECONDS, AN ARC LENGTH OF 27.58 FEET;

THENCE NORTH 63 DEGREES 08 MINUTES 54 SECONDS EAST, 29.91 FEET TO A POINT ON THE WEST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 3;

THENCE CONTINUING NORTH 63 DEGREES 08 MINUTES 54 SECONDS EAST, 20.91 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 200.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 04 DEGREES 50 MINUTES 40 SECONDS, AN ARC LENGTH OF 16.91 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 200.00 FEET;

THENCE ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 05 DEGREES 28 MINUTES 14 SECONDS, AN ARC LENGTH OF 19.10 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 655.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 06 DEGREES 24 MINUTES 50 SECONDS, AN ARC LENGTH OF 73.32 FEET;

THENCE NORTH 11 DEGREES 54 MINUTES 15 SECONDS EAST, 28.60 FEET;

THENCE NORTH 58 DEGREES 37 MINUTES 27 SECONDS EAST, 122.48 FEET;

THENCE NORTH 10 DEGREES 11 MINUTES 28 SECONDS WEST, 422.48 FEET;

THENCE NORTH 01 DEGREES 49 MINUTES 58 SECONDS WEST, 296.23 FEET;

THENCE NORTH 29 DEGREES 09 MINUTES 37 SECONDS EAST, 730.40 FEET;

THENCE NORTH 45 DEGREES 31 MINUTES 30 SECONDS WEST, 92.04 FEET;

THENCE NORTH 15 DEGREES 37 MINUTES 50 SECONDS WEST, 56.83 FEET;

THENCE SOUTH 88 DEGREES 25 MINUTES 42 SECONDS WEST, 110.45 FEET;

THENCE NORTH 18 DEGREES 15 MINUTES 45 SECONDS WEST, 266.40 FEET;

THENCE NORTH 20 DEGREES 07 MINUTES 19 SECONDS EAST, 344.64 FEET TO SAID **POINT OF BEGINNING;**

SAID PARCEL CONTAINS 12,720,378 SQUARE FEET OR 292.0197 ACRES, MORE OR LESS.

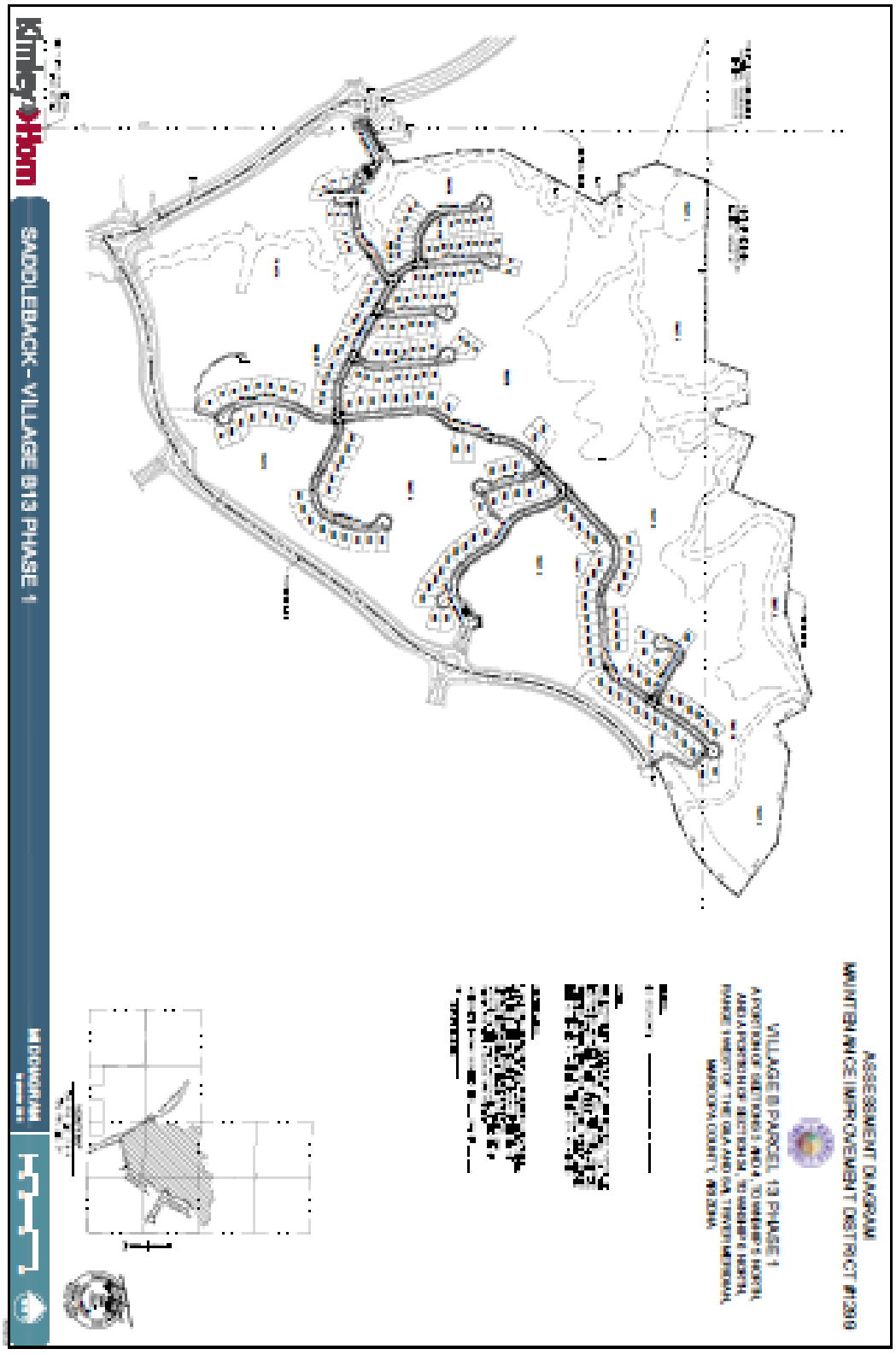


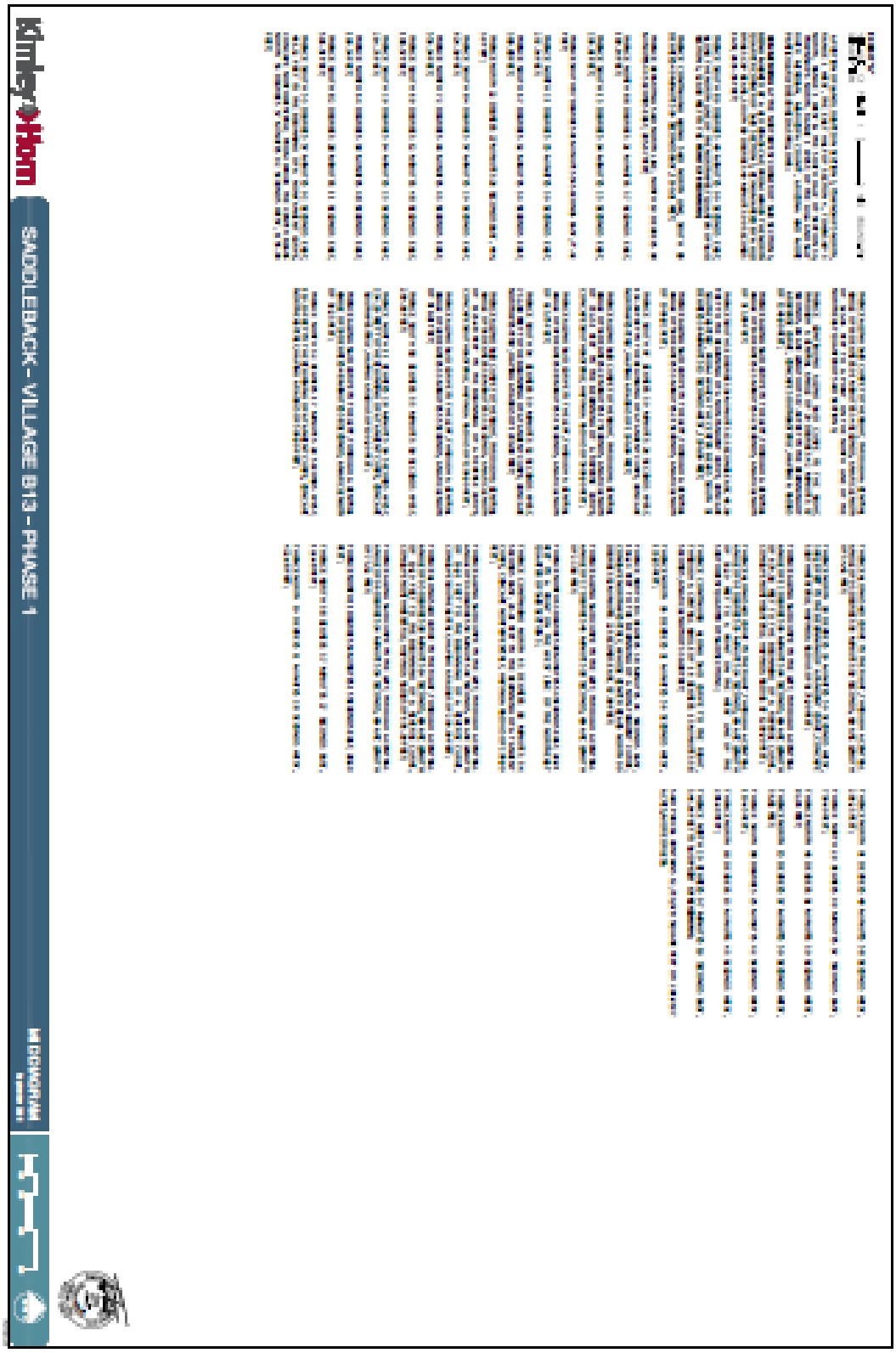
Resolution No. 2026-18

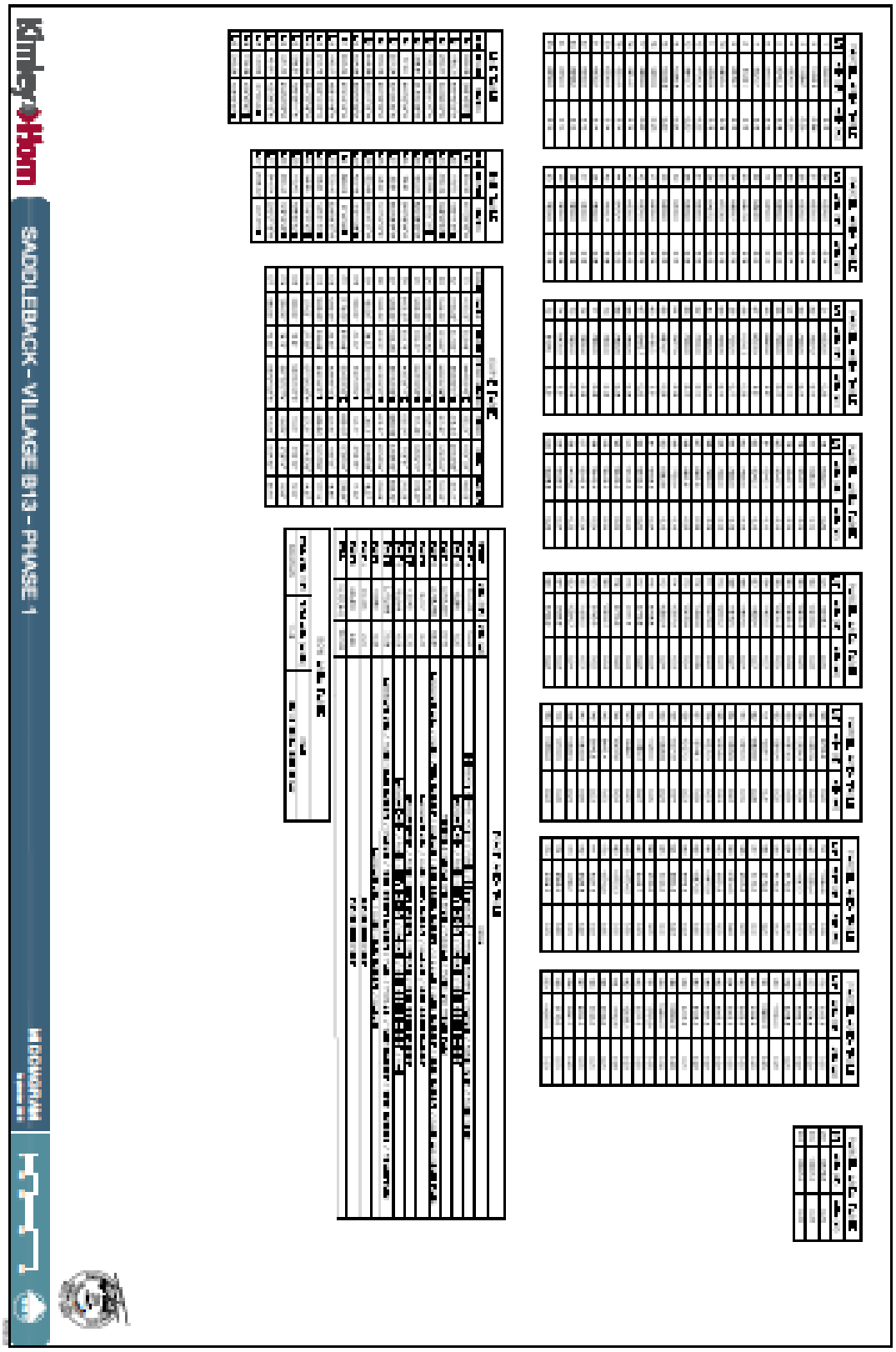
EXHIBIT “B”

IS ON FILE IN THE

CITY OF PEORIA
CITY CLERK’S OFFICE
8401 W. MONROE STREET
PEORIA, AZ 85345


SADDLEBACK - VILLAGE B13 PHASE 1
ASSESSMENT DIAGRAM
WINTER MOSS IMPROVEMENT DISTRICT #1299
VILLAGE B PARCEL 13 PHASE 1


SADDLEBACK - VILLAGE B13 - PHASE 1


SADDLEBACK - VILLAGE B13 - PHASE 1

CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION

Agenda Item: 21C.

Date Prepared: 1/29/2026

Council Meeting Date: 2/10/2026

TO: Henry Darwin, City Manager

THROUGH: Mike Faust, Deputy City Manager

FROM: Jack Situ, P.E., Development and Engineering Director

SUBJECT: Maintenance Improvement District No. 1302, Vistancia Parcel J-18, Vistancia Boulevard and Twin Buttes Road

Purpose:

Discussion and possible action to approve the Petition for Formation, adopt **RES. 2026-19** Intention and ordering the formation of proposed Maintenance Improvement District No. 1302, Vistancia Parcel J-18, located at Vistancia Boulevard and Twin Buttes Road; and adopt **RES. 2026-20** ordering the improvements within the proposed Maintenance Improvement District and declaring an emergency.

Summary:

The purpose of the Maintenance Improvement District is for the operations, maintenance, repair and improvements to landscaping adjacent to designated public roadways and parkways within the proposed district, as well as drainage and retention within each proposed district. Until such time as the Homeowner's Association fails, and the Council directs City staff to assume maintenance responsibility, a line item of $0.00 will display on the homeowners' property tax bills.

Pursuant to the provision of A.R.S. 48-574, et. seq., the Mayor and Council are empowered to adopt a Resolution ordering the formation of a Maintenance Improvement District. A Petition and Resolution of Intention are attached for formation of City of Peoria Maintenance Improvement District No. 1302, Vistancia Parcel J-18, located at Vistancia Boulevard and Twin Buttes Road. In the case in which all of the property owners have presented a petition for formation, the ordinary publication and protest period are not required by law; the Council may then adopt a Resolution ordering the improvements when necessary once the Resolution of Intention is first adopted. The Resolution Ordering the improvements finalizes the formation of the Maintenance Improvement District process.

Under Arizona State law, commencing in October 2027, the residents will have a line item of $0.00 on their property tax bill for maintenance of the landscape, irrigation and drainage improvements, located adjacent to and within the public rights-of-way and tracts until such time the Homeowner's Association fails. In accordance with state statute, an assessment diagram and map, listing each parcel of property within the district has been prepared.

Previous Actions/Background:

The final plat for Vistancia Parcel J-18 was approved by the City on January 5, 2025 and recorded with the County.

Staff Recommendation:

Staff recommends the approval of the Petition for Formation, adopt the Resolution of Intention, and Resolution Ordering the Improvements for a proposed Maintenance Improvement District No. 1302, Vistancia Parcel J-18, located at Vistancia Boulevard and Twin Buttes Road as well as authorize the City Clerk to record the Maintenance Improvement District with the Maricopa County Recorder's Office subject to the following stipulations:

1. All civil and landscape/irrigation plans must be approved by the City of Peoria (City) prior to recordation of the Maintenance Improvement District;

2. The final plat for the subdivision must be approved by City Council and recorded with the Maricopa County Recorder's Office prior to recordation of the Maintenance Improvement District; and

3. The developer must provide a fully executed Petition, Waiver and Consent to Formation of a Municipal Improvement District.

Fiscal Analysis:

There is no direct fiscal impact to the City to approve the Maintenance Improvement District. However, the City would incur the additional charges associated with the maintenance responsibilities should the taxing district not be approved and recorded, and the Homeowner's Association fails.

ATTACHMENTS:

Exhibit 1: Petition for Formation
Exhibit 2 Proposed Resolution of Intention to Create
Exhibit 3 Proposed Resolution Declaring Intention to Order

Contact Name and Number:
Jack Situ, Development and Engineering Director, 623-773-7548.

PETITION, WAIVER AND CONSENT TO FORMATION OF A MUNICIPAL IMPROVEMENT DISTRICT BY THE CITY OF PEORIA

[1302]
MID#

[Village J at Vistancia, Parcel J-18]
Subdivision Name

To: Honorable Mayor and Council
City of Peoria, Arizona

Pursuant to Arizona Revised Statutes, Sections 48-574 and 48-575, the undersigned property owner respectfully petitions the City Council of the City of Peoria, Arizona (City Council) to order the formation of a Municipal Improvement District under Arizona Revised Statutes, Title 48, Chapter 4, Article 2. In support of this petition, the undersigned agrees to waive certain rights under the Arizona Improvement District Law and to consent to the formation and completion of the District.

1. Area of District. The proposed district is described by a map and by a legal description on Exhibit "A" that is attached hereto and incorporated herein by reference. The proposed district consists of 19.829 acres and is entirely within the corporate boundaries of the City of Peoria.

2. Ownership. The undersigned (is) (are) the sole owner(s) of the real property within the proposed district.

3. Purpose. The district is proposed to be formed for the purpose of the operation, maintenance, repair and improvements for landscape maintenance adjacent to designated public roadways and parkways within the proposed district and drainage and retention within each proposed district.

4. Public Convenience and Necessity. The necessity for the proposed district is for the operation, maintenance, repair and improvements for landscape maintenance adjacent to designated streets and parkways within the proposed district by the levying of special assessments in the proposed district.

5. Waiver and Consent. The petitioners with full knowledge of their rights being waived hereunder, hereby expressly waive:

   (a) Any and all irregularities, illegalities or deficiencies which may exist in the acts or proceedings resulting in the adoption of the Resolution of Intention and the Resolution Ordering the Work;

   (b) Any necessity for publication and posting of the Resolution of Intention and the Notice of Proposed Improvements pursuant to A.R.S. §48-578;

   (c) All protest rights whatsoever under A.R.S. §48-579(A) and (B), which provide for protests against the work; and

   (d) All objections to the filing of and adoption by the City of the plans and specifications, the Engineer's estimate and the Assessment Diagram, all of which provide for the completion of the District.

Further, the improvements described above are of more than local or ordinary public benefit.

In Witness whereof the parties have executed this Petition and Waiver Agreement as of the 10 day of December 2025.

Castlerock Land LLC Print Property Owner Name Kirk Breitenwischer Print Name 2401 Fountain View Drive, Ste. 215, Houston, TX 77057 [redacted] Signature	Date: 12.18.2025	Property (Tax Parcel Numbers) 510-14-990
Print Property Owner Name Print Name Address Signature	Date:	Property (Tax Parcel Numbers)

Accepted and approved by:

CITY OF PEORIA, ARIZONA, an
ARIZONA MUNICIPAL CORPORATION

ATTEST:

By_____
Mayor

_____
City Clerk

APPROVED AS TO FORM:

_____
City Attorney

RESOLUTION NO. 2026-19

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PEORIA, ARIZONA, DECLARING ITS INTENTION TO CREATE AN IMPROVEMENT DISTRICT TO MAINTAIN LANDSCAPING INCLUDED WITHIN, NEAR AND ADJACENT TO A PARKWAY AND RELATED FACILITIES TOGETHER WITH APPURTENANT STRUCTURES AS SHOWN ON THE PLANS, FOR MAINTENANCE WITHIN AN AREA IN THE CITY OF PEORIA AS DESCRIBED HEREIN; ADOPTING PLANS FOR CITY OF PEORIA MAINTENANCE IMPROVEMENT DISTRICT NO. 1302, VISTANCIA PARCEL J-18, AS MORE PARTICULARLY DESCRIBED HEREIN, AND DECLARING THE WORK OR IMPROVEMENT TO BE OF MORE THAN LOCAL OR ORDINARY PUBLIC BENEFIT, AND THAT THE COST OF SAID WORK OR IMPROVEMENT SHALL BE ASSESSED UPON A CERTAIN DISTRICT, AND PROVIDING THAT THE PROPOSED WORK OR IMPROVEMENT SHALL BE PERFORMED UNDER ARIZONA REVISED STATUTES TITLE 48, CHAPTER 4, ARTICLE 2, AND AMENDMENTS THERETO AND DECLARING AN EMERGENCY.

WHEREAS, the Mayor and Council of the City of Peoria, Arizona, declare that the Maintenance of the landscaping included within, near and adjacent to a parkway and related facilities in the District to be of more than local or ordinary public benefit, and further that the cost of said maintenance shall be assessed on a certain District; and

WHEREAS, the Mayor and Council of the City of Peoria, Arizona, declare that the maintenance of landscaping included within, near, and adjacent to a parkway and related facilities in the District is incidental to the maintenance and preservation of the parkway and related facilities, has aesthetic value, and maintains and increases the value of property within the District; and

WHEREAS, the City Council declares that the maintenance of landscaping included within and adjacent to a parkway and related facilities preserves and promotes the health, safety, and welfare of those citizens of the City of Peoria living within the District as well as preservation of the streets and parkways which may be adversely impacted by drainage and other water formations; and

WHEREAS, the City of Peoria declares that the maintenance of a landscaped buffer between a parkway and the adjacent developments reduces the visual and other impact of light, air and noise pollution and tends to increase personal and vehicular safety on the parkway and decreases the likelihood vehicular accidents will harm adjacent developments in furtherance of the health, safety and welfare of those citizens of the City living within the District; and

WHEREAS, the City Council declares that maintenance of landscaped drainage and other water control facilities and features within, near or adjacent to a parkway and related facilities tends to preserve the structural integrity of the parkway and mitigates flooding of adjacent areas and the structural integrity of the parkway and mitigates flooding of adjacent areas and the parkway by draining water to and from the parkway in furtherance of the health, safety and welfare of those citizens of the City of Peoria living within the District:

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF PEORIA AS FOLLOWS:

Section 1. Definitions.

In this Resolution, the following terms shall have the following meanings:

"Assessment Diagrams" shall mean those duplicate diagrams of the property contained in the Assessment District is to be filed with the Clerk and approved by the Mayor and Council.

"Assessment District" shall mean the lots, pieces or parcels of land lying within the boundaries described on Exhibit B attached hereto and as shown on the map on file with the City Engineer.

"City" shall mean the City of Peoria, Arizona.

"City Council" or "Council" shall mean the Mayor and Council of the City.

"Clerk" shall mean the City Clerk.

"Engineer" shall mean City Engineer.

"Lots" shall mean all lots, pieces or parcels of land lying within the Assessment District.

"Parkways" shall mean those streets and rights-of-way which are designated in Exhibit B as "Parkways," and specifically those portions of Pedestrian Facilities, Parks, Retention, Detention and Storm Water Management Facilities included within or adjacent to the Assessment District.

"Plans and Specifications" shall mean the engineer's estimate for the Maintenance Improvement District No. 1302 filed with the Clerk prior to the adoption of this Resolution.

"Superintendent of Streets" shall mean the City Engineer.

Section 2. Declaration of Intention to Order an Improvement.

The public interest or convenience requires, and it is the intention of the Mayor and Council of the City of Peoria, Arizona, to order the following work, hereinafter "Work," to be performed, to wit:

The maintenance of all landscaping, including replacement of landscape materials, in the area generally described as follows:

SEE EXHIBIT "A", LEGAL DESCRIPTION OF CITY OF PEORIA MAINTENANCE IMPROVEMENT DISTRICT NO. 1302

The Mayor and Council of the City of Peoria, Arizona designate as parkways, those areas set forth on Exhibit "B" Assessment Diagram in accordance with Title 48, Chapter 4, Article 2, Arizona Revised Statutes. The public interest and convenience require, and it is the intention of the City Council to order the Work adjacent to the designated parkways to be performed as stated herein. All items of the Work shall be performed as prescribed by the Plans and Specifications hereby approved and adopted by the Council and on file in the Office of the City Engineer and no assessment for any lot shall exceed its proportion of the Estimate. The estimate of the cost and expenses of the work or improvements on file in the offices of the Superintendent of Streets and the Clerk of the City are hereby approved and adopted by the Mayor and Council of the City. In addition to the requirements of law, the procedures set forth in the City Code will be followed regarding acceptance of bids and setting tax levies. For purposes of this Resolution and of all resolutions, ordinances and notices pertaining to this Resolution, the improvement as herein described is hereby designated City of Peoria Maintenance Improvement District No. 1302.

Section 3. Determination of Need.

In the opinion of the City Council, the Work is of more than local or ordinary public benefit. The City Council 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 within the Assessment District.

Section 4. Preparation of Assessment Diagrams.

The City Engineer is hereby authorized and directed to prepare duplicate diagrams (Assessment Diagrams) of the property contained within the Assessment District. The diagrams shall show each separate lot, numbered consecutively, the approximate area in square feet of each lot, and the location of the lot in relation to the work proposed to be done.

Section 5. Exclusion of Certain Property.

Any public street or alley within the boundaries of the Assessment District is hereby omitted from the assessment hereafter to be made. Any lot belonging to the United States, the State, a county, city, school district or any political subdivision or institution of the State or county, which is included within the Assessment District shall be omitted from the assessment hereafter made.

Section 6. Officers Not Liable.

In no event will the City of Peoria or any officer thereof be liable for any portion of the cost of said Improvement District nor for any delinquency of persons or property assessed.

Section 7. Annual Statement.

The City Council shall make annual statements and estimates of the expenses of the District which shall be provided for by the levy and collection of ad valorem taxes upon the assessed value of all real and personal property in the District as provided in A.R.S. § 48-574 and amendments thereto.

Section 8. Statutory Authority.

The Work and all proceedings pertaining thereto shall be performed under the provisions of Title 48, Article 2, specifically Section 48-574, and all amendments thereto and pursuant to Article I, Section 3, (8) of the Peoria City Charter.

Section 9. Delegation of Authority.

The City Engineer is hereby authorized to fill in any blanks and to make any minor corrections necessary to complete the Plans and Specifications and the Contract Documents.

PASSED AND ADOPTED by the Mayor and Council of the City of Peoria, Arizona, this 10th day of February, 2026.

CITY OF PEORIA, an Arizona municipal corporation

_____
Jason Beck, Mayor

_____
Date Signed

ATTEST:

_____
Agnes Goodwine, City Clerk

APPROVED AS TO FORM:

_____
Emily Jurmu, City Attorney

Effective Date: _____

CERTIFICATION OF CITY ENGINEER

I hereby certify that I have read the description set out under the definition "Assessment District" and approve the same. I further certify that I have read the description set out under the definition "Work" and approve the same.

_____
Jack Situ, Dev. & Eng. Director

CERTIFICATION OF CITY CLERK

I hereby certify that the above and foregoing Resolution No. 2026-19 duly passed by the Mayor and Council of the City of Peoria, Arizona at a regular meeting held on February 10, 2026 and that a quorum was present there and that the vote thereon was _____ ayes and _____ nays. _____ were no vote or absent.

_____
City Clerk, City of Peoria

LEGAL DESCRIPTION
MAINTENANCE IMPROVEMENT DISTRICT No. 1302
"VILLAGE J AT VISTANCIA, PARCEL J-18"

All that certain lot, tract, or parcel of land, situated in a portion of the West Half of Section 11, Township 5 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, and being more completely described as follows, to-wit:

COMMENCING at a found GLO cap on a 2" iron pipe stamped "1922 S. 1, 2, 11, 12" for the Northeast corner of said Section 11, from which a found GLO cap on a 1" iron pipe stamped "1922 S. 2, 11-1/4" for a witness corner of the North Quarter corner of said Section 11 bears North 89 deg. 41 min. 55 sec. West – 2,620.99 feet;

THENCE South 00 deg. 12 min. 34 sec. West (Basis of Bearings) along the East line of the Northeast Quarter of said Section 11, a distance of 1,379.78 feet, from which a found GLO cap on a 3/4" iron pipe stamped "1922 S. 11, 12-1/4" for the East Quarter corner of said Section 11 bears South 00 deg. 12 min. 34 sec. West – 1,258.43 feet;

THENCE North 89 deg. 47 min. 26 sec. West departing said East line, a distance of 3,328.55 feet, said point being the **TRUE POINT OF BEGINNING**;

THENCE South 25 deg. 41 min. 37 sec. East, a distance of 108.03 feet;

THENCE South 00 deg. 00 min. 00 sec. East, a distance of 557.70 feet;

THENCE South 29 deg. 55 min. 18 sec. East, a distance of 212.51 feet;

THENCE South 04 deg. 55 min. 57 sec. West, a distance of 201.44 feet;

THENCE South 22 deg. 12 min. 25 sec. East, a distance of 96.47 feet;

THENCE South 68 deg. 44 min. 24 sec. East, a distance of 88.75 feet;

THENCE South 21 deg. 15 min. 36 sec. West, a distance of 237.90 feet;

THENCE North 68 deg. 44 min. 24 sec. West, a distance of 35.00 feet;

THENCE South 89 deg. 31 min. 04 sec. West, a distance of 438.38 feet;

THENCE North 19 deg. 52 min. 22 sec. West, a distance of 218.41 feet;

THENCE North 20 deg. 23 min. 25 sec. West, a distance of 400.69 feet;

THENCE North 19 deg. 58 min. 12 sec. West, a distance of 312.63 feet;

THENCE North 04 deg. 39 min. 35 sec. West, a distance of 174.77 feet;

THENCE North 15 deg. 35 min. 29 sec. East, a distance of 140.89 feet;

THENCE North 40 deg. 27 min. 57 sec. East, a distance of 404.24 feet;

THENCE South 70 deg. 41 min. 37 sec. East, a distance of 357.25 feet to the **POINT OF BEGINNING**, containing 863,752 square feet or 19.829 acres of land, more or less.

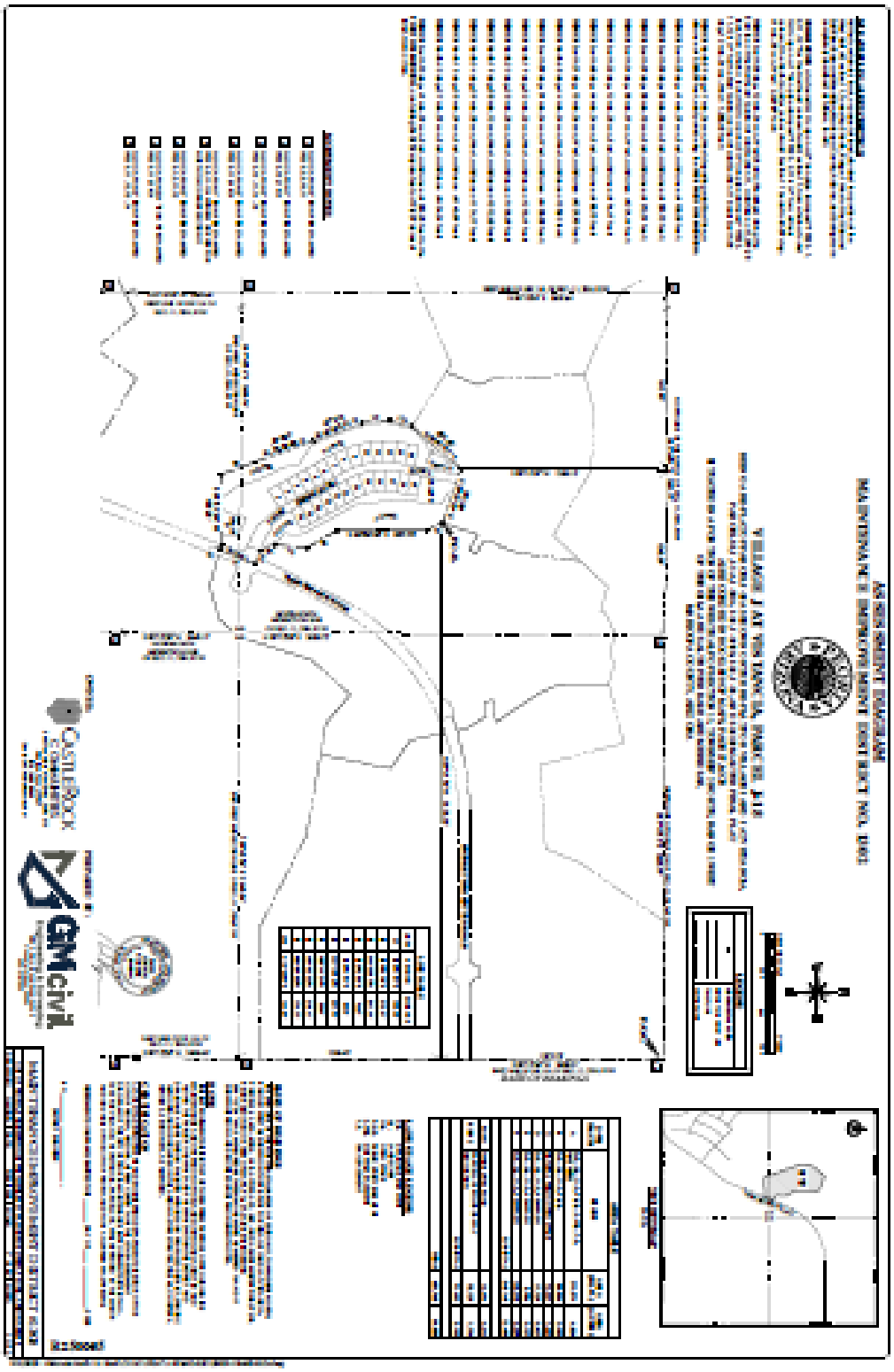


Resolution No. 2026-19

EXHIBIT “B”

IS ON FILE IN THE

CITY OF PEORIA
CITY CLERK’S OFFICE
8401 W. MONROE STREET
PEORIA, AZ 85345



CITY OF PEORIA, ARIZONA
NOTICE

OF THE PASSAGE OF A RESOLUTION ORDERING THE IMPROVEMENT CONSISTING OF AUTHORIZING THE MAINTENANCE OF LANDSCAPING INCLUDED WITHIN, NEAR, AND ADJACENT TO A PARKWAY AND RELATED FACILITIES TOGETHER WITHIN APPURTENANT STRUCTURES AS SHOWN ON THE PLANS FOR THE IMPROVEMENT DISTRICT KNOWN AS CITY OF PEORIA MAINTENANCE IMPROVEMENT DISTRICT NO. 1302, VISTANCIA PARCEL J-18.

This notice is given pursuant to the provisions of Title 48, Chapter 4, Article 2, Sections 48-571 to 48-619, both inclusive, Arizona Revised Statutes, as amended.

On the 10th day of February, 2026 the Mayor and Council of the City of Peoria adopted Resolution No. 2026-20; ordering the improvements of maintaining landscaping included within, near, and adjacent to a parkway and related facilities together within appurtenant structures shown on the plans, within the corporate limits of the City and creating an Improvement District known as the City of Peoria Maintenance Improvement District No. 1302, pursuant to Title 48, Chapter 4, Arizona Revised Statutes; and amendments thereto for the purpose of maintaining landscaping included within, near, and adjacent to a parkway and related facilities together within appurtenant structures, which includes a charge for the maintenance of landscaping and other related items, together with all appurtenant structures as shown on the plans; and directing that this notice been given.

Any owner, or any other person having an interest in any lot, piece or parcel of land situated within the above-described assessment district, who claims that any of the provisions, acts or proceedings relative to the above described improvements are irregular, defective, illegal, erroneous or faulty, may file with the City Clerk, Room 150, 8401 West Monroe Street, Peoria, Arizona 85345, within 15 days from the date of the first publication of this notice, a written notice specifying in what way said acts or proceedings are irregular, defective, illegal, erroneous or faulty.

Further information concerning City of Peoria Maintenance Improvement District No. 1302 may be obtained by contacting Mr. Jack Situ, Development & Engineering Director, City of Peoria, Arizona, 8401 West Monroe, Peoria, Arizona 85345, (623) 773-7691.

DATED AND SIGNED this _____ day of _____, 2026.

_____
Jack Situ, P.E.
Superintendent of Streets
City of Peoria, Arizona

RESOLUTION NO. 2026-20

RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF PEORIA, ARIZONA DECLARING ITS INTENTION TO ORDER THE IMPROVEMENTS OF A CERTAIN AREA WITHIN THE CORPORATE LIMITS OF THE CITY AND CREATING AN IMPROVEMENT DISTRICT KNOWN AS THE CITY OF PEORIA MAINTENANCE IMPROVEMENT DISTRICT NO. 1302, VISTANCIA PARCEL J-18 PROVIDING THAT THE COST OF THE MAINTENANCE OF THE LANDSCAPING INCLUDED WITHIN, NEAR, AND ADJACENT TO A PARKWAY AND RELATED FACILITIES TOGETHER WITH APPURTENANT STRUCTURES AS SHOWN ON THE PLANS, SHALL BE ASSESSED UNDER THE PROVISIONS OF TITLE 48, CHAPTER 4, ARTICLE 2, ARIZONA REVISED STATUTES, AS AMENDED; AND DECLARING AN EMERGENCY.

BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF PEORIA, ARIZONA, THAT:

SECTION 1. The public interest or convenience require and it is the intention of the Mayor and Council of the City of Peoria, Arizona to order the maintenance of landscaping within the proposed district and that the cost of maintaining landscaping included within, near, and adjacent to a parkway and related facilities together with appurtenant structures be assessed upon a certain improvement district to be known as Peoria Maintenance Improvement District No. 1302.

The estimate of the cost and expenses for the maintenance of the landscaping on file with the Superintendent of Streets and the City Clerk is approved and adopted by the Mayor and Council of the City.

SECTION 2. The maintenance of the landscaping, therefore, in the opinion of the Mayor and Council of the City, are of more than local or ordinary public benefit, and are of special benefit to the respective lots, pieces and parcels

of land within the real property described herein. The Mayor and Council of the City make and order that the cost and expense for the maintenance of the landscaping included within, near, and adjacent to a parkway and related facilities together with appurtenant structures be chargeable upon a district to be known and designated as the City of Peoria Maintenance Improvement District No. 1302 and as described and bounded as set forth on Exhibits A and B attached, and declare that the district in the City benefited by the maintenance of landscaping included within, near, and adjacent to a parkway and related facilities together with appurtenant structures to be assessed, to pay the costs and expenses thereof in proportion to the benefits derived therefrom.

The City shall not assess the costs and expenses for the maintenance of landscaping included within, near, and adjacent to a parkway and related facilities together with appurtenant structures, which are for the general public benefit against the respective lots, pieces and parcels of land located within the boundaries of the City of Peoria Maintenance Improvement District No. 1302 and if a portion of the costs and expenses for the maintenance of landscaping is for the general public benefit, the City shall assess the boundaries of the City of Peoria Maintenance Improvement District No. 1302 only that portion of such costs and expenses which benefits the lots, pieces and parcels of land located within the boundaries of the City of Peoria Maintenance Improvement District No. 1302.

SECTION 3. The costs and expense for the maintenance of landscaping shall be made and all proceedings therein taken; that the Superintendent of Streets of the City shall post or cause to be posted notices thereof; that the City Clerk shall certify to the passage of this Resolution of Intention; that the Engineer shall prepare duplicate diagrams of the City of Peoria Maintenance Improvement District No. 1302 described in Section 2 of this Resolution to be assessed to pay the costs and expenses thereof, under and in accordance with the provisions of Title 48, Chapter 4, Article 2, Arizona Revised Statutes, as amended.

SECTION 4. The majority of owners of all of the real property within the proposed district have executed a Petition for formation of a Maintenance Improvement District and the City Council has verified the ownership of the property. Publication and posting of the notice of the passage of the Resolution of Intention will be completed as prescribed by the State Statues.

SECTION 5. Any Resolutions or parts of Resolutions in conflict with the provisions of this Resolution are hereby repealed.

SECTION 6. The immediate operation of the provisions of this Resolution is necessary for the preservation of the public peace, health and safety and an emergency is declared to exist, and this Resolution will be in full force and effect from and after its passage and approval by the Mayor and Council of the

City of Peoria, Arizona as required by law and is exempt from the referendum provisions of the Constitution and laws of the State of Arizona.

PASSED AND ADOPTED by the Mayor and Council of the City of Peoria, Arizona, this 10th day of February, 2026.

CITY OF PEORIA, an Arizona municipal corporation

_____
Jason Beck, Mayor

_____
Date Signed

ATTEST:

_____
Agnes Goodwine, City Clerk

APPROVED AS TO FORM:

_____
Emily Jurmu, Acting City Attorney

Effective Date: _____

LEGAL DESCRIPTION
MAINTENANCE IMPROVEMENT DISTRICT No. 1302
"VILLAGE J AT VISTANCIA, PARCEL J-18"

All that certain lot, tract, or parcel of land, situated in a portion of the West Half of Section 11, Township 5 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, and being more completely described as follows, to-wit:

COMMENCING at a found GLO cap on a 2" iron pipe stamped "1922 S. 1, 2, 11, 12" for the Northeast corner of said Section 11, from which a found GLO cap on a 1" iron pipe stamped "1922 S. 2, 11-1/4" for a witness corner of the North Quarter corner of said Section 11 bears North 89 deg. 41 min. 55 sec. West – 2,620.99 feet;

THENCE South 00 deg. 12 min. 34 sec. West (Basis of Bearings) along the East line of the Northeast Quarter of said Section 11, a distance of 1,379.78 feet, from which a found GLO cap on a 3/4" iron pipe stamped "1922 S. 11, 12-1/4" for the East Quarter corner of said Section 11 bears South 00 deg. 12 min. 34 sec. West – 1,258.43 feet;

THENCE North 89 deg. 47 min. 26 sec. West departing said East line, a distance of 3,328.55 feet, said point being the **TRUE POINT OF BEGINNING**;

THENCE South 25 deg. 41 min. 37 sec. East, a distance of 108.03 feet;

THENCE South 00 deg. 00 min. 00 sec. East, a distance of 557.70 feet;

THENCE South 29 deg. 55 min. 18 sec. East, a distance of 212.51 feet;

THENCE South 04 deg. 55 min. 57 sec. West, a distance of 201.44 feet;

THENCE South 22 deg. 12 min. 25 sec. East, a distance of 96.47 feet;

THENCE South 68 deg. 44 min. 24 sec. East, a distance of 88.75 feet;

THENCE South 21 deg. 15 min. 36 sec. West, a distance of 237.90 feet;

THENCE North 68 deg. 44 min. 24 sec. West, a distance of 35.00 feet;

THENCE South 89 deg. 31 min. 04 sec. West, a distance of 438.38 feet;

THENCE North 19 deg. 52 min. 22 sec. West, a distance of 218.41 feet;

THENCE North 20 deg. 23 min. 25 sec. West, a distance of 400.69 feet;

THENCE North 19 deg. 58 min. 12 sec. West, a distance of 312.63 feet;

THENCE North 04 deg. 39 min. 35 sec. West, a distance of 174.77 feet;

THENCE North 15 deg. 35 min. 29 sec. East, a distance of 140.89 feet;

THENCE North 40 deg. 27 min. 57 sec. East, a distance of 404.24 feet;

THENCE South 70 deg. 41 min. 37 sec. East, a distance of 357.25 feet to the **POINT OF BEGINNING**, containing 863,752 square feet or 19.829 acres of land, more or less.

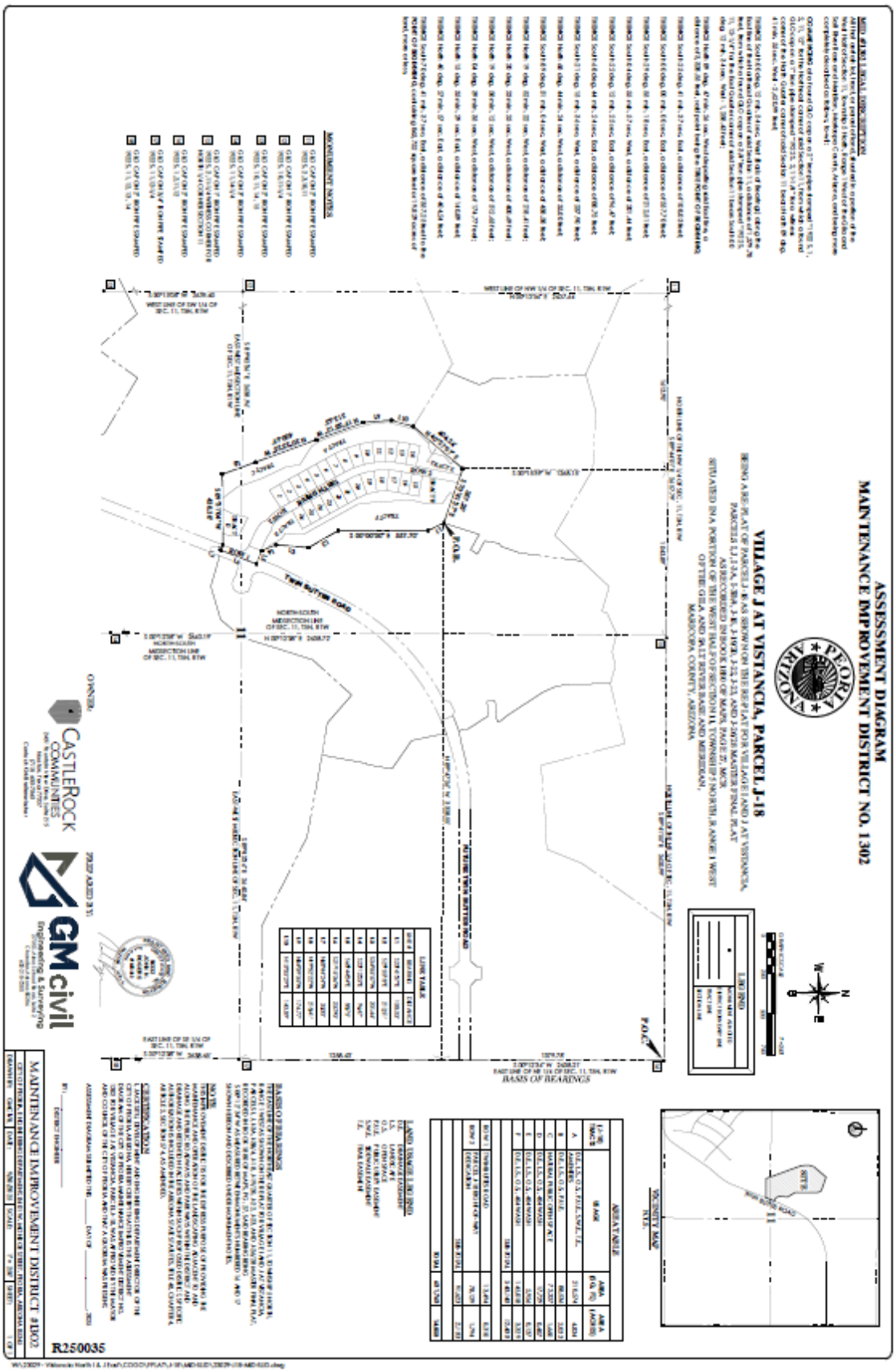


Resolution No. 2026-20

EXHIBIT “B”

IS ON FILE IN THE

CITY OF PEORIA
CITY CLERK’S OFFICE
8401 W. MONROE STREET
PEORIA, AZ 85345


ASSESSMENT DIAGRAM
MAINTENANCE IMPROVEMENT DISTRICT NO. 1302
VILLAGE J AT VISTANCIA, PARCEL J-18
BEING A RE-PLAT OF PARCELS J-8 AS SHOWN ON THE RE-PLAT FOR VILLAGE E AND J AT VISTANCIA,
PARCELS E-1, E-3 A, E-3 B A, J-8, J-9 PER J-312, J-313, AND J-2025 MASTER FINAL PLAT
AS RECORDED IN BOOK 1184 OF MAPS, PAGE 37, MCR
SITUATED IN A PORTION OF THE WEST HALF OF SECTION 11, TOWNSHIP 5 NORTH, RANGE 1 WEST
OF THE GILA AND SALT RIVER BASE AND MERIDIAN,
MARICOPA COUNTY, ARIZONA
P.O.B.
P.O.C.
BASIS OF BEARINGS
Twin Buttes Road
VICINITY MAP
N.T.S.
SITE
MAINTENANCE IMPROVEMENT DISTRICT #1302
R250035
CASTLEROCK COMMUNITIES
GM civil
engineering & surveying

CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION

Agenda Item: 22C.

Date Prepared: 1/29/2026 Council Meeting Date: 2/10/2026

TO: Henry Darwin, City Manager

THROUGH: Mike Faust, Deputy City Manager

FROM: Jack Situ, P.E., Development and Engineering Director

SUBJECT: Street Light Improvement District No. 1196, Vistancia Parcel J-18, Vistancia Boulevard and Twin Buttes Road

Purpose:

Discussion and possible action to approve the Petition for Formation and adopt **RES. 2026-21** intention and ordering the formation of proposed Street Light Improvement District No. 1196, Vistancia Parcel J-18, located at Vistancia Boulevard and Twin Buttes Road; and adopt **RES. 2026-22** ordering the improvements within the proposed Street Light Improvement District and declaring an emergency.

Summary:

The purpose of the Streetlight Improvement District is for the purchase of electricity for lighting the streets and public parks within the proposed district.

Pursuant to the provisions of A.R.S. §48-616, et seq., Mayor and Council are empowered to adopt a resolution ordering the formation of a Street Light Improvement District. A Petition, Resolution of Intention and Resolution Ordering the Improvements are attached for formation of City of Peoria Street Light Improvement District No. 1196, Vistancia Parcel J-18, located at Vistancia Boulevard and Twin Buttes Road. In the case in which all of the property owners have presented a petition for formation, the ordinary publication and protest period are not required by law; the Council may then immediately adopt a Resolution Ordering the improvements once the Resolution of Intention is first adopted. The Resolution ordering the improvements finalizes the formation of the Street Light Improvement District process.

Under Arizona State law, commencing in October 2027, the residents will receive, on their property tax bill, an additional charge for operation of the street light system. In accordance with state statute, an assessment diagram and map listing each parcel of property within the district has been prepared.

Previous Actions/Background:

The final plat for Vistancia Parcel J-18 was approved by the City on January 5, 2026.

Staff Recommendation:

Staff recommends for City Council to approve the Petition for Formation and adopt the Resolution of Intention and Resolution Ordering the Improvements for the proposed Street Light Improvement District No. 1196, Vistancia Parcel J-18, located at Vistancia Boulevard and Twin Buttes Road, and authorize the City Clerk to record the Street Light Improvement District with the Maricopa County Recorder's Office subject to the following stipulations:

1. All civil and street light plans must be approved by the City of Peoria (City) prior to recordation of the Street Light Improvement District.

2. The final plat for the subdivision must be approved by City Council and recorded with the Maricopa County Recorder's Office prior to recordation of the Street Light Improvement District.

3. The developer must provide a fully executed Petition, Waiver and Consent to Formation of a Municipal Improvement District.

Fiscal Analysis:

There is no direct fiscal impact to the City to approve the Street Light Improvement District. However, the City would incur the cost associated with the purchase of electricity for lighting the streets and public parks within the proposed district should the taxing district not be approved and recorded.

ATTACHMENTS:

Exhibit 1: Petition for Formation
Exhibit 2 Proposed Resolution of Intention
Exhibit 3 Proposed Resolution Ordering the Improvements

Contact Name and Number:
Jack Situ, Development & Engineering Director, 623-773-7548

PETITION, WAIVER AND CONSENT TO FORMATION OF A MUNICIPAL IMPROVEMENT DISTRICT BY THE CITY OF PEORIA

[1196]
SLID#

[Village J at Vistancia, Parcel J-18]
Subdivision Name

To: Honorable Mayor and Council
City of Peoria, Arizona

Pursuant to Arizona Revised Statutes, Section 48-617, the undersigned property owner respectfully petitions the City Council of the City of Peoria, Arizona (City Council) to order the formation of a Municipal Street Light Improvement District under Arizona Revised Statutes, Title 48, Chapter 4, Article 2. In support of this petition, the undersigned agree to waive certain rights under the Arizona Improvement District Law and to consent to the formation and completion of the District.

1. Area of District. The proposed district is described by a map and by a legal description on Exhibit "A", which is attached hereto and incorporated herein by reference. The proposed district consists of 19.829 acres and is entirely within the corporate boundaries of the City of Peoria.

2. Ownership. The undersigned (is) (are) the sole owner(s) of the real property within the proposed district.

3. Purpose. The district is proposed to be formed for the purpose of the purchase of electricity for lighting the streets and public parks within the proposed district.

4. Public Convenience and Necessity. The necessity for the proposed district is the purchase of electricity for lighting the streets and public parks within the proposed district by the levying of special assessments in the proposed district.

5. Waiver and Consent. The petitioners with full knowledge of their rights being waived hereunder, hereby expressly waive:

   (a) Any and all irregularities, illegalities or deficiencies which may exist in the acts or proceedings resulting in the adoption of the Resolution of Intention and the Resolution Ordering the Work;

   (b) Any necessity for publication and posting of the Resolution of Intention and the Notice of Proposed Improvements pursuant to A.R.S. §48-578;

   (c) All protest rights whatsoever under A.R.S. §48-579(A) and (B), which provide for protests against the work;

   (d) All objections to the filing of and adoption by the City of the plans and specifications, the Engineer's estimate and the Assessment Diagram, all of which provide for the completion of the District.

Further, the improvements described above are of more than local or ordinary public benefit.

In Witness whereof the parties have executed this Petition and Waiver Agreement as of the 19 day of December 2025.

Castlerock Land LLC Print Property Owner Name Kirk Breitenwischer Print Name 2401 Fountain View Drive, Ste 215, Houston, TX 77057 [redacted] Signature	Date: 12.18.2025	Property (Tax Parcel Numbers) 510-14-990
Print Property Owner Name Print Name Address Signature	Date:	Property (Tax Parcel Numbers)

Accepted and approved by:

CITY OF PEORIA, ARIZONA, an
ARIZONA MUNICIPAL CORPORATION

By_____
Mayor

ATTEST:

_____
City Clerk

APPROVED AS TO FORM:

_____
City Attorney

RESOLUTION NO. 2026-21

RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF PEORIA, ARIZONA DECLARING ITS INTENTION TO ORDER THE PURCHASE OF ELECTRICITY FOR LIGHTING THE STREETS AND PUBLIC PARKS WITHIN THE PROPOSED DISTRICT AND THAT THE COST OF THE PURCHASE OF ELECTRICITY FOR LIGHTING THE STREETS AND PUBLIC PARKS, BE ASSESSED UPON A CERTAIN IMPROVEMENT DISTRICT TO BE KNOWN AS CITY OF PEORIA STREETLIGHT IMPROVEMENT DISTRICT NO. 1196, VISTANCIA PARCEL J-18; PROVIDING THAT THE COST OF THE ELECTRICITY REQUIRED TO OPERATE THE SYSTEM BE ASSESSED UNDER THE PROVISIONS OF TITLE 48, CHAPTER 4, ARTICLE 2, ARIZONA REVISED STATUTES, AS AMENDED; AND DECLARING AN EMERGENCY.

BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF PEORIA, ARIZONA, THAT:

SECTION 1. The public interest or convenience require and it is the intention of the Mayor and Council of the City of Peoria, Arizona to order the purchase of electricity for lighting the streets and public parks within the proposed district.

The estimate of the cost and expenses for the purchase of electricity for the operation of the streetlights on file with the Superintendent of Streets and the City Clerk is approved and adopted by the Mayor and Council of the City.

SECTION 2. The streetlights and the electricity, therefore, in the opinion of the Mayor and Council of the City, are of more than local or ordinary public benefit, and are of special benefit to the respective lots, pieces and parcels of land within the real property described herein. The Mayor and Council of the City make and order that the cost and expense for the purchase of electricity be

chargeable upon a district to be known and designated as the City of Peoria Streetlight Improvement District No. 1196 and as described and bounded as set forth on Exhibits A and B attached, and declare that the district in the City benefited by the purchase of electricity for streetlights to be assessed, to pay the costs and expenses thereof in proportion to the benefits derived therefrom.

The City shall not assess the costs and expenses for the purchase of electricity for streetlights which are for the general public benefit against the respective lots, pieces and parcels of land located within the boundaries of the City of Peoria Streetlight Improvement District No. 1196 and if a portion of the costs and expenses for the purchase of electricity for streetlights is for the general public benefit, the City shall assess the boundaries of the City of Peoria Streetlight Improvement District No. 1196 only that portion of such costs and expenses which benefits the lots, pieces and parcels of land located within the boundaries of the City of Peoria Streetlight Improvement District No. 1196.

SECTION 3. The costs and expense for the purchase of electricity for streetlights shall be made and all proceedings therein taken; that the Superintendent of Streets of the City shall post or cause to be posted notices thereof; that the City Clerk shall certify to the passage of this Resolution of Intention; that the Engineer shall prepare duplicate diagrams of the City of Peoria Streetlight Improvement District No. 1196 described in Section 2 of this Resolution to be assessed to pay the costs and expenses thereof, under and in accordance with the provisions of Title 48, Chapter 4, Article 2, Arizona Revised Statutes, as amended.

SECTION 4. The majority of owners of all of the real property within the proposed district have executed a Petition for formation of a Streetlight Improvement District and the City Council has verified the ownership of the property. Publication and posting of the notice of the passage of the Resolution of Intention will be completed as prescribed by the State Statutes.

SECTION 5. Any Resolutions or parts of Resolutions in conflict with the provisions of this Resolution are hereby repealed.

SECTION 6. The immediate operation of the provisions of this Resolution is necessary for the preservation of the public peace, health and safety and an emergency is declared to exist, and this Resolution will be in full force and effect from and after its passage and approval by the Mayor and Council of the City of Peoria, Arizona as required by law and is exempt from the referendum provisions of the Constitution and laws of the State of Arizona.

PASSED AND ADOPTED by the Mayor and Council of the City of Peoria, Arizona, this 10th day of February, 2026.

CITY OF PEORIA, an Arizona municipal corporation

_____
Jason Beck, Mayor

_____
Date Signed

ATTEST:

_____
Agnes Goodwine, City Clerk

APPROVED AS TO FORM:

_____
Emily Jurmu, City Attorney

Effective Date: _____

LEGAL DESCRIPTION
STREET LIGHT IMPROVEMENT DISTRICT No. 1196
"VILLAGE J AT VISTANCIA, PARCEL J-18"

All that certain lot, tract, or parcel of land, situated in a portion of the West Half of Section 11, Township 5 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, and being more completely described as follows, to-wit:

COMMENCING at a found GLO cap on a 2" iron pipe stamped "1922 S. 1, 2, 11, 12" for the Northeast corner of said Section 11, from which a found GLO cap on a 1" iron pipe stamped "1922 S. 2, 11-1/4" for a witness corner of the North Quarter corner of said Section 11 bears North 89 deg. 41 min. 55 sec. West – 2,620.99 feet;

THENCE South 00 deg. 12 min. 34 sec. West (Basis of Bearings) along the East line of the Northeast Quarter of said Section 11, a distance of 1,379.78 feet, from which a found GLO cap on a 3/4" iron pipe stamped "1922 S. 11, 12-1/4" for the East Quarter corner of said Section 11 bears South 00 deg. 12 min. 34 sec. West – 1,258.43 feet;

THENCE North 89 deg. 47 min. 26 sec. West departing said East line, a distance of 3,328.55 feet, said point being the **TRUE POINT OF BEGINNING**;

THENCE South 25 deg. 41 min. 37 sec. East, a distance of 108.03 feet;

THENCE South 00 deg. 00 min. 00 sec. East, a distance of 557.70 feet;

THENCE South 29 deg. 55 min. 18 sec. East, a distance of 212.51 feet;

THENCE South 04 deg. 55 min. 57 sec. West, a distance of 201.44 feet;

THENCE South 22 deg. 12 min. 25 sec. East, a distance of 96.47 feet;

THENCE South 68 deg. 44 min. 24 sec. East, a distance of 88.75 feet;

THENCE South 21 deg. 15 min. 36 sec. West, a distance of 237.90 feet;

THENCE North 68 deg. 44 min. 24 sec. West, a distance of 35.00 feet;

THENCE South 89 deg. 31 min. 04 sec. West, a distance of 438.38 feet;

THENCE North 19 deg. 52 min. 22 sec. West, a distance of 218.41 feet;

THENCE North 20 deg. 23 min. 25 sec. West, a distance of 400.69 feet;

THENCE North 19 deg. 58 min. 12 sec. West, a distance of 312.63 feet;

THENCE North 04 deg. 39 min. 35 sec. West, a distance of 174.77 feet;

THENCE North 15 deg. 35 min. 29 sec. East, a distance of 140.89 feet;

THENCE North 40 deg. 27 min. 57 sec. East, a distance of 404.24 feet;

THENCE South 70 deg. 41 min. 37 sec. East, a distance of 357.25 feet to the **POINT OF BEGINNING**, containing 863,752 square feet or 19.829 acres of land, more or less.

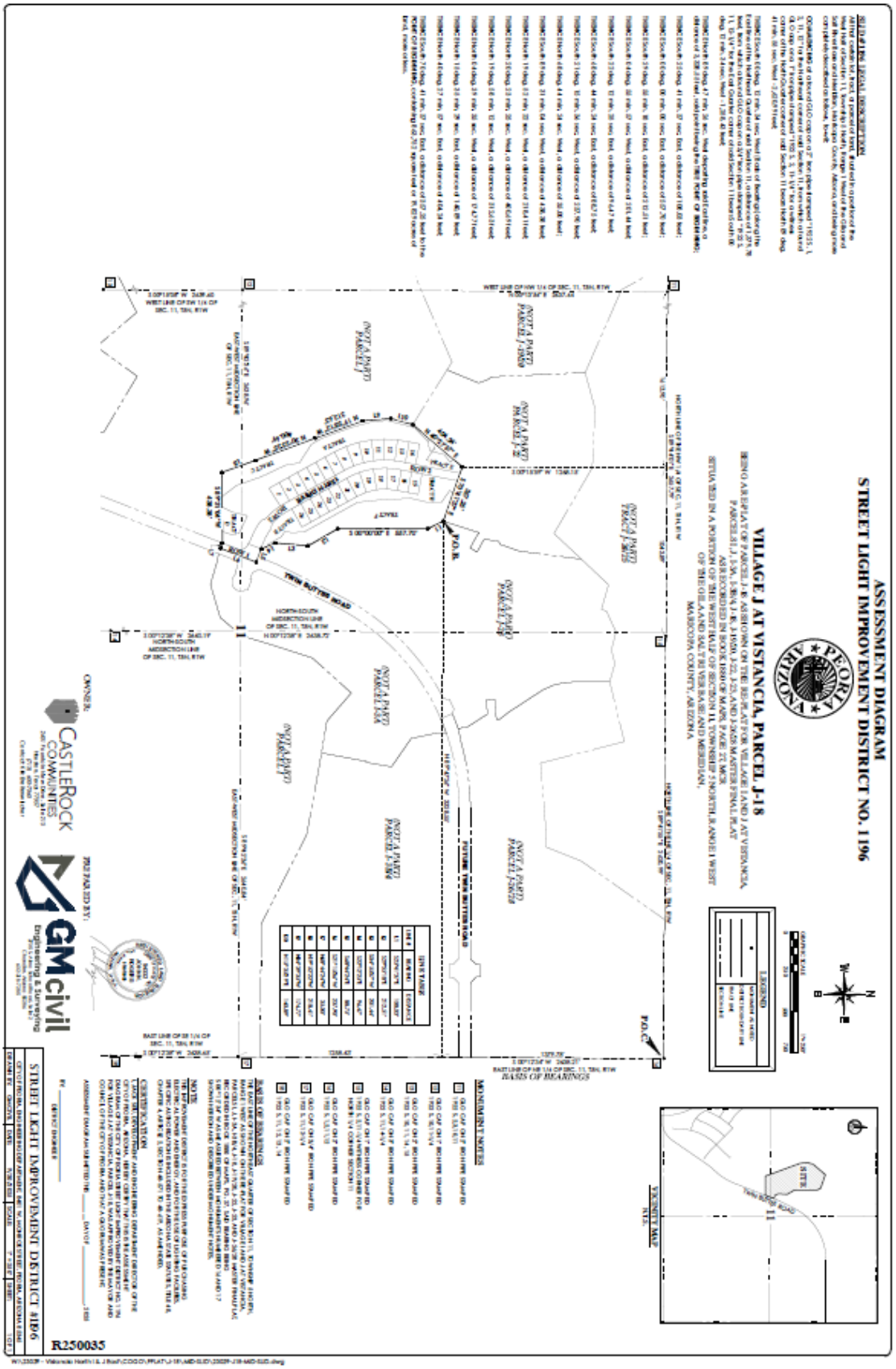


Resolution No. 2026-21

EXHIBIT “B”

IS ON FILE IN THE

CITY OF PEORIA
CITY CLERK’S OFFICE
8401 W. MONROE STREET
PEORIA, AZ 85345


ASSESSMENT DIAGRAM
STREET LIGHT IMPROVEMENT DISTRICT NO. 1196
VILLAGE J AT VISTANCIA, PARCEL J-18
BEING A RE-PLAT OF PARCEL J-18, AS SHOWN ON THE RE-PLAT FOR VILLAGE J AND J AT VISTANCIA
PARCELS J-1, J-2A, J-2B & J-18, J-19, J-20, J-21, J-22, AND J-23 OF MASTER FINAL PLAT
AS RECORDED IN BOOK 1169 OF MAPS, PAGE 21, MCR,
SITUATED IN A PORTION OF THE WEST HALF OF SECTION 11, TOWNSHIP 5 NORTH, RANGE 1 WEST
OF THE GILA AND SALT RIVER BASE AND MERIDIAN,
MARICOPA COUNTY, ARIZONA
NOT A PART PARCEL J-18
TWIN BUTTES ROAD
P.O.B.
P.O.C.
BASIS OF BEARINGS
VICINITY MAP
SITE
OWNER:
CASTLEROCK COMMUNITIES
GM civil
Engineering & Surveying
STREET LIGHT IMPROVEMENT DISTRICT #1196
R250035

RESOLUTION NO. 2026-22

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF PEORIA, ARIZONA ORDERING THE IMPROVEMENTS OF CERTAIN STREETS AND RIGHTS-OF-WAY WITHIN THE CORPORATE LIMITS OF THE TOWN AND CREATING AN IMPROVEMENT DISTRICT KNOWN AS THE CITY OF PEORIA STREETLIGHT IMPROVEMENT DISTRICT NO. 1196, VISTANCIA PARCEL J-18 PURSUANT TO TITLE 48, CHAPTER 4, ARIZONA REVISED STATUTES AND AMENDMENTS THERETO FOR THE PURPOSE OF PURCHASING ELECTRICITY, WHICH INCLUDES A CHARGE FOR THE USE OF LIGHTING FACILITIES AND OTHER RELATED ITEMS TOGETHER WITH ALL APPURTENANT STRUCTURES AS SHOWN ON THE PLANS, AND DECLARING AN EMERGENCY.

WHEREAS on the 10^{h} day of February, 2026, the Mayor and Council of the City of Peoria, Arizona, passed and adopted Resolution No. 2026-21, declaring its intention to order the purchase of electricity for lighting the streets and public parks within the proposed district and that the cost of the purchase of electricity for lighting the streets and public parks be assessed upon a certain improvement district, to be known as City of Peoria Streetlight Improvement District No. 1196; providing that the cost of the electricity required to operate the system be assessed under the provisions of Title 48, Chapter 4, Article 2, Arizona Revised Statutes, as amended; and declaring an emergency; and

WHEREAS, a copy of Resolution No. 2026-21 has been published in the Peoria Times, a newspaper published and generally circulated in the City, as required by law or alternatively a petition has been filed with the City Clerk having been signed by all the owners of the real property; and

WHEREAS, the Superintendent of Streets of the City caused to be posted along the streets of the District, no more than three hundred (300) feet apart, notices of the passage of Resolution No. 2026-21, said notices being headed "Notice of Proposed Improvement", each heading in letters at least one (1) inch in height. Said notices stated the fact of the passage of said Resolution of

Intention No. 2026-21 or alternatively a petition has been filed with the City Clerk having been signed by all the owners of the real property; and

WHEREAS, more than fifteen (15) days have elapsed since the date of the last publication of said Resolution of Intention No. 2026-21and since the completion of the posting of said notices or alternatively a petition has been filed with the City Clerk having been signed by all the owners of the real property; and

WHEREAS, no protests against the proposed improvement and no objections to the extent of the District were filed with the Clerk of the City during the time prescribed by law; and

WHEREAS, the Mayor and Council of the City having acquired jurisdiction to order the improvements as described in Resolution No. 2026-21; and

WHEREAS, the City Engineer acting as District Engineer has prepared and presented to the Mayor and Council of the City duplicate diagrams of the property contained within the District ("the Diagram") and legal description copies of which are attached and incorporated as Exhibits A and B.

NOW THEREFORE IT IS RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF PEORIA, ARIZONA, as follows:

Section 1. By virtue of the authority vested in the Mayor and Council of the City by Title 48, Chapter 4, Article 2, Arizona Revised Statutes and all amendments thereto, the Mayor and Council of the City orders the work or improvement done as described in Resolution No. 2026-21 and in accordance with the Plans and Specifications approved and adopted by the Mayor and Council of the City of Peoria, Arizona.

Section 2. The Superintendent of Streets of the City is authorized and directed to prepare and execute the notice of the passage of this Resolution, which is attached as Exhibit B. Such notice shall be posted and published as provided by law.

Section 3. That the Diagram, as prepared and presented to the Mayor and Council of the City is approved by the Mayor and Council of the City.

Section 4. That the Clerk of the City is authorized and directed to certify that the Diagram was approved by the Mayor and Council of the City on the 10th day of February, 2026, and after such certification, the Clerk of the City is authorized and directed to deliver the Diagram to the Superintendent of Streets of the City.

PASSED AND ADOPTED by the Mayor and Council of the City of Peoria, Arizona, this 10th day of February, 2026.

CITY OF PEORIA, an Arizona municipal corporation

_____
Jason Beck, Mayor

_____
Date Signed

ATTEST:

_____
Agnes Goodwine, City Clerk

APPROVED AS TO FORM:

_____
Emily Jurmu, City Attorney

Effective Date: _____

LEGAL DESCRIPTION
STREET LIGHT IMPROVEMENT DISTRICT No. 1196
"VILLAGE J AT VISTANCIA, PARCEL J-18"

All that certain lot, tract, or parcel of land, situated in a portion of the West Half of Section 11, Township 5 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, and being more completely described as follows, to-wit:

COMMENCING at a found GLO cap on a 2" iron pipe stamped "1922 S. 1, 2, 11, 12" for the Northeast corner of said Section 11, from which a found GLO cap on a 1" iron pipe stamped "1922 S. 2, 11-1/4" for a witness corner of the North Quarter corner of said Section 11 bears North 89 deg. 41 min. 55 sec. West – 2,620.99 feet;

THENCE South 00 deg. 12 min. 34 sec. West (Basis of Bearings) along the East line of the Northeast Quarter of said Section 11, a distance of 1,379.78 feet, from which a found GLO cap on a 3/4" iron pipe stamped "1922 S. 11, 12-1/4" for the East Quarter corner of said Section 11 bears South 00 deg. 12 min. 34 sec. West – 1,258.43 feet;

THENCE North 89 deg. 47 min. 26 sec. West departing said East line, a distance of 3,328.55 feet, said point being the **TRUE POINT OF BEGINNING**;

THENCE South 25 deg. 41 min. 37 sec. East, a distance of 108.03 feet;

THENCE South 00 deg. 00 min. 00 sec. East, a distance of 557.70 feet;

THENCE South 29 deg. 55 min. 18 sec. East, a distance of 212.51 feet;

THENCE South 04 deg. 55 min. 57 sec. West, a distance of 201.44 feet;

THENCE South 22 deg. 12 min. 25 sec. East, a distance of 96.47 feet;

THENCE South 68 deg. 44 min. 24 sec. East, a distance of 88.75 feet;

THENCE South 21 deg. 15 min. 36 sec. West, a distance of 237.90 feet;

THENCE North 68 deg. 44 min. 24 sec. West, a distance of 35.00 feet;

THENCE South 89 deg. 31 min. 04 sec. West, a distance of 438.38 feet;

THENCE North 19 deg. 52 min. 22 sec. West, a distance of 218.41 feet;

THENCE North 20 deg. 23 min. 25 sec. West, a distance of 400.69 feet;

THENCE North 19 deg. 58 min. 12 sec. West, a distance of 312.63 feet;

THENCE North 04 deg. 39 min. 35 sec. West, a distance of 174.77 feet;

THENCE North 15 deg. 35 min. 29 sec. East, a distance of 140.89 feet;

THENCE North 40 deg. 27 min. 57 sec. East, a distance of 404.24 feet;

THENCE South 70 deg. 41 min. 37 sec. East, a distance of 357.25 feet to the **POINT OF BEGINNING**, containing 863,752 square feet or 19.829 acres of land, more or less.

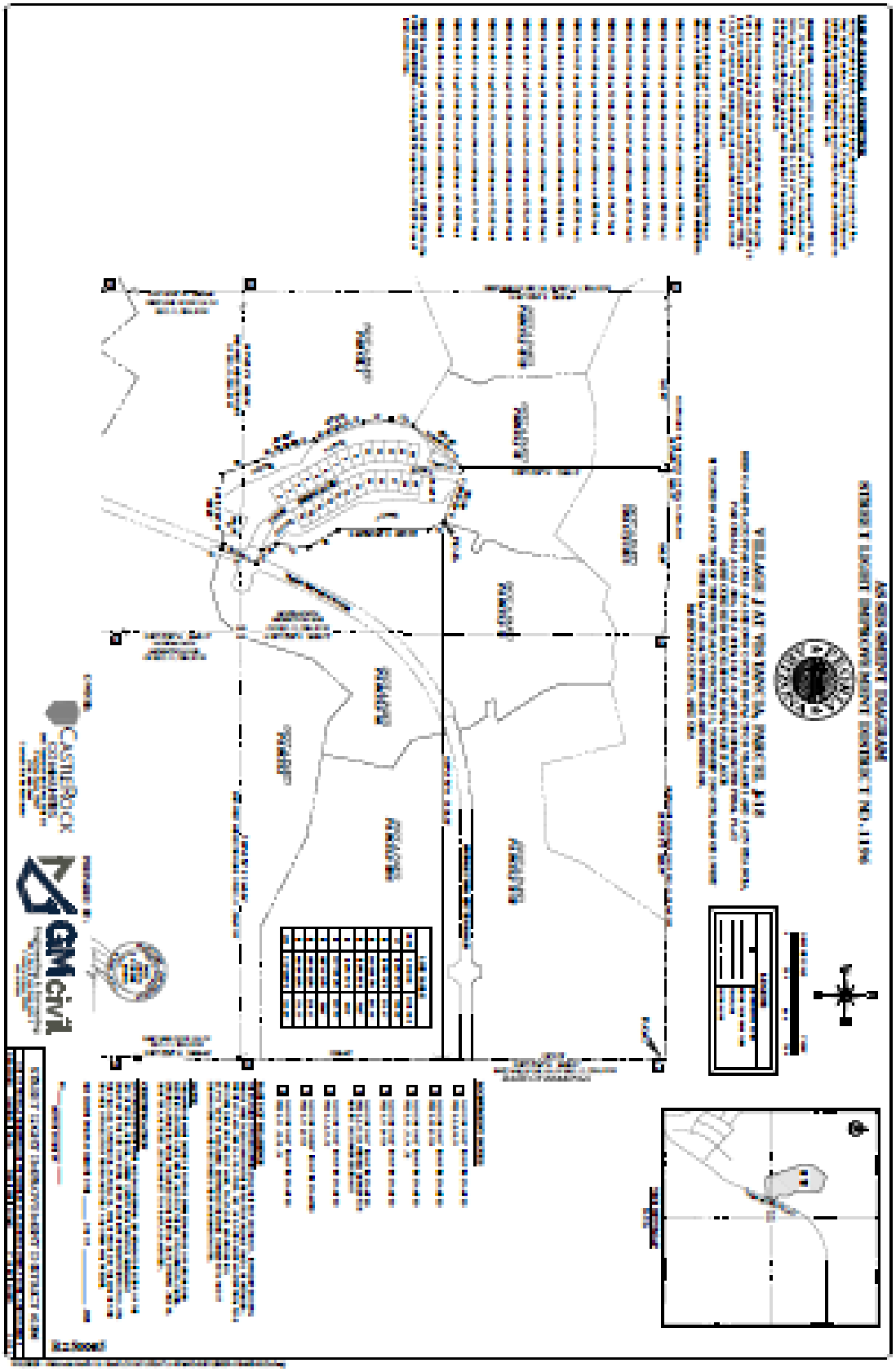


Resolution No. 2026-22

EXHIBIT “B”

IS ON FILE IN THE

CITY OF PEORIA
CITY CLERK’S OFFICE
8401 W. MONROE STREET
PEORIA, AZ 85345



CITY OF PEORIA, ARIZONA
NOTICE

OF THE PASSAGE OF A RESOLUTION ORDERING THE IMPROVEMENT CONSISTING OF AUTHORIZING THE PURCHASE OF ELECTRICITY FOR LIGHTING THE STREETS AND PUBLIC PARKS FOR THE IMPROVEMENT DISTRICT KNOWN AS CITY OF PEORIA STREETLIGHT IMPROVEMENT DISTRICT NO. 1196, VISTANCIA PARCEL J-18.

This notice is given pursuant to the provisions of Title 48, Chapter 4, Article 2, Sections 48-571 to 48-619, both inclusive, Arizona Revised Statutes, as amended.

On the 10^{h} day of February, 2026, the Mayor and Council of the City of Peoria adopted Resolution No. 2026-22; ordering the improvements of certain streets and rights-of-way within the corporate limits of the town and creating an Improvement District known as the City of Peoria Streetlight Improvement District No. 1196, pursuant to Title 48, Chapter 4, Arizona Revised Statutes; and amendments thereto for the purpose of purchasing electricity, which includes a charge for the use of lighting facilities and other related items, together with all appurtenant structures as shown on the plans; and directing that this notice been given.

Any owner, or any other person having an interest in any lot, piece or parcel of land situated within the above-described assessment district, who claims that any of the provisions, acts or proceedings relative to the above described improvements are irregular, defective, illegal, erroneous or faulty, may file with the City Clerk, Room 150, 8401 West Monroe Street, Peoria, Arizona 85345, within 15 days from the date of the first publication of this notice, a written notice specifying in what way said acts or proceedings are irregular, defective, illegal, erroneous or faulty.

Further information concerning City of Peoria Streetlight Improvement District No. 1196 may be obtained by contacting Mr. Jack Situ, Development & Engineering Director, City of Peoria, Arizona, 8401 West Monroe, Peoria, Arizona 85345, (623) 773-7691.

DATED AND SIGNED this _____ day of _____, 2026.

_____
Jack Situ, P.E.
Superintendent of Streets
City of Peoria, Arizona

CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION

Agenda Item: 23C.

Date Prepared: 1/29/2026 Council Meeting Date: 2/10/2026

TO: Henry Darwin, City Manager

THROUGH: Mike Faust, Deputy City Manager

FROM: Jack Situ, P. E., Development and Engineering Director

SUBJECT: Abandonment of City Interest, Easement for Water Line, Roman Catholic Church of the Diocese of Phoenix

Purpose:

Discussion and possible action to adopt **RES. 2026-23** abandoning the City's interest of an Easement for Water Line as recorded in 20240625211 and re-recorded 20250469094, located within land owned by The Roman Catholic Church of the Diocese of Phoenix north of Amkor Way and west of Lake Pleasant Parkway.

Summary:

As part of the CAP/LPP Intersection Wellfield project, the City obtained a water line easement from the Diocese parcels to provide a looped system for the infrastructure north of the Loop 303. At the time of dedication, the extent of the backbone infrastructure within the area now known as Core 2, was specific to support the wellfield project. The infrastructure network supporting Core 2 places the water lines within public roadways removing the need to extend a water line within the Diocese parcels.

Previous Actions/Background:

- 12/16/25 – Council approved entering into a Reimbursement Agreement with the Diocese regarding public infrastructure supporting development within Core 2
-12/17/24 – Council approved entering into an Intergovernmental Agreement with the AZ State Land Department for the Peoria Innovation Core.
-6/11/24 – Council approved entering into a Well Site Drilling, Design Services and Construction Exchange Agreement with the Diocese.

Staff Recommendation:

Staff recommends that City Council approve the adoption of the attached Resolution authorizing the abandonment of an Easement for Water Line located north of Amkor Way west of Lake Pleasant Parkway.

Fiscal Analysis:

There is no fiscal impact to the City associated with releasing this easement area.

ATTACHMENTS:

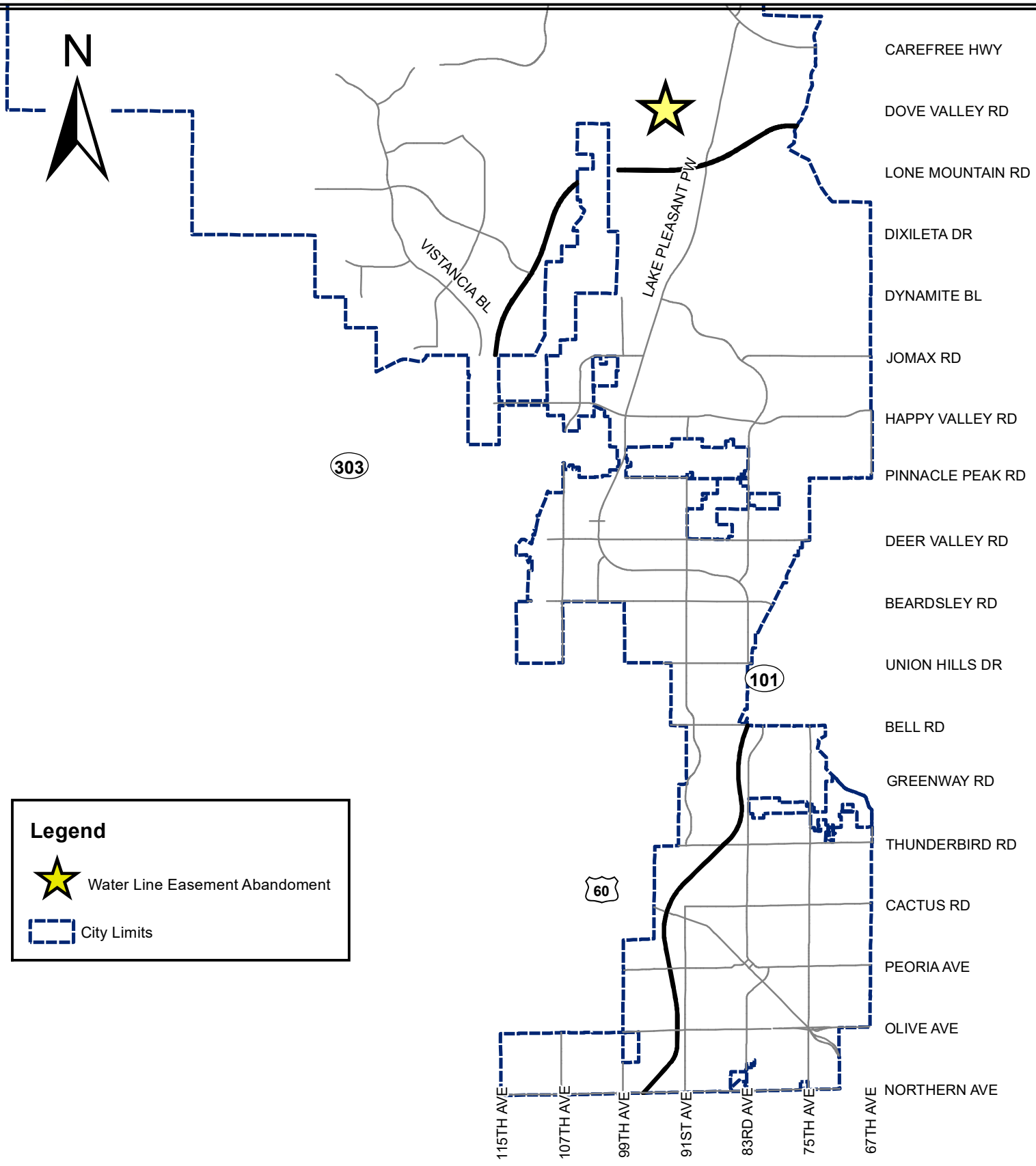
Vicinity Map
Location Map
Resolution
Abandonment of Water Line Easement Form

Contact Name and Number:
Jack Situ, Development & Engineering Director (623) 773-7548

DEVELOPMENT
&
ENGINEERING

Water Line Easement Abandonment
Roman Catholic Church of the Diocese of Phoenix
North of Amkor Way, West of Lake Pleasant Pkwy

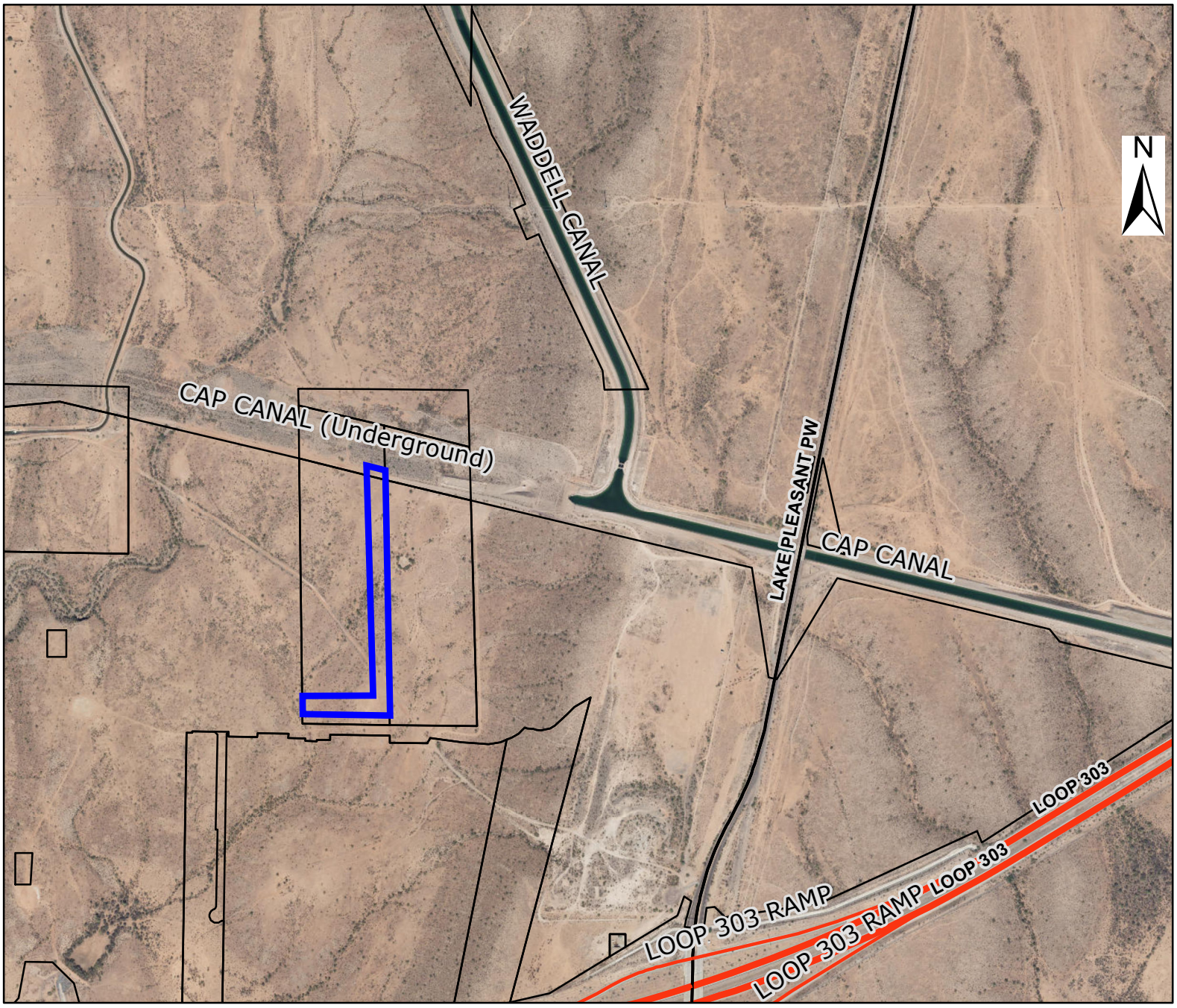
Vicinity Map



DEVELOPMENT
&
ENGINEERING

Water Line Easement Abandonment
Roman Catholic Church of the Diocese of Phoenix
North of Amkor Way, West of Lake Pleasant Pkwy

Location Map



Legend

Water Line Easement Abandonment

RESOLUTION NO. 2026-23

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF PEORIA, MARICOPA COUNTY, ARIZONA FINDING THAT A CERTAIN EASEMENT FOR WATER LINE TO BE UNNECESSARY TO CITY PURPOSES AND NO LONGER REQUIRED TO BE RETAINED BY THE CITY AND DIRECTING THAT SUCH UNNECESSARY EASEMENT FOR WATER LINE BE DISPOSED OF IN THE MANNER PROVIDED BY LAW.

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

WHEREAS, pursuant to A.R.S. 9-402, the City Council of the City of Peoria is vested with the power to determine and find that certain public easement may no longer be necessary to the City; and

WHEREAS, pursuant to A.R.S. 9-402, the City Council of the City of Peoria is vested with the power to vacate such easement by transferring title to adjacent property owners and others; and

WHEREAS, the Mayor and Council find and determine that a certain Easement for Water Line located in the City of Peoria, Maricopa County, Arizona, north of Amkor Way and west of Lake Pleasant Parkway, and more specifically described in the Legal Description (Exhibit A) attached to this Resolution is no longer needed by the City for water line purposes.

THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1. That Mayor and Council find and determine that the Easement for Public Water Line recorded in Maricopa County Recorder Number 20240625211 and re-recorded as Maricopa County Recorder Number 20250469094 and more specifically outlined in the Abandonment of Water Line Easement document attached as Exhibit "B" is hereby declared abandoned as provided by Chapter 4, Article 1, Title 9 of the Arizona Revised Statutes.

SECTION 2. That the City Engineer is authorized to execute an Abandonment of Water Line Easement document in substantial conformance with the document attached as Exhibit "B" and is directed to prepare and provide descriptions for the retention of such

easements for public utilities, if any, as may be deemed appropriate across the described property.

SECTION 3. If any section, subsection, sentence, clause, phrase or portion of this Resolution is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Resolution.

SECTION 4. The City Clerk is hereby authorized to correct clerical and grammatical errors, if any, related to this Resolution, and to make formatting changes appropriate for purposes of clarity, form, or consistency with the Peoria City Code.

SECTION 5. This Resolution shall become effective in the manner provided by law.

[*signature page follows*]

PASSED AND ADOPTED by the Mayor and Council of the City of Peoria, Arizona this 10th day of February, 2026.

_____
Jason Beck, Mayor

_____
Date Signed

ATTEST:

_____
Agnes Goodwine, City Clerk

APPROVED AS TO FORM:

_____
Emily Jurmu, City Attorney

ATTACHMENTS:

Exhibit A – Legal Description
Exhibit B – Abandonment of Water Line Easement

EXHIBIT "A"

WATER LINE EASEMENT

COOPER AERIAL

Date: 08-05-2024

Project No.: 2206026

A PORTION OF THAT CERTAIN SPECIAL WARRANTY DEED, RECORDED AS INSTRUMENT NUMBER 2022-0718471, MARICOPA COUNTY RECORDS (MCR), LYING WITHIN SECTION 16, TOWNSHIP 5 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

COMMENCING AT A 3-INCH ALUMINUM CAP MONUMENT, FOUND AT THE EAST 1/4 CORNER OF SAID SECTION 16, FROM WHICH A STONE, WITH A SCRIBED 'X' FOUND AT THE NORTHEAST CORNER OF SAID SECTION 16, BEARS NORTH 01 DEGREE 28 MINUTES 56 SECONDS WEST (BASIS OF BEARINGS), A DISTANCE OF 2617.42 FEET;

THENCE ALONG THE SOUTHERLY LINE OF THE NORTHEAST 1/4 OF SAID SECTION 16, NORTH 89 DEGREES 12 MINUTES 30 SECONDS WEST, A DISTANCE OF 683.27 FEET, TO THE **POINT OF BEGINNING**;

THENCE CONTINUING NORTH 89 DEGREES 12 MINUTES 30 SECONDS WEST, A DISTANCE OF 683.28 FEET, TO THE WESTERLY LINE OF THE EAST 1/2 OF THE NORTHEAST 1/4 OF SAID SECTION 16;

THENCE ALONG SAID WESTERLY LINE, NORTH 00 DEGREES 31 MINUTES 17 SECONDS WEST, A DISTANCE OF 35.01, TO A LINE 35.00 FEET NORTH OF AND PARALLEL WITH SAID SOUTHERLY LINE;

THENCE LEAVING SAID WESTERLY LINE, ALONG SAID PARALLEL LINE, SOUTH 89 DEGREES 12 MINUTES 30 SECONDS EAST, A DISTANCE OF 662.98 FEET;

THENCE LEAVING SAID PARALLEL LINE NORTH 01 DEGREE 00 MINUTES 08 SECONDS WEST, A DISTANCE OF 1840.79 FEET, TO A LINE 40.00 FEET SOUTH OF AND PARALLEL WITH THE SOUTH LINE OF THE GRANITE REEF AQUEDUCT REACH 9, RIGHT-OF-WAY, AS DEFINED ON UNITED STATES DEPARTMENT OF INTERIOR BUREAU OF RECLAMATION JOB#344-330-1629 AND TRACT GR-9-46 (DKT.11062, PG.983 & DKT.11123, PG.621, MCR AND TRACT GR-9-47 (DKT.11054, PG183 & DKT.11123, PG.629, MCR);

THENCE ALONG SAID PARALLEL LINE, SOUTH 76 DEGREES 30 MINUTES 19 SECONDS EAST, A DISTANCE OF 20.66 FEET;

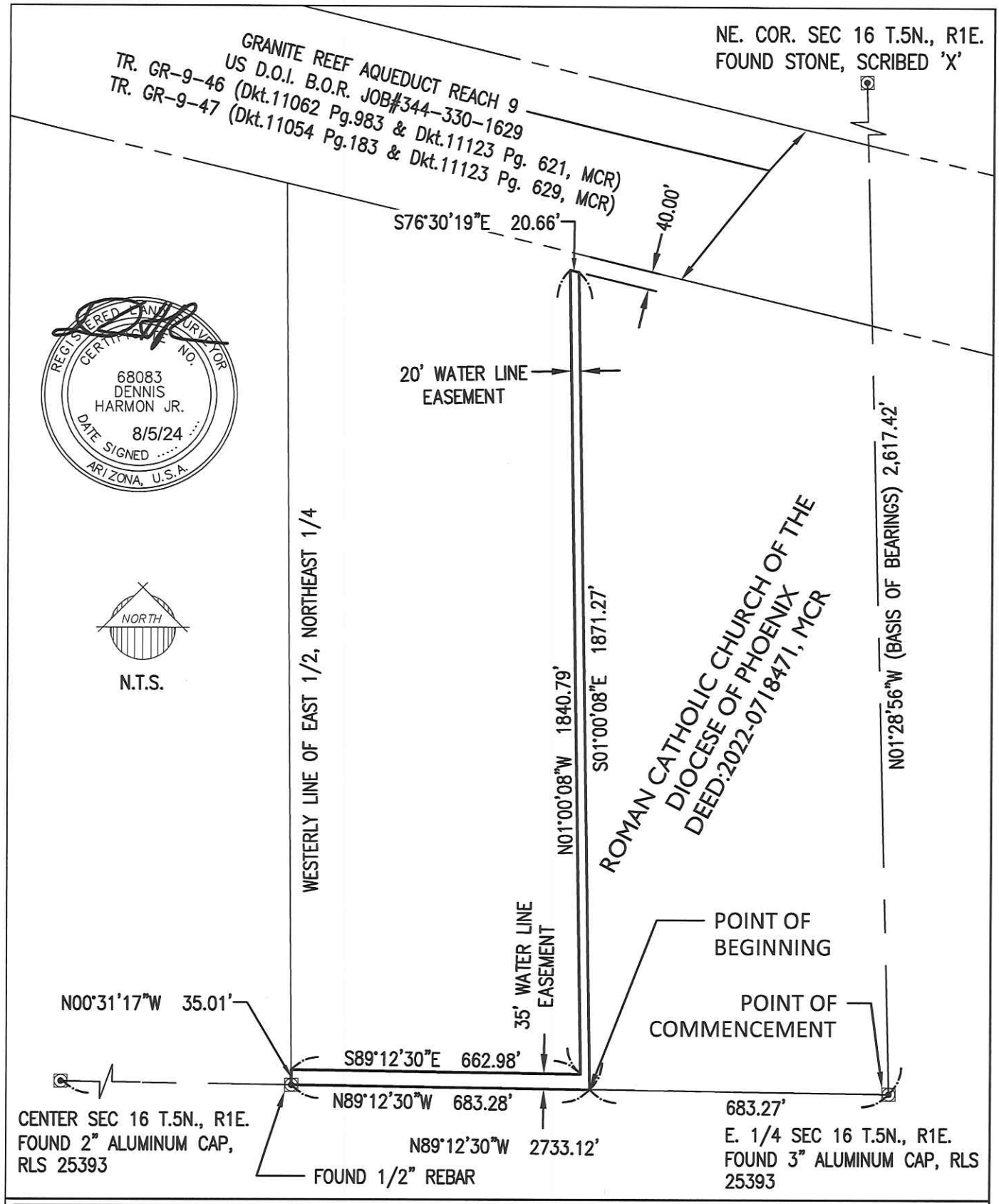
THENCE LEAVING SAID PARALLEL LINE, SOUTH 01 DEGREE 00 MINUTES 08 SECONDS EAST, A DISTANCE OF 1871.27 FEET, TO THE **POINT OF BEGINNING**.

CONTAINS 60,680 SQUARE FEET (1.3930 ACRES), MORE OR LESS.

Subject to existing rights-of-way and easements.



Cooper Aerial Surveys Co. | www.cooperaerial.com | 11402 N. Cave Creek Road, Phoenix AZ 85020 | 602.678.5111



WATER LINE EASEMENT EXHIBIT- A	COOPER AERIAL SURVEYS CO. 11402 N. CAVE CREEK ROAD PHOENIX, ARIZONA 85020 602-678-5111
SHEET 2 OF 2 PROJECT NO: 2206026	

When Recorded/Executed Mail to:

City Clerk
City of Peoria
8401 W. Monroe St.
Peoria, AZ 85345

ABANDONMENT OF WATER LINE EASEMENT

The City of Peoria, an Arizona Municipal Corporation, in Maricopa County, Arizona (the "City of Peoria") does hereby abandon its interest, rights, or claims in a 2024 permanent and perpetual "Easement for Water Line" that was granted to the City of Peoria and recorded on 11/21/2024 as instrument 20240625211 and re-recorded on 8/14/2025 as instrument 20250469094 (the "Water Line Easement"). The Water Line Easement area is attached as Exhibit "A."

A City of Peoria water line has not been and will not be constructed within the easement area described in Exhibit "A." Accordingly, it is the intent and understanding of the City of Peoria that the Water Line Easement shall be deemed abandoned and permanently cease to be used for the purposes granted. All rights granted by the Water Line Easement shall permanently cease and revert to The Roman Catholic Church of the Diocese of Phoenix ("Grantor"), its heirs, and assigns. The City of Peoria shall no longer have any rights, title, or interest in the Water Line Easement area.

Within ten (10) days of the execution hereof, the City Clerk shall record the original of this Abandonment of Water Line Easement with the Maricopa County Recorder's Office.

Upon recordation of this document, any cloud on Grantor's title to the Water Line Easement area shall be considered extinguished and Grantor shall maintain full, unencumbered interests, rights, and claims in the Water Line Easement area.

The Grantor and the City of Peoria have mutually agreed to the abandonment in consideration of the sum of One Dollar and other valuable consideration (receipt of which is hereby acknowledged) and as evidenced by their collective signatures below.

CITY:

CITY OF PEORIA, Arizona, An Arizona municipal corporation

By:_____
Its: _____
Dated this _____ day of _____, 20____.

ATTEST:

_____
Agnes Goodwine, City Clerk
Dated this _____ day of _____, 20____.

APPROVED AS TO FORM:

_____
Emily Jurmu, City Attorney
Dated this _____ day of _____, 20____.

GRANTOR:

THE ROMAN CATHOLIC CHURCH OF THE DIOCESE OF PHOENIX

By:_____
Its: _____
Dated this _____ day of _____, 20____.

ACKNOWLEDGEMENT

STATE OF)
) ss.
County of)

On this date, before me, a Notary Public, personally appeared _____, the_____ of The Roman Catholic Church of the Diocese of Phoenix, known to me or satisfactorily proven to be the person whose name is subscribed to this instrument and acknowledged that he/she executed the same. If this person's name is subscribed in a representative capacity, it is for the principal named and in the capacity indicated.

The foregoing instrument was acknowledged before me this _____ day of _____, 20___, by _____.

_____
Notary Public

My Commission Expires:

_____

EXHIBIT "A"

WATER LINE EASEMENT

COOPER AERIAL

Date: 08-05-2024

Project No.: 2206026

A PORTION OF THAT CERTAIN SPECIAL WARRANTY DEED, RECORDED AS INSTRUMENT NUMBER 2022-0718471, MARICOPA COUNTY RECORDS (MCR), LYING WITHIN SECTION 16, TOWNSHIP 5 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

COMMENCING AT A 3-INCH ALUMINUM CAP MONUMENT, FOUND AT THE EAST 1/4 CORNER OF SAID SECTION 16, FROM WHICH A STONE, WITH A SCRIBED 'X' FOUND AT THE NORTHEAST CORNER OF SAID SECTION 16, BEARS NORTH 01 DEGREE 28 MINUTES 56 SECONDS WEST (BASIS OF BEARINGS), A DISTANCE OF 2617.42 FEET;

THENCE ALONG THE SOUTHERLY LINE OF THE NORTHEAST 1/4 OF SAID SECTION 16, NORTH 89 DEGREES 12 MINUTES 30 SECONDS WEST, A DISTANCE OF 683.27 FEET, TO THE **POINT OF BEGINNING**;

THENCE CONTINUING NORTH 89 DEGREES 12 MINUTES 30 SECONDS WEST, A DISTANCE OF 683.28 FEET, TO THE WESTERLY LINE OF THE EAST 1/2 OF THE NORTHEAST 1/4 OF SAID SECTION 16;

THENCE ALONG SAID WESTERLY LINE, NORTH 00 DEGREES 31 MINUTES 17 SECONDS WEST, A DISTANCE OF 35.01, TO A LINE 35.00 FEET NORTH OF AND PARALLEL WITH SAID SOUTHERLY LINE;

THENCE LEAVING SAID WESTERLY LINE, ALONG SAID PARALLEL LINE, SOUTH 89 DEGREES 12 MINUTES 30 SECONDS EAST, A DISTANCE OF 662.98 FEET;

THENCE LEAVING SAID PARALLEL LINE NORTH 01 DEGREE 00 MINUTES 08 SECONDS WEST, A DISTANCE OF 1840.79 FEET, TO A LINE 40.00 FEET SOUTH OF AND PARALLEL WITH THE SOUTH LINE OF THE GRANITE REEF AQUEDUCT REACH 9, RIGHT-OF-WAY, AS DEFINED ON UNITED STATES DEPARTMENT OF INTERIOR BUREAU OF RECLAMATION JOB#344-330-1629 AND TRACT GR-9-46 (DKT.11062, PG.983 & DKT.11123, PG.621, MCR AND TRACT GR-9-47 (DKT.11054, PG183 & DKT.11123, PG.629, MCR);

THENCE ALONG SAID PARALLEL LINE, SOUTH 76 DEGREES 30 MINUTES 19 SECONDS EAST, A DISTANCE OF 20.66 FEET;

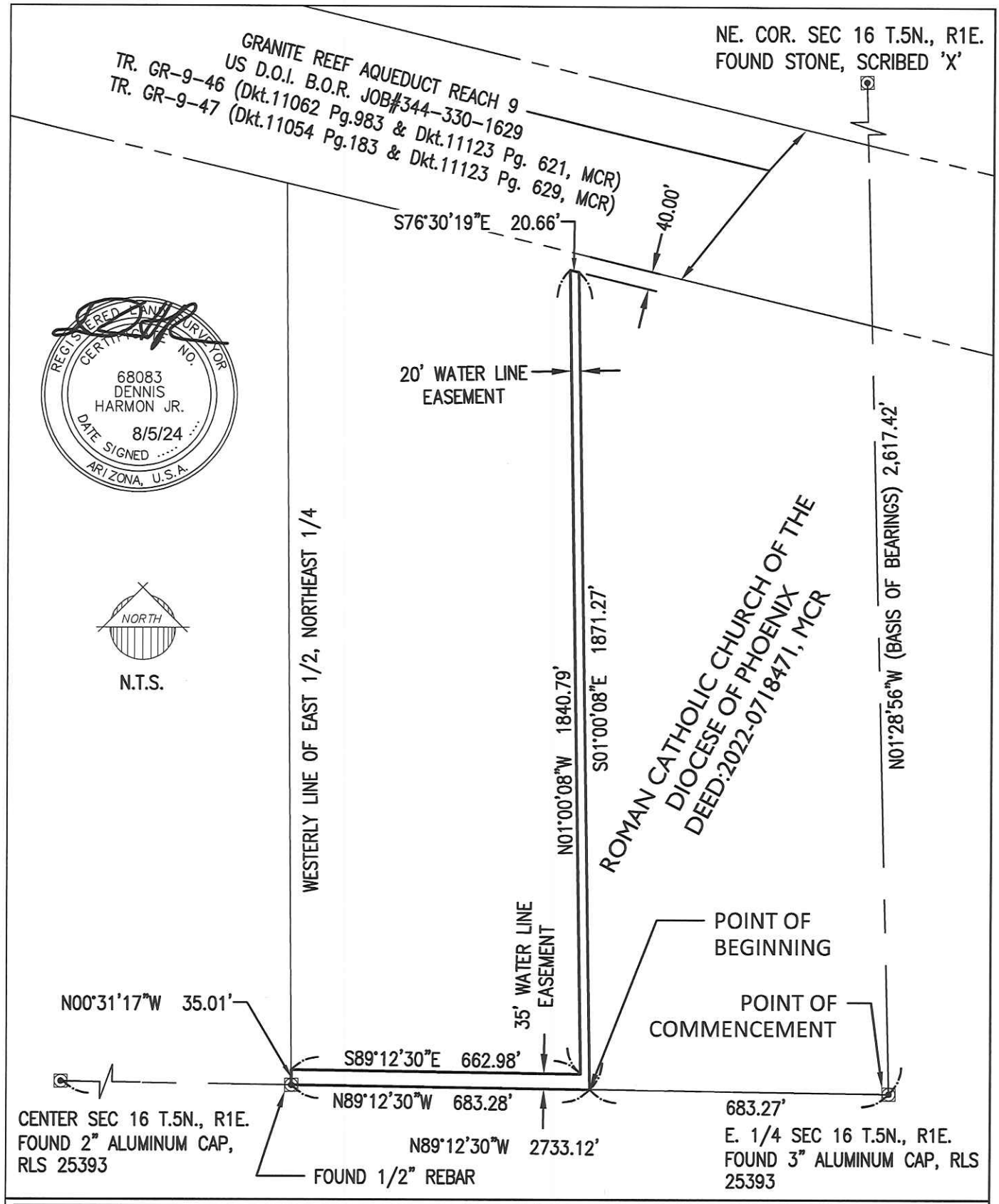
THENCE LEAVING SAID PARALLEL LINE, SOUTH 01 DEGREE 00 MINUTES 08 SECONDS EAST, A DISTANCE OF 1871.27 FEET, TO THE **POINT OF BEGINNING**.

CONTAINS 60,680 SQUARE FEET (1.3930 ACRES), MORE OR LESS.

Subject to existing rights-of-way and easements.



Cooper Aerial Surveys Co. | www.cooperaerial.com | 11402 N. Cave Creek Road, Phoenix AZ 85020 | 602.678.5111



WATER LINE EASEMENT EXHIBIT- A	COOPER AERIAL SURVEYS CO. 11402 N. CAVE CREEK ROAD PHOENIX, ARIZONA 85020 602-678-5111
SHEET 2 OF 2 PROJECT NO: 2206026	

CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION

Agenda Item: 24C.

Date Prepared: 1/28/2026 Council Meeting Date: 2/10/2026

TO: Henry Darwin, City Manager

THROUGH: Mike Faust, Deputy City Manager

FROM: Jack Situ, P.E., Development and Engineering Director

SUBJECT: Deeds and Easements, Various Locations

Purpose:

Discussion and possible action to adopt **RES. 2026-24** accepting Deeds and Easements for various Real Property interests acquired by the City. The deeds and easements have been recorded by the Maricopa County Recorder's Office and this process will formally accept them into the system.

Summary:

The City of Peoria periodically acquires a number of property interests including deeds, roadway dedications, and various types of easements. All documents are reviewed for accuracy and recorded. A Resolution to accept these documents has been prepared, which lists each document by recording number and provides information related to each so the property interest to be accepted can be identified.

Previous Actions/Background:

This is an ongoing process which occurs when we have acquired a number of real property interests.

Staff Recommendation:

Staff recommends the adoption of a Resolution accepting Deeds and Easements for various Real Property interests acquired by the City and previously recorded by the Maricopa County Recorder's Office to ensure completeness of the process.

Fiscal Analysis:

No fiscal impact.

ATTACHMENTS:

Exhibit 1: Resolution

Contact Name and Number:
Jack Situ, P.E., Development and Engineering Director, 623-773-7548

RESOLUTION NO. 2026-24

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF PEORIA, MARICOPA COUNTY, ARIZONA ADOPTING A RESOLUTION FORMALLY ACCEPTING DEEDS AND EASEMENTS FOR PROPERTY RIGHTS CONVEYED TO THE CITY OF PEORIA.

WHEREAS, the real estate interests hereinafter referenced have been conveyed to the City of Peoria;

WHEREAS, it is to the advantage of the City of Peoria to accept said real property interests; and

WHEREAS, the City has determined that acquisition of these property interests is in the interest of the public health, safety and welfare.

NOW THEREFORE, be it resolved by the Mayor and Council of the City of Peoria, Maricopa County, Arizona as follows:

SECTION 1. That the following real property interests are hereby accepted by the City of Peoria and referenced by the recording number issued by the Maricopa County Recorder's Office.

New Building Additions at Liberty High School Peoria Unified School District #11 EASEMENT FOR PUBLIC WATER LINE Maricopa County Recording No. 20260050491 (Project No. R250112/Deed 26-001)	NEC of 97th Avenue and Deer Valley Road

SECTION 2. Public Easement and Land Rights

That the Mayor and Council accept the deeds and public easements transferred to the City of Peoria as described herein.

SECTION 3. Recording Authorized

That the City Clerk shall record the original of this Resolution with the Maricopa County Recorder's Office.

PASSED AND ADOPTED by the Mayor and Council of the City of Peoria, Arizona, this 10th day of February 2026.

_____
Jason Beck, Mayor

_____
Date Signed

ATTEST:

_____
Agnes Goodwine, City Clerk

APPROVED AS TO FORM:

_____
Emily Jurmu, City Attorney

CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION

Agenda Item: 25C.

Date Prepared: 1/29/2026 Council Meeting Date: 2/10/2026

TO: Henry Darwin, City Manager

THROUGH: Kevin Burke, Deputy District Manager

FROM: Sean Kindell, Chief Financial Officer

SUBJECT: Liquor License Application, Pescaderia Playas De Guaymas, 8385 NorthWest Grand Avenue

Purpose:

Discussion and possible action to recommend approval to the State Liquor Board for: a New Wine and Beer (Series 10) Liquor License for Pescaderia Playas De Guaymas, located at 8385 NW. Grand Avenue #A, Theresa J. Morse, Applicant, LL#26-010150.

Summary:

Pescaderia Playas De Guaymas, is an existing seafood market located at 8385 NW. Grand Avenue #A. The owner has applied for a New Wine and Beer (Series 10) Liquor License. The application agent is Theresa J.Morse.

Series 10—permits the retail sale of beer and wine for consumption off premises.

Some of the businesses around Pescaderia Playas De Guaymas are Firestone Complete Autocare, Don Lencho's Mexican & Seafood Restaurant and Brothers Family Restaurant. There are no staff concerns with Pescaderia Playas De Guaymas. The public hearing notice was posted for at least 20 days, and no comments were received during the posting period. The license application was reviewed according to State law and all Departments gave approvals.

Previous Actions/Background:

In November 2021, the Mayor and Council recommended approval to the Arizona State Liquor Board for Pescaderia Playas De Guaymas for a New Wine and Beer (Series 10) Liquor License located at 8385 NW. Grand Avenue #A.

Staff Recommendation:

Pursuant to Arizona Law the City must make a recommendation to the State Liquor Board regarding the approval of applications to sell alcoholic beverages in the City. The standard for the City's recommendation is whether the best interest of the community will be served by the issuance of these licenses and whether the public convenience is served. Staff recommends

approval of the above licenses.

Fiscal Analysis:

No fiscal impact.

ATTACHMENTS:

Pescaderia Playas De Guaymas app

Contact Name and Number:
Samuel Brown (623) 773-7658

State of Arizona
Department of Liquor Licenses and Control

Created 12/29/2025 @ 02:39:19 PM

Local Governing Body Report

LICENSE

Number:	010070015874	Type:	010 BEER AND WINE STORE
Name:	PESCADERIA PLAYAS DE GUAYMAS		
State:	Pending		
Issue Date:		Expiration Date:	12/31/2025
Original Issue Date:	10/28/2021		
Location:	8385 NW GRAND AVENUE #A PEORIA, AZ 85345 USA		
Mailing Address:	7952 W GOLD DUST AVENUE #3 PEORIA, AZ 85345 USA		
Phone:	(000)000-0000		
Alt. Phone:	(480)353-8035		
Email:	TJMORSE1208@Q.COM		

Currently, this license has pending applications.

AGENT

Name:	THERESA JUNE MORSE
Gender:	Female
Correspondence Address:	7952 W GOLD DUST AVENUE #3 PEORIA, AZ 85345 USA
Phone:	(480)353-8035
Alt. Phone:	
Email:	TJMORSE1208@Q.COM

OWNER



Name:	PESCADERIA PLAYAS DE GUAYMAS LLC
Contact Name:	THERESA JUNE MORSE
Type:	LIMITED LIABILITY COMPANY
AZ CC File Number:	23146897 State of Incorporation: AZ
Incorporation Date:	11/02/2020
Correspondence Address:	7952 W GOLD DUST AVENUE #3 PEORIA, AZ 85345 USA
Phone:	(480)353-8035
Alt. Phone:	
Email:	LICENSING@AAICLIQUOR.COM

Officers / Stockholders

Name:	Title:	% Interest:
VICTOR M MARCIAL DURAZO	Member LLC	50.00
MARIA MONTSERRAT MARCIAL	MemBER LLC / PREMISE MANAGER	50.00

PESCADERIA PLAYAS DE GUAYMAS LLC - Member LLC

Name:	VICTOR M MARCIAL DURAZO
Gender:	Male
Correspondence Address:	7952 W GOLD DUST AVENUE #3 PEORIA, AZ 85345 USA
Phone:	(602)446-7509
Alt. Phone:	
Email:	MMARCIAL@CACHISFOODDISTRIBUTIONSLLC.COM

PESCADERIA PLAYAS DE GUAYMAS LLC - MemBER LLC / PREMISE MANAGER

Name:	MARIA MONTSERRAT MARCIAL
Gender:	Female
Correspondence Address:	7952 W GOLD DUST AVENUE #3 PEORIA, AZ 85345 USA
Phone:	(480)453-7706
Alt. Phone:	
Email:	MMARCIAL@CACHISFOODDISTRIBUTIONSLLC.COM

MANAGERS

Name:	MARIA MONTSERRAT MARCIAL
Gender:	Female
Correspondence Address:	7952 W GOLD DUST AVENUE #3 PEORIA, AZ 85345 USA
Phone:	(480)453-7706
Alt. Phone:	
Email:	MMARCIAL@CACHISFOODDISTRIBUTIONSLLC.COM

APPLICATION INFORMATION

Application Number:	375406
Application Type:	Acquisition of Control
Created Date:	12/22/2025

QUESTIONS & ANSWERS

010 Beer and Wine Store

3) Have you submitted a questionnaire? Each person listed must submit a questionnaire and mail in a fingerprint card along with a $22 processing fee per card.

Yes

'25 DEC 22 AM 11:52 AZDLLC

Arizona Department of Liquor Licenses and Control
https://www.azliquor.gov
(602) 542-5141

DLLC USE ONLY
Job #: 375406
Date Accepted: 12-22-2025
[redacted]
License #: 010007001587 4

ACQUISITION OF CONTROL

$100.00 NON-REFUNDABLE APPLICATION FEE

The Acquisition application fee is $100.00 except where a licensee holds multiple licenses and requests simultaneous changes, then the fee is $100.00 for the first application and $50.00 for each additional license not to exceed $1000.00

Acquisition: When a person other than those persons originally licensed acquires control over a license or licensee.

License #: ~~0100070015874~~ 010007001587 4

Agent Name: MORSE (Last) THERESA (First) JUNE (Middle)

Licensee (Legal Entity): PESCADERIA PLAYAS DE GUAYMAS, LLC AZCC File #: 23146897

Business Name (DBA): PESCADERIA PLAYAS DE GUAYMAS

Business Address: 8385 NW GRAND AVENUE STE A (Street) PEORIA (City) AZ (State) MARICOPA 85345 (Zip Code)

Business Phone: 623-878-0831 Cell Number: 480-353-8035

Mailing Address: 530 E MCDOWELL RD STE 107-241 (Street) PHOENIS (City) AZ (State) 85004 (Zip Code)

Email Address: LICENSING@AAICLIQUOR.COM

Each New Person listed *must* submit a questionnaire and fingerprint card, unless already disclosed to the Department.

Name of New and Current Controlling Persons (attach additional sheet if necessary)

New	Controlling Person's Name	Title	Address
X	MARCIAL MARIA MONTSERRAT	MEMBER	8385 NW GRAND AVENUE STE A PEORIA AZ 85345
	MARCIAL-DURAZO VICTOR M	MEMBER	8385 NW GRAND AVENUE STE A PEORIA AZ 85345

Stockholders/Controlling Persons owning 10% or more (attach additional sheet if necessary)

New	Controlling Person's Name	% Owned	Address
X	MARCIAL MARIA MONTSERRAT	50	8385 NW GRAND AVENUE STE A PEORIA AZ 85345
	MARCIAL-DURAZO VICTOR M	50	8385 NW GRAND AVENUE STE A PEORIA AZ 85345

ATTACH AN OWNERSHIP FLOWCHART SHOWING THE OFFICERS, MEMBERS, CONTROLLING PERSON AND ANYONE HOLDING 10% OR MORE.

Declaration:

I, (Print Name) THERESA JUNE MORSE, declare under penalty of perjury that I am authorized by the licensee to submit this application. I have read the contents of this application and to the best of my knowledge believe all statements made on this application t[redacted]

Signature [redacted]

'25 DEC 22 AM 11:55 AZDLLC

December 22, 2025

To Whom it may concern,

Re: 0100070015874

My partner CARLOS ALONSO MIRANDA- GALINDO, has relinquished his 50% ownership in Pescaderia Playas De Guaymas LLC to Maria Montserrat Marcial this date of December 22 2025.

Sincerely,



x_____

Victor M. Marcial-Durazo

'25 DEC 22 AM 11:52 AZDLLC

Arizona Department of Liquor Licenses and Control
https://www.azliquor.gov
(602) 542-5141

DLLC USE ONLY
Job #: 375406
Date Accepted: DEC 22 2025
[redacted]
License #: 010070015874
Amt 8-8-25

Personal Information Questionnaire

[redacted]

ATTENTION APPLICANT: This is a legally binding document. An investigation of your background will be conducted. Incomplete applications will not be accepted. False or misleading answers may result in the denial or revocation of a license or permit and could result in criminal prosecution.

THE COMPLETED QUESTIONNAIRE NEEDS TO BE SUBMITTED TO THE DEPARTMENT ALONG WITH A $22. FEE, AND FD-258 FINGERPRINT CARD, THAT HAS BEEN SEALED IN AN ENVELOPE, AND SIGNED OR INITIALED BY THE FINGERPRINT TECHNICIAN, MUST INCLUDE THE FINGERPRINT VERIFICATION FORM. MUST BE COMPLETED BY A RECOGNIZED FINGERPRINT SERVICE OR LAW ENFORCEMENT AGENCY.

Agent: a person who is designated by an applicant or licensee to receive communications from the department and to file and sign documents submitted to the department on behalf of the applicant or licensee. An agent is not a manager.

A.R.S. §4-202(A).

Controlling Person: person directly or indirectly possessing control of an applicant or licensee.

A.R.S. §4-101(10).

Manager: An individual (not an entity) approved by the Department of Liquor who has the authority to organize, direct, carry out, control or to otherwise operate the day-to-day operations of a liquor-licensed business.

A.R.S. §4-101(22) and A.R.S. §4-202(C)

SECTION - 1 INDIVIDUAL INFORMATION

☑ AGENT ☐ CONTROLLING PERSON ☐ MANAGER

1. Name: MORSE (Last) THERESA (First) JUNE (Middle)
2. Social Security #: [redacted] Birth Date: [redacted] (NOT a public record)
3. Driver's License #: [redacted] (NOT a public record) State Issued: [redacted]
5. Are you a resident of Arizona? ☑ Yes ☐ No Date of residency: [redacted]
6. Email address: LICENSING@AAICLIQUOR.COM
7. Home Address: [redacted]
8. Daytime phone #: 480-353-8035 Alternative phone #: 480-353-8035

SECTION 2 – LICENSED BUSINESS INFORMATION

1. License Number: 010070015874
2. Business Name (doing business as): PESCADERIA PLAYAS DE GUAYMAS
3. Business Address: 8385 NW GRAND AVE STE A PEORIA AZ 85345

SECTION 3 – DAY TO DAY OPERATION OF BUSINESS

Must attach copies of Basic and Management Title 4 training certificates for person managing the day to day operation of the licensed business.

Who is managing the day to day operations? ☐ Agent ☑ Controlling Person ☐ Manager

Name of persons who will be handling the day to day operations: MARIA MONTSERRAT MARCIAL

SECTION 4 – BACKGROUND

If you answer "YES" to any Question 1 through 5 YOU MUST attach a signed statement. Give complete details including dates, agencies involved and dispositions. CHANGES TO QUESTIONS 1-5 MAY NOT BE ACCEPTED

1. Have you owned, or been a controlling person of any entities that held a liquor license in Arizona, or any jurisdiction, in the past 5 years? Yes ☐ No ☑
2. Have you been cited, arrested, indicted, convicted, or required to appear in court for violation of ANY criminal law or ordinance, regardless of the disposition, even if dismissed or expunged, within the past 5 years? Yes ☐ No ☑
3. Has an entity in which you are or have been a controlling person had an application or license rejected, denied, revoked, or suspended in or outside of Arizona within the last 5 years? *A.R.S.§4-202(D* Yes ☐ No ☑
4. Have you had ANY administrative law citations, compliance actions, or consents, in any jurisdiction in the past 5 years? (Do not include civil traffic tickets)
   A.R.S.§4-202,4-210
   **Administrative Law Violations are any civil penalties, fines, suspension, or revocations of your liquor license.*
   Yes ☐ No ☑
5. Has anyone EVER obtained a judgement against you the subject of which involved fraud or misrepresentation? Yes ☐ No ☑

SIGNATURE

I, (Print Full Name) THERESA JUNE MORSE hereby swear under penalty of perjury and in compliance with A.R.S. § 4-210(A)(2) and (3) that I have read and understand the foregoing and verify that the information and statements that I have made herein are true and correct to the best of my knowledge.

Signature: [redacted] Date: 12/21/2025

'25 DEC 22 A 11:52 AZDLLC

Arizona Department of Liquor Licenses and Control
https://www.azliquor.gov
(602) 542-5141

DLLC USE ONLY
Job #: 375406
Date Accepted: 12-22-2025
[redacted]
License #: 0100900158914

ALIEN STATUS

Title IV of the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (the "Act"), 8 U.S.C. § 1621, provides that, with certain exceptions, only United States citizens, United States non-citizen nationals, non-exempt "qualified aliens" (and sometimes only particular categories of qualified aliens), nonimmigrant, and certain aliens paroled into the United States are eligible to receive state, or local public benefits. With certain exceptions, a professional license and commercial license issued by a State agency is a State public benefit.

Arizona Revised Statutes § 41-1080 requires, in general, that a person applying for a license must submit documentation to the license agency that satisfactorily demonstrates the applicant's presence in the United States is authorized under federal law.

Directions: All applicants must complete Sections I, II, and IV. Applicants who are not U.S. citizens or nationals must also complete Section III.

Submit this completed form and a copy of one or more document(s) from the attached "Evidence of U.S. Citizenship, U.S. National Status, or Alien Status" with your application for license or renewal. If the document you submit does not contain a photograph, you must also provide a government issued document that contains your photograph. You must submit supporting legal documentation (i.e. marriage certificate) if the name on your evidence is not the same as your current legal name.

SECTION I – APPLICANT INFORMATION

APPLICANT NAME (Print or type) THERESA JUNE MORSE

SECTION II – CITIZENSHIP OR NATIONAL STATUS

Are you a citizen or national of the United States? ☑ Yes ☐ No - If **yes**, indicate place of birth:

Cit[redacted] Stat[redacted] COUNTRY USA

If you answered **Yes, 1)** Attach a legible copy of a document from the list below.

2) Name of document: AZ DRIVER LICENSE

If you answered **No**, you must complete Sections III.

'25 DEC 22 AM 11:52 AZDLLC

EVIDENCE OF U.S. CITIZENSHIP, U.S. NATIONAL STATUS, OR ALIEN STATUS

You must submit supporting legal documentation (i.e. marriage certificate) if the name on your evidence is not the same as your current legal name.

Evidence showing authorized presence in the United State includes the following:

1. An Arizona driver license issued after 1996 or an Arizona non-operating identificationcard.

2. A driver license issued by a state that verifies lawful presence in the UnitedStates.

3. A birth certificate or delayed birth certificate showing birth in one of the 50 states, the District of Columbia, Puerto Rico (on or after Jan. 13, 1941), Guam, the U.S. Virgin Islands (on or after January 17, 1917), American Samoa, or the Northern Mariana Islands (on or after November 4, 1986, Northern Mariana Islands local time)

4. A United States certificate of birth abroad.

5. A United States passport. ***Passport must be signed***

6. A foreign passport with a United States visa.

7. An I-94 form with a photograph.

8. A United States citizenship and immigration services employment authorization document or refugee travel document.

9. A United States certificate of naturalization.

10. A United States certificate of citizenship.

11. A tribal certificate of Indian blood.

12. A tribal or bureau of Indian affairs affidavit of birth.

13. Any other license that is issued by the federal government, any other state government, an agency of this state or a political subdivision of this state that requires proof of citizenship or lawful alien status before issuing the license.

'25 DEC 22 AM 11:53 AZDLLC

SECTION III – QUALIFIED ALIEN

Applicants who are not citizens or nationals of the United States. Please indicate alien status by checking the appropriate box. Attach a legible copy of a document from the attached list or other document as evidence of your status.

_____
Name of document provided

Qualified Alien Status (8 U.S.C.§§ 1621(a)(1),-1641(b) and (c))

☐ 1. An alien lawfully admitted for permanent residence under the Immigration and Nationality Act (INA)

☐ 2. An alien who is granted asylum under Section 208 of the INA.

☐ 3. A refugee admitted to the United States under Section 207 of the INA.

☐ 4 An alien paroled into the United States for at least one year under Section 212(d)(5) of the INA.

☐ 5. An alien whose deportation is being withheld under Section 243(h) of the INA.

☐ 6. An alien granted conditional entry under Section 203(a)(7) of the INA as in effect prior to April 1, 1980.

☐ 7. An alien who is a Cuban/Haitian entrant.

☐ 8. An alien who has, or whose child or child's parent is a "battered alien" or an alien subject to extreme cruelty in the United States

Nonimmigrant Status (8 U.S.C. § 1621(a)(2))

9. A nonimmigrant under the Immigration and Nationality Act [8 U.S.C § 1101 et seq.] Non-immigrants are persons who have temporary status for a specific purpose. See 8 U.S.C § 1101(a)(15).

Alien Paroled into the United States for Less Than One Year (8 U.S.C. § 1621(a)(3))

10. An alien paroled into the United States for less than one year under Section 212(d)(5) of the INA

Other Persons (8 U.S.C § 1621(c)(2)(A) and (C)

11. A nonimmigrant whose visa for entry is related to employment in the United States, or

12. A citizen of a freely associated state, if section 141 of the applicable compact of free association approved in Public Law 99-239 or 99-658 (or a successor provision) is in effect [Freely Associated States include the Republic of the Marshall Islands, Republic of Palau and the Federate States of Micronesia. 48 U.S.C. § 1901 *etseq.*];

13. A foreign national not physically present in the United States.

14. ***Otherwise Lawfully Present***

15. A person not described in categories 1-13 who is otherwise lawfully present in the United States.

PLEASE NOTE: The federal Personal Responsibility and Work Opportunity Reconciliation Act may make persons who fall into this category ineligible for licensure. See 8 U.S.C. §

THERESA JUNE MORSE — [redacted] — 12/6/25

Print Name **Date**

'25 DEC 22 AM 11:53 AZDLLC

Arizona Department of Liquor Licenses and Control
https://www.azliquor.gov
(602) 542-5141

Personal Information Questionnaire

DLLC USE ONLY
Job #: 375406
Date Accepted: 12/22/2025
[redacted]
License #: 010070015874

ATTENTION APPLICANT: This is a legally binding document. An investigation of your background will be conducted. Incomplete applications will not be accepted. False or misleading answers may result in the denial or revocation of a license or permit and could result in criminal prosecution.

THE COMPLETED QUESTIONNAIRE NEEDS TO BE SUBMITTED TO THE DEPARTMENT ALONG WITH A $22. FEE, AND FD-258 FINGERPRINT CARD, THAT HAS BEEN SEALED IN AN ENVELOPE, AND SIGNED OR INITIALED BY THE FINGERPRINT TECHNICIAN, MUST INCLUDE THE FINGERPRINT VERIFICATION FORM. MUST BE COMPLETED BY A RECOGNIZED FINGERPRINT SERVICE OR LAW ENFORCEMENT AGENCY.

fp pending 805-783

Agent: a person who is designated by an applicant or licensee to receive communications from the department and to file and sign documents submitted to the department on behalf of the applicant or licensee. An agent is not a manager.

A.R.S. §4-202(A).

Controlling Person: person directly or indirectly possessing control of an applicant or licensee.

A.R.S. §4-101(10).

Manager: An individual (not an entity) approved by the Department of Liquor who has the authority to organize, direct, carry out, control or to otherwise operate the day-to-day operations of a liquor-licensed business.

A.R.S. §4-101(22) and A.R.S. §4-202(C)

SECTION - 1 INDIVIDUAL INFORMATION

☐ AGENT ☑ CONTROLLING PERSON ☐ MANAGER

1. Name: MARCIAL (Last) MARIA (First) MONTSERRAT (Middle)
2. Social Security #: [redacted] (NOT a public record) Birth Date: [redacted] (NOT a public record)
3. Driver's License #: [redacted] (NOT a public record) State Issued: [redacted]
5. Are you a resident of Arizona? ☑ Yes ☐ No Date of residency: [redacted]
6. Email address: SALES@PESCAGUAYMAS8385.COM
7. Home Address: [redacted]
8. Daytime phone #: 480-453-7706 Alternative phone #: 480-353-8035

SECTION 2 – LICENSED BUSINESS INFORMATION

1. License Number: 010070015874
2. Business Name (doing business as): PESCADERIA PLAYAS DE GUAYMAS
3. Business Address: 8385 NW GRAND AVE STE A PEORIA AZ 85345

'25 DEC 22 AM 11:53 AZDLLC

SECTION 3 – DAY TO DAY OPERATION OF BUSINESS

Must attach copies of Basic and Management Title 4 training certificates for person managing the day to day operation of the licensed business.

Who is managing the day to day operations? ☐ Agent ☑ Controlling Person ☐ Manager

Name of persons who will be handling the day to day operations: MARCIAL, MARIA MONTSERRAT

SECTION 4 – BACKGROUND

If you answer "YES" to any Question 1 through 5 YOU MUST attach a signed statement. Give complete details including dates, agencies involved and dispositions. CHANGES TO QUESTIONS 1-5 MAY NOT BE ACCEPTED

1. Have you owned, or been a controlling person of any entities that held a liquor license in Arizona, or any jurisdiction, in the past 5 years? Yes ☐ No ☑
2. Have you been cited, arrested, indicted, convicted, or required to appear in court for violation of ANY criminal law or ordinance, regardless of the disposition, even if dismissed or expunged, within the past 5 years? Yes ☐ No ☑
3. Has an entity in which you are or have been a controlling person had an application or license rejected, denied, revoked, or suspended in or outside of Arizona within the last 5 years? *A.R.S.§4-202(D* Yes ☐ No ☑
4. Have you had ANY administrative law citations, compliance actions, or consents, in any jurisdiction in the past 5 years? (Do not include civil traffic tickets) Yes ☐ No ☑
   A.R.S.§4-202,4-210
   **Administrative Law Violations are any civil penalties, fines, suspension, or revocations of your liquor license.*
5. Has anyone EVER obtained a judgement against you the subject of which involved **fraud or misrepresentation**? Yes ☐ No ☑

SIGNATURE

I, (Print Full Name) MARIA MONTSERRAT MARCIAL hereby swear under penalty of perjury and in compliance with A.R.S. § 4-210(A)(2) and (3) that I have read and understand the foregoing and verify that the information and statements that I have made herein are true and correct to the best of my knowledge.

Signature: [redacted] **Date:** 12/21/2025

'25 DEC 22 AM 11:53 AZDLLC

Arizona Department of Liquor Licenses and Control
https://www.azliquor.gov
(602) 542-5141

DLLC USE ONLY

Job #: 375406

Date Accepted: 12-22-2025

[redacted]

License #: 07007001587

[redacted] 3

FINGERPRINT VERIFICATION

ATTENTION FINGERPRINT TECHNICIAN:

Please follow the instructions below for fingerprinting this applicant.

1. Please fill out or ensure that the applicant has filled out all the required boxes on the fingerprint card prior to taking the fingerprints.
2. Request a valid, unexpired government-issued photo ID from the applicant and compare the physical descriptors on the applicant's photo ID to the applicant and to the information on the fingerprint card.
3. Fill out the information in the boxes below. **Please print clearly**.
4. Once the prints have been taken, place the fingerprint card and this form into the envelope and seal it. Please write your name or identification across the edge of the seal. Return the sealed envelope to the applicant.
5. **Write applicants name on front of sealed envelope.**

Do not give the applicant the fingerprint card without first sealing it inside the envelope.

DO NOT FOLD FINGERPRINT CARDS

Please print in the following fields:

Date	Name of Applicant:
12/22/25	Maria Monserrat Marcial
Name of Fingerprint Technician: Leslie Morales	
Fingerprint technician's Signature: [redacted]	
Fingerprint technician's Agency/company Name: The UPS Store 6120	**Phone Number:** 6022581995
Type of Photo ID Provided (check one): ☒ Driver's License ☐ Passport ☐ Other (Please specify)	

5/5/2025

'25 DEC 22 AM 11:53 AZDLLC

Certificate #_____

☒ On-sale
☐ Off-sale
☐ On- and off-sale

Certificate of Completion For Title 4 **BASIC** Liquor Law Training

A Certificate of Completion must be on a form provided by the Arizona Department of Liquor. Certificates are completed by a state-approved training provider and, when issued, the Certificate is signed by the course participant.

The State requires BASIC Title 4 training only as a prerequisite for MANAGEMENT Title 4 training or as a result of a liquor law violation. Persons required to have BASIC Title 4 training are listed at the base of this Certificate. Licensees sometimes require BASIC Title 4 Training a condition of employment.

A replacement Certificate of Completion for Title 4 training must be available through the training provider for two years after the training completion date.

Student Information

MARIA MONTSERRAT MARCIAL
[redacted]

12/21/25
Training Completion Date

12/21/28
Certificate Expiration Date
(three years from completion date)

Training Provider Information

Avant Garde Alcohol Training & Education
Company Name

530 East McDowell Road, #107-241 Phoenix, AZ 85004
Mailing Address

(480) 353-8035
Daytime Contact Phone Number

I, THERESA J MORSE, certify that the above named individual did successfully complete
Instructor Name (please print)
Title 4 BASIC Training in accordance with A.R.S. §4-112(G)(2) and Arizona Administrative Code (A.A.C.)R19-1-103 using training course content and materials approved by the Arizona Department of Liquor Licenses and Control. I understand that misuse of this Certificate of Completion can result in the revocation of State-approval for the Title 4 Training Provider named in this section as provided by A.A.C. R19-1-103(E) and (F).

[redacted]

21 / 12 / 25
Day Mo Year

Persons required to complete BASIC & MANAGEMENT Title 4 training: 1) owner(s) actively involved in the daily business operations of a liquor-licensed business of a series listed below
2) licensees, agents and managers actively involved in the daily business operations of a liquor-licensed business of a series listed below

In-state Microbrewery (series 3)
Conveyance (series 8)
Restaurant (series 12)
Government (series 5)
Liquor Store (series 9)
In-state Farm Winery (series 13)
Bar (series 6)
Private Club (series 14)
Beer & Wine Bar (series 7)
Hotel/Motel w/restaurant (series 11)
Beer & Wine Store (series 10)

Liquor license applications (initial and renewal) are not complete until valid Certificates of Completion for all required persons have been submitted to the Department of Liquor.

The questionnaire (which designates a manager to a location) and the agent change form (which assigns a new agent to active liquor licenses) are not complete until valid Certificates of Completion for all required persons have been submitted to the Department of Liquor.

July 11, 2013

'25 DEC 22 AM 11:53 AZDLLC

Certificate #_____

Certificate of Completion
For
Title 4 **MANAGEMENT** Liquor Law Training

A Certificate of Completion must be on a form provided by the Arizona Department of Liquor. Certificates are completed by a state-approved training provider and, when issued, the Certificate is signed by the course participant.

Basic Title 4 training is a prerequisite for MANAGEMENT Title 4 training. A valid Certificate of Completion for BASIC Title 4 training must be on file at the Department of Liquor and satisfactory completion of a State-approved BASIC Title 4 course must be verified by the training provider prior to issuing a Certificate of Completion for MANAGEMENT Title 4 training.

A replacement Certificate of Completion for Title 4 training must be available through the training provider for two years after the training completion date.

Student Information

MARIA MONTSERRAT MARCIAL

[redacted]

12/21/25
Training Completion Date

12/21/28
Certificate Expiration Date
(three years from completion date)

Training Provider Information

Avant Garde Alcohol Training & Education
Company Name

530 East McDowell Road, #107-241 Phoenix, AZ 85004
Mailing Address

(480) 353-8035
Daytime Contact Phone Number

I, THERESA J MORSE, certify that the above named individual did successfully complete
Instructor Name (please print)
Title 4 MANAGEMENT Training in accordance with A.R.S. §4-112(G)(2) and Arizona Administrative Code (A.A.C.)R19-1-103 using training course content and materials approved by the Arizona Department of Liquor Licenses and Control. I understand that misuse of this Certificate of Completion can result in the revocation of State-approval for th[redacted] section as provided by A.A.C. R19-1-103(E) and (F).

[redacted]

21 / 12 / 25
Day Mo Year

Persons required to complete BASIC & MANAGEMENT Title 4 training: 1) owner(s) actively involved in the daily business operations of a liquor-licensed business of a series listed below
2) licensees, agents and managers actively involved in the daily business operations of a liquor-licensed business of a series listed below

In-state Microbrewery (series 3)	Government (series 5)	Bar (series 6)	Beer & Wine Bar (series 7)
Conveyance (series 8)	Liquor Store (series 9)	Private Club (series 14)	Hotel/Motel w/restaurant (series 11)
Restaurant (series 12)	In-state Farm Winery (series 13)		Beer & Wine Store (series 10)

Liquor license applications (initial and renewal) are not complete until valid Certificates of Completion for all required persons have been submitted to the Department of Liquor.

The questionnaire (which designates a manager to a location) and the agent change form (which assigns a new agent to active liquor licenses) are not complete until valid Certificates of Completion for all required persons have been submitted to the Department of Liquor.

July 11, 2013

CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION

Agenda Item: 26R.

Date Prepared: 1/7/2026 Council Meeting Date: 2/10/2026

TO: Henry Darwin, City Manager

THROUGH: Mike Faust, Deputy City Manager

FROM: Maria Laughner, Economic Development Director

SUBJECT: Property Acquisition, 8344 West Washington Street, APN 142-41-017A

Purpose:

Discussion and possible action to: (a) authorize the acquisition of real property located at 8344 West Washington Street - APN 142-41-017A; and (b) approve a budget adjustment in the amount of $166,000 from contingency to the Economic Development Services Department's operating budget.

Summary:

The city seeks to acquire this 6,749 SF property located in Downtown Peoria to be used for city programming and/or potential development opportunities. City staff offered the property owner appraised value of $159,000 ($23.55/SF). The property owner has agreed to sell the property and execute a Real Estate Purchase Agreement (attached Exhibit A). Upon City Council approval of this purchase, staff will work with the seller to finalize the sale for a projected close of escrow in February 2026. Additional expenses include customary closing costs of $5,000, plus $2,000 for landscape and maintenance costs, which makes the total purchase price $166,000.

Previous Actions/Background:

- December 6, 2025 – Appraisal received
- December 22, 2025 – Title Reports received

Staff Recommendation:

Staff recommends that the Mayor and City Council authorize the acquisition of the property described in the attached Agreement. Once the Real Estate Purchase Agreement is complete, authorize the City Manager to sign any documents necessary to complete the acquisition.

Staff recommends approving a $166,000 budget amendment from contingency to the Economic Development Services Department's operating budget to cover the property acquisition cost of $159,000 plus customary closing costs of $5,000, and $2,000 for annual landscaping and maintenance costs.

Fiscal Analysis:

The cost associated with the property acquisition totals $159,000 based on a recent appraisal, plus customary closing costs and landscaping/maintenance costs. If approved, acquisition will total $166,000.

This action is being paid for by available 1-time fund balance in the general fund over and above the required reserve.

ATTACHMENTS:

Exhibit A: 8344 W Washington Street PSA
Exhibit B: 8344 W Washington Street Appraisal

Contact Name and Number:
Maria Laughner, (623) 773-7338

Exhibit A

REAL ESTATE PURCHASE AGREEMENT

SELLER:	GIBBONEY CHARITABLE TRUST, an Arizona charitable trust
BUYER:	CITY OF PEORIA, an Arizona municipal corporation
ESCROW AGENT:	Fidelity National Title Insurance Company
LOCATION:	8344 W. Washington Street, Peoria, AZ
ESCROW NUMBER:	GC75001335

RECITALS

A. Gibboney Charitable Trust (the "**Seller**") is the owner of certain real property (APN 142-41-017A) located at 8344 W. Washington Street, in Peoria, Arizona (the "**Property**") and described on Exhibit A hereto.

B. Seller desires to sell the Property and the City of Peoria (the "**City**") desires to purchase the Property from Seller for its appraised fair market value as set forth in Section 6 herein (the "**Purchase Price**").

C. City, in accordance with Article I, Section 3(1) of the Peoria City Charter, is authorized to purchase real property, and City's City Council has considered and approved the sale terms authorized by this Agreement.

NOW THEREFORE, in consideration of the foregoing and the mutual promises and representations contained herein, Seller and City agree as follows:

TERMS OF AGREEMENT

1. Contingencies of Sale. City and Seller acknowledge that their obligations to consummate the transaction contemplated by this Agreement are conditioned upon, among other things, City's City Council approving the terms of this agreement.

2. Agreement. Upon execution of this Real Estate Purchase Agreement (this "**Agreement**") by Seller and City, same shall constitute a binding contract between Seller and City for the purchase and sale of the Property.

3. Opening of Escrow and Close of Escrow. Escrow shall be opened when (i) one fully executed or counterparts of this Agreement executed by Seller and City, respectively, have been delivered to Escrow Agent, and (ii) City shall have deposited the Earnest Money with Escrow Agent on or before the 2nd business day following delivery of this Agreement to Escrow Agent

LCON_____

("**Opening of Escrow**"). Escrow Agent shall advise Seller and City, in writing, of the Opening of Escrow and the date thereof. Unless extended pursuant to the terms of this Agreement, consummation of the purchase of the Property contemplated hereby (the "**Close of Escrow**" or "**Closing Date**") shall take place on or before the date that is ten (10) days following the expiration of the Investigation Period (as defined below) (the "**Closing Deadline**"), and shall automatically terminate without any further notices, three (3) business days following the Closing Deadline unless otherwise extended as provided in this Agreement or by mutual agreement of the parties. At or before Close of Escrow, each party shall execute and deliver such documents and perform such acts as are provided for herein. All monies and documents required to be delivered under this Agreement shall be deposited in Escrow on or before 5:00 p.m. Arizona Time on the Closing Date.

4. Title Insurance; Conveyance of Title. The Property, including all rights and privileges appurtenant to or arising from the Property, shall be conveyed by Seller to City upon Close of Escrow by Seller's warranty deed (the "**Deed**"), warranting title to the Property to be conveyed thereby to be a fee simple absolute estate free and clear of all matters, claims, liens, and encumbrances except: (i) taxes not yet due and payable at Close of Escrow (subject to proration as hereinafter provided); (ii) reservations in patents from the United States or the State of Arizona; and (iii) any other matters disclosed by the preliminary title report (or any amended report) which are deemed waived or approved by City in accordance with Subsection 9.1. Escrow Agent shall commit to issue or cause to be issued a standard coverage owner's policy of title insurance in the amount of the Purchase Price, for which Seller shall bear the cost.

5. Possession. Upon Close of Escrow, Seller shall vacate the Property and deliver possession to City, and all risk of loss of, or damage to, the Property from any source shall, at that time, pass to and become the sole responsibility of City.

6. Appraised Value; Purchase Price. The Seller has caused an appraisal of the Property to be prepared by an appraiser selected by the Seller (the "**Appraisal**"). The Purchase Price for the Property shall be based on the appraised value, which, as reflected in the Appraisal, shall be $159,000 (the "**Purchase Price**").

7. Payment of Purchase Price. The Purchase Price for the Property shall be paid by City at Close of Escrow.

8. Closing; Fees, Taxes, and Assessments; Costs.

   8.1. At Close of Escrow, a Standard ALTA Owner's Policy of title insurance shall be issued by Escrow Agent through its authorized underwriter(s) insuring City's fee simple title to the Property, subject to the usual printed exceptions contained in such title insurance policies, those matters which appear as exceptions in Schedule B of the commitment (as defined below) and which are not objected to or are waived in the manner described in said Section 9, and any other matters approved in writing by City (the "**Title Policy**"). The Premium for the Title Policy will be in the amount of the Purchase Price or such other amount as determined by City. The cost of a standard Title Policy in the amount of the

Purchase Price shall be borne by Seller. In the event City desires an American Land Title Association (ALTA) Extended Policy and/or any endorsement to the Title Policy, or to increase the liability amount of the Title Policy, the additional cost shall be borne by City, including without limitation the cost for obtaining any necessary survey or updated survey.

8.2. At Close of Escrow, the recording fees with respect to the Deed, the Affidavit of Value and any other documents to be recorded at Close of Escrow and any escrow fees and charges shall be paid equally by City and Seller. All non-delinquent real property taxes and any other assessments to or charges against the Property shall be paid by Seller prorated to Close of Escrow based upon the most recent assessments.

8.3. At Close of Escrow, Seller shall deliver the Deed, an Affidavit of Property Value, a Non-Foreign Person Affidavit, and each and every document, agreement, and/or instrument reasonably required by the Escrow Agent in connection with the Closing.

8.4. At Close of Escrow, City shall deliver the Purchase Price and all other sums to be paid by City hereunder, the Affidavit of Property Value, and each and every other document, agreement and/or instrument reasonably required by Escrow Agent in connection with the Close of Escrow.

9. City's Contingencies. City's obligation to consummate the transactions contemplated by this Agreement is subject to satisfaction of all of the following conditions precedent (which may only be waived by City in a writing signed by City or its duly authorized agent):

9.1. Status of Title. Escrow Agent, as soon as is reasonably possible after execution of this Agreement, shall provide City and Seller with a preliminary report of the title to the Property (the "**Commitment**"), disclosing all matters of record and Escrow Agent's requirements for both closing the Escrow created by this Agreement and issuing the Title Policy (the Commitment also shall be suitable to serve as the basis for issuance of an ALTA extended form coverage lender's title insurance policy). At such time as City receives the Commitment (and any amended report adding additional title exceptions) and a current ALTA/NSPS Survey of the Property (the "**Survey**"), City shall have ten (10) business days after receipt of the Commitment and the Survey to object in writing to any matter shown in the Commitment or the Survey. If City fails to object within the ten (10) business days, the condition of title to the Property shall be deemed approved by City. In the event City does object in writing to any matter disclosed in the Commitment or the Survey, Seller may, but shall not be required to attempt to remove such objection before Close of Escrow. If Seller fails to notify City within five (5) business days after receipt of such objections that Seller has elected to eliminate the objectionable matters prior to the Closing, such failure shall be deemed Seller's election not to eliminate any such matter. If Seller notified City in writing of its election not to eliminate any such objectionable matter or is deemed to have elected not to eliminate any such matter, City shall elect within five (5) business days after receipt of Seller's notice (or, if applicable, five (5) business days after the date on which Seller is deemed to have elected not to eliminate any such matter) to either: (i) cancel this Agreement and receive the return of all Earnest

Money paid, together with any interest accrued thereon; or (ii) proceed with this Agreement waiving and taking title subject to such matters. If Seller timely elects to eliminate a disapproved exception from the Commitment prior to the Closing, Seller shall be obligated to do so by either causing such disapproved exception to be eliminated entirely from the Commitment or to be endorsed over in form and substance reasonably acceptable to City.

9.2. Environmental Contamination and Assessment of Property. Seller will disclose to City, within five (5) days of Opening of Escrow, any actual knowledge or information it has regarding any current or historical environmental contamination of the Property. Notwithstanding Seller's obligation to disclose, City shall have until the expiration of the Due Diligence Period (defined below) to obtain a Phase I Environmental Assessment (the "**Assessment**"). If the Assessment indicates that a Phase II Environmental Assessment ("**Phase II**") is warranted, City will not be required to close the Escrow pending completion of the Phase II, and the Close of Escrow may be extended by sixty (60) days for City to obtain and review the Phase II. If the Phase II concludes contamination exists, City may elect to cancel this Agreement and receive the return of all Earnest Money paid, together with any interest accrued thereon. Moreover, in no event shall an "as is" clause set forth within this Agreement affect the application of federal, state or local law regarding environmental contamination and Seller's responsibility for remediating same as required under applicable federal, state and local law, including remediation that may be required after Close of Escrow.

9.3. Investigation. City shall have thirty (30) days after Opening of Escrow (the "**Due Diligence Period**") to conduct such other tests and investigations, other than those described in Subsections 9.1 and 9.2 above, as City deems in its sole discretion to be material to its determination whether the Property is suitable for City's purposes. Upon prior reasonable notice to Seller, Seller shall permit access to the Property by City to inspect and perform any such tests during the Due Diligence Period. City must obtain Seller's written consent prior to conducting any invasive testing on the Property, which consent shall not unreasonably be withheld. City shall conduct all such inspections, investigations, and tests and be responsible for returning the Property to substantially the condition in which it was prior to the time of any entry. In the event City does so notify Seller, however, Seller shall have the option to either undertake to remediate such conditions to City's reasonable satisfaction or to terminate this Agreement, whereupon City and Seller shall have no further obligations hereunder, other than liabilities or obligations arising under the indemnity provisions of Subsection 15.6. Prior to expiration of the Due Diligence Period, City may terminate this Agreement for any reason or for no reason whatsoever, in City's sole and absolute discretion, and the Earnest Money and interest accrued, will be returned to Peoria. The provisions of Section 9 shall survive Close of Escrow, execution, delivery and recordation of the Deed.

10. No Warranties. Except as otherwise set forth herein, City agrees that the Property shall be purchased in an "as-is" condition. Seller makes no warranty as to the sufficiency of the Property for City's purposes or any purpose whatsoever, the physical condition of the Property or any

work or improvements which might be required for any reason whatsoever, the square footage or acreage contained within the Property, except as expressly set forth elsewhere in this Agreement or within the separate escrow instructions included as a part of this Agreement. Nothing herein abrogates Seller's duty to disclose known material conditions affecting the Property and the consideration to be paid by City.

11. Seller's Warranties. Seller warrants and represents (with the understanding that City is relying on said warranties and representations) that the following representations and warranties are true, complete, and correct as of the date hereof, and shall be true, complete, and correct as of the Closing Date with the same force and effect as if first made at that time:

11.1. Seller's Authority. Seller has full power and authority to enter into and perform under this Agreement in accordance with its terms. Upon execution of this Agreement this Agreement shall be binding and enforceable on Seller.

11.2. Other Leases or Agreements. Seller warrants that it has not entered into any unrecorded leases or other agreements, which may affect City's ability to take title to or possession of the Property or to use the Property.

11.3. No Lawsuits. There are no actions, suits, proceedings or investigations pending or threatened with respect to or in any manner affecting Seller's ownership of the Property or otherwise affecting any portion thereof, or which will become a cloud on the title to the Property or question the validity or enforceability of the transaction contemplated herein, or which may adversely affect Seller's ability to perform hereunder.

11.4. Bankruptcy or Insolvency. Seller warrants that it is not the subject of a bankruptcy or insolvency proceeding.

11.5. Labor, Materials and Mechanics' Liens. Seller warrants that payment in full will be made prior to Close of Escrow for all labor, professional services, materials, machinery, fixtures, or tools furnished within the one hundred fifty (150) days immediately preceding the Close of Escrow in connection with any construction, alteration or repair of any improvement to or on the Property.

11.6. Compliance. Seller hereby represents and warrants that Seller:

11.6.1. Is in compliance with the U.S. Treasury Department Office of Foreign Assets Control (OFAC) sanctions and regulations promulgated under the authority granted by the Trading with the Enemy Act, 12 U.S.C. § 95 (a) *et seq.*, and the International Emergency Economic Powers Act, 50 U.S.C. § 1701, *et seq.*, as the same apply to it or its activities;

11.6.2. Is in compliance with the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as amended from time to time (the "**Patriot Act**") and all rules and regulations

promulgated under the Patriot Act applicable to Seller; and is not now, nor has ever been, under investigation by any governmental authority for, nor has been charged with or convicted of a crime under, 18 U.S.C. §§ 1956 or 1957 or any predicate offense thereunder; has never been assessed a civil penalty under any anti-money laundering laws or predicate offenses thereunder; has not had any of its funds seized, frozen, or forfeited in any action relating to any anti-money laundering laws or predicate offenses thereunder; has taken such steps and implemented such policies as are reasonably necessary to ensure that it is not promoting, facilitating, or otherwise furthering, intentionally or unintentionally, the transfer, deposit, or withdrawal of criminally derived property, or of money or monetary instruments which are (or which Seller suspects or has reason to believe are) the proceeds of any illegal activity or which are intended to be used to promote or further any illegal activity; and has taken such steps and implemented such policies as are reasonably necessary to ensure that it is in compliance with all laws and regulations applicable to its business for the prevention of money laundering and with anti-terrorism laws and regulations, with respect both to the source of funds from its investors and from its operations, and that such steps include the development and implementation of an anti-money laundering compliance program within the meaning of Section 352 of the Patriot Act, to the extent such a party is required to develop such a program under the rules and regulations promulgated pursuant to Section 352 of the Patriot Act.

11.6.3. Neither Seller nor any other person owning a direct or indirect, legal, or beneficial interest in Seller is in violation of the Executive Order or the Patriot Act. Neither the Seller nor any of its respective constituents, investors (direct or indirect and whether or not holding a legal or beneficial interest), or affiliates, acting or benefiting, directly or indirectly, in any capacity in connection with the Property or this Agreement or any of the transactions contemplated hereby or thereby, is: listed in the Annex to, or otherwise subject to the provisions of, that certain Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, and relating to Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit or Support Terrorism; named as a "specifically designated national" on the most current list published by OFAC at its official website (http://www.treas.gov.ofac/t11sdn.pdf) or at any replacement website or other replacement official publication of such list or that is named on any other Governmental Authority list issued post 9/11/01; or, acting, directly or indirectly, in contravention of any anti-money laundering law or terrorist organizations or narcotics traffickers, including those persons that are included on any relevant lists maintained by the United Nations, North Atlantic Treaty Organization, Financial Action Task Force on Money Laundering, OFAC, U.S. Securities and Exchange Commission, U.S. Federal Bureau of Investigation, U.S. Central Intelligence Agency, U.S. Internal Revenue Service, all as may be amended or superseded from time to time; or (iv) owned or controlled by, or acting for or on behalf of, any person described above.

11.6.4. None of the funds or other assets of the Seller constitute property of, or are beneficially owned, directly or indirectly, by any person, entity or government subject to trade restrictions under U.S. law, including without limitation: the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 *et seq.*; The Trading with the Enemy Act, 50 U.S.C. App. 1 *et seq.*; and any Executive Orders or regulations promulgated thereunder, with the result that sale by Seller, its managing member, manager or any non-managing member (whether directly or indirectly), is prohibited by law (an "**Embargoed Person**"). No Embargoed Person has any interest of any nature whatsoever in Seller (whether directly or indirectly); and none of the funds of Seller have been derived from any unlawful activity with the result that an investment in the Seller (whether directly or indirectly) or sale by the Seller, is prohibited by law or that execution, delivery, and performance of this Agreement or any of the transactions or other documents contemplated hereby or thereby is in violation of law.

11.7. During the period from the Effective Date until the Closing Date, Seller shall:

11.7.1. Be permitted to enter into any agreements with respect to all or any portion of the Property provided that such agreements expire by their terms on or prior to the Closing Date or, in accordance with their terms, would not be effective following the Closing Date;

11.7.2. Maintain in full force and effect the insurance policies currently in effect with respect to the Property (or replacements continuing similar coverage);

11.7.3. Operate and manage the Property in a manner consistent in all material respects with past practice but in any event shall perform its obligations under all agreements of Seller relating to the Property in all material respects;

11.7.4. Promptly deliver to City copies of all written notices of violations and promptly notify City of all judgments, claims and litigation affecting Seller or any part of the Property;

11.7.5. Promptly notify City of the institution of any litigation, arbitration, administrative hearing before any court or governmental agency concerning or affecting the Seller and/or the Property and of any such proceedings which are to Seller's knowledge threatened after the date hereof;

11.7.6. Promptly after the delivery or receipt thereof, deliver to City copies of all notices concerning Seller or the Property, which relate to any relevant assumed contracts, leases, releases of Hazardous Materials affecting the Property, any actual or threatened condemnation of the Property or any portion thereof given by or on behalf of any federal, state, or local agency, and copies of all other correspondence sent, filed, served on, or received by Seller from any federal, state, or local agency affecting the Property from and after the Effective Date;

11.7.7. Not settle or compromise or agree to any settlement or compromise of any insurance or condemnation claim or award without the prior written consent of City, which may be granted or withheld in City's sole and absolute discretion except in the case of an emergency; and,

11.7.8. Pay all utility and other service charges accrued through the Closing Date.

11.8. During the period from the Effective Date until the Closing Date, Seller shall not, to the extent the same would be binding on or affect the Property or any owner thereof after the Closing, without City's prior written approval, which approval may be given or withheld in its sole and absolute discretion:

11.8.1. Enter into any new lease, submit or consider any proposal for a new lease, terminate any lease, or amend or modify any lease;

11.8.2. Enter into any new brokerage agreement;

11.8.3. Enter into any new service contracts;

11.8.4. Affirmatively (whether by action or inaction) subject the Property to any additional liens, encumbrances, covenants, or easements;

11.8.5. Enter into any agreement which would require the consent of a third party to consummate for the transactions contemplated by this Agreement;

11.8.6. Sell, transfer, encumber, or change the status of title of all or any portion of the Property;

11.8.7. Change or attempt to change, directly or indirectly, the current zoning of the Property;

11.8.8. Cancel, amend, or modify any certificate, approval, license, or permit held by Seller with respect to the Property or any part thereof which would be binding upon City after the Closing; or,

11.8.9. Take any action in respect of any litigation or proceeding in respect of the Property which shall have a material adverse effect on the Property; provided, however, nothing shall preclude Seller from filing appropriate pleadings prior to the answer date or pursuant to an order of the court or administrative body. If Seller shall take any action in respect of any litigation or proceeding in respect of the Property, Seller shall indemnify and hold harmless City from and against any and all loss, liabilities, costs, damages, expenses, assessments, and penalties (including without limitation, attorneys' fees) incurred by City as a result of any such litigation

or proceeding. The foregoing indemnity shall survive the Closing without any restriction or limitation.

12. City's Representations and Warranties. City warrants and represents, (with the understanding that Seller is relying on said warranties, representations, and covenants) that City has full power and authority to enter into and perform this Agreement in accordance with its terms.

13. Brokerage. Seller shall bear the cost of any brokerage commissions.

14. Remedies.

14.1. In the event of default by City of any provision of this Agreement that is not cured during the Cure Period, Seller's sole remedy shall be to cancel this Agreement and to retain the Earnest Money (together with all accrued interest) as liquidated damages; Seller and City agree that it would be impractical or extremely difficult to fix actual damages in case of City's default; that the amount of the Earnest Money deposit paid by City is a reasonable estimate of Seller's damages in case of City's default; and that Seller shall retain said Earnest Money as its damages and, thereafter, neither party shall have any further obligations to the other under this Agreement.

14.2. In the event of default by Seller under this Agreement City may elect (i) to cancel this Agreement by written notice to Seller and Escrow Agent, in which event Escrow Agent shall return to City all Earnest Money (plus any accrued interest earned thereon), together with all other documents City has deposited with Escrow Agent in connection with this Escrow, in which case City and Seller shall have no other rights or obligations under this Agreement or (ii) proceed with whatever actions City may deem necessary in order to enforce the rights available to City under this Agreement, at law or in equity, including the right to seek specific performance of this Agreement or to recover its actual damages from Seller not to exceed the amount of the Earnest Money deposit.

15. Miscellaneous. The following additional provisions apply to this Agreement:

15.1. Effective Date of Agreement. The date of this Agreement shall for all purposes be the date of the signature of the last party to sign this Agreement.

15.2. Survival of Representations and Warranties. All representations and warranties contained in this Agreement are true on and as of the date so made, will be true in all material respects on and as of the Closing Date, and will survive Close of Escrow and execution, delivery, and recordation of the Deed. In the event that any representation or warranty by a party is untrue, the other party shall have all rights and remedies available at law, in equity, or as provided in this Agreement.

15.3. Appurtenant Rights. At Close of Escrow, Seller shall, without further act, be deemed to have assigned, transferred, conveyed, and set over unto City all grandfathered water rights, easement rights and other appurtenant rights, if any, with respect to the Property.

15.4. No Assumption of Seller's Liabilities. City is acquiring only the Property from Seller and is not the successor of Seller. City does not assume, agree to pay, or indemnify Seller or any other person against any liability, obligation, or expense of Seller, or relating in any way to the Property.

15.5. Condemnation; Risk of Loss. In the event of the condemnation (or sale in lieu of condemnation) of any part of the Property prior to Close of Escrow, City shall have the right either: (i) to cancel this Agreement by written notice to Seller and Escrow Agent in which event there shall be returned to City the Earnest Money and all interest thereon, all documents shall be returned to the party who deposited them and thereafter this Agreement shall be of no further force or effect whatsoever, or (ii) to proceed with this transaction, in which event City shall be entitled to receive all proceeds of the condemnation (or sale in lieu of condemnation).

15.6. Indemnification and Liabilities. Seller will pay, defend, indemnify and hold harmless City and its City Council members, officers, and employees from and against all claims, demands, fines, penalties, costs, expenses, damages, losses, obligations, judgments, liabilities, and suits (including attorneys' fees, experts' fees and court costs associated with such matters; all of the foregoing, collectively, "**Claims**") that arise in whole or in part from, or relating to the acts of Seller or Seller's agents in connection with, any element of the Project (the, "**Indemnity**"). Such Indemnity shall survive the expiration or earlier termination of this Agreement. The indemnification set forth in this Subsection 15.6 shall not apply to the extent such Claims arise from or relate solely to the grossly negligent or intentional acts of the City and its City Council members, officers, or employees. If the City and its City Council members, officers, or employees are made defendant(s) in any action, suit or proceeding brought by a third party by reason of any of the occurrences described in this Subsection 15.6, Seller shall at its own expense: (i) resist and defend such action suit or proceeding or cause the same to be resisted and defended by counsel designated by Seller and reasonably approved by the City; and (ii) if any such action, suit or proceeding results in a final judgment against the indemnified party, Seller promptly shall satisfy and discharge such judgment or shall cause such judgment to be promptly satisfied and discharged. Except as explicitly provided in this Agreement, the City does not assume any liability, obligation, or responsibility of the Seller arising from or in connection with the Property. This includes, without limitation, any financial obligation, contractual commitment, or legal responsibility. The Seller shall remain solely responsible for all liabilities and obligations related to the Property arising or accruing before the Close of Escrow, including but not limited to unpaid property taxes, utility charges, assessments, and any liens or encumbrances. The City shall not be liable for any such pre-closing liabilities, nor shall the City be required to cure any such issues. Seller agrees to indemnify, defend, and hold harmless the City from and against any claims, demands, liabilities, costs, or expenses (including attorneys' fees) arising from or related to any and all obligations, liabilities, or debts pertaining to the Property that accrued or were incurred by Seller prior to the Close of Escrow. The provisions of this

Subsection 15.6 shall survive Close of Escrow, any early termination of this Agreement, and execution, delivery, and recordation of the Deed.

15.7. Amendments and Interpretation, No Oral Modification. This Agreement may not be changed, modified, or rescinded, except by a formal writing executed by both Parties. From time to time, Seller and City (acting through its City Manager or the City Manager's designee) may, by mutual written agreement, refine, amend, revise, change, or correct any part of this Agreement as the City and Seller deem necessary or preferable.

15.8. Severability. If any term, condition, covenant, stipulation, agreement, or provision in this Agreement is held to be invalid or unenforceable for any reason, the invalidity of any such term, condition, covenant, stipulation, agreement, or provision shall in no way affect any other term, condition, covenant, stipulation, agreement, or provision of this Agreement.

15.9. No Partnership. This Agreement shall not be construed as creating a joint venture, partnership, or any other joint arrangement between Seller and City.

15.10. Further Instruments and Documents. Each Party hereto shall, promptly upon the request of the other Party, acknowledge and deliver to the other Party any and all further instruments reasonably requested or appropriate to evidence or give effect to the provisions and intent of this Agreement.

15.11. Payment and Proration. (i) Seller shall pay, in full and at Closing, any existing improvement lien assessments on or relating to the Property unless otherwise agreed by the parties; and (ii) Escrow Agent shall pro-rate taxes on the basis of the latest available tax statement.

15.12. Time is of the Essence. Time is hereby declared to be of the essence for the performance of all conditions and obligations under this Agreement.

15.13. Waiver. Failure of any party to exercise any right, remedy, or option arising out of a breach of this Agreement shall not be deemed a waiver of any right, remedy, or option with respect to any subsequent or different breach, or the continuance of any existing breach.

15.14. Notices. Notices hereunder (each, a "**Notice**") shall be given in writing delivered to the other Party or other applicable person or entity, or mailed by registered or certified mail, return receipt requested, postage prepaid, or by FedEx or other reliable overnight courier service that confirms delivery. With respect to the Parties, a Notice shall be addressed to a Party as follows:

To City:

Henry Darwin, City Manager
City of Peoria
8401 West Monroe Street
Peoria, Arizona 85345

With a copy to:

Emily Jurmu, City Attorney
City's Counsel: City of Peoria
8401 West Monroe Street
Peoria, Arizona 85345

To Seller:

Gibboney Charitable Trust
8344 West Washington Street
Peoria, Arizona 85345

Service of any Notice by mail in accordance with the foregoing shall be deemed to be complete three (3) Working Days (excluding Friday, Saturday, Sunday, and legal holidays) after the Notice is deposited in the United States mail. Service of any Notice by overnight courier in accordance with the foregoing shall be deemed to be complete upon receipt or refusal to receive.

15.15. Integration Clause. This Agreement including without limitation its exhibits and attachments, constitutes the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all other written or verbal agreements between the Parties with respect to the Project.

15.16. Construction/Interpretation. Whenever the context of this Agreement requires, the singular shall include the plural, and the masculine shall include the feminine. The captions and section headings used in this Agreement are for convenience and reference only and are not intended to define, limit, or describe the scope or intent of any provision of this Agreement. The term "person" shall include an individual, corporation, partnership, trust, estate, or any other entity. Both Parties have participated in the drafting of this Agreement, and this Agreement was negotiated on the basis that it shall be construed according to its plain meaning and neither for nor against either Party, regardless of their respective roles in preparing this Agreement. The terms of this Agreement were established in light of the plain meaning of this Agreement and this Agreement shall therefore be interpreted according to its plain meaning and without regard to rules of interpretation, if any, that might otherwise favor Seller or City.

15.17. Recitals. The Recitals set forth on Page 1 of this Agreement are incorporated herein as though fully set forth herein.

15.18. Section Headings. The section headings contained herein are for convenience in reference and are not intended to define or limit the scope of any provision of the Agreement.

15.19. No Third-Party Beneficiaries. No person or entity shall be a third-party beneficiary to the Agreement nor have any right or cause of action hereunder. City shall have no liability to third parties for any approval of plans, Seller's negligence, Seller's failure to comply with the provisions of this Agreement, or otherwise as a result of the existence of this Agreement.

15.20. Exhibits. All exhibits attached hereto as specified herein are hereby incorporated into and made an integral part of this Agreement for all purposes.

15.21. Days. If the last day of any time period stated in this Agreement or the date on which any obligations to be performed under this Agreement falls on a Friday, Saturday, Sunday or legal holiday, then the duration of such time period or the date of performance, as applicable, shall be extended so that it shall end on the next succeeding day which is not a Friday, Saturday, Sunday or legal holiday.

15.22. Attorneys' Fees. If legal action is brought by a Party because of a breach of this Agreement or to enforce a provision of this Agreement, the prevailing Party is entitled to reasonable attorney fees and costs as determined by the court or other decision maker.

15.23. Choice of Law. This Agreement shall be deemed to be made under, shall be construed in accordance with, and shall be governed by the laws of the State of Arizona.

15.24. Venue & Jurisdiction. Legal actions regarding and related to this Agreement shall be instituted in the Superior Court of the County of Maricopa, State of Arizona, or the Federal District Court in the District of Arizona sitting in Maricopa County. City and Seller agree to the exclusive jurisdiction of such courts. Claims by Seller shall comply with time periods and all other requirements of City's claims procedures from time to time.

15.25. Waiver of Jury Trial. The Parties expressly waive trial by jury in any action, proceeding or counterclaim brought by either of them against the other, on any matter whatsoever arising out of or any way connected with this Agreement or their relationship arising hereunder.

15.26. No Liability of City Officials. Notwithstanding any other language in this Agreement, no City Council Member, officer, director, trustee, partner, principal, member, employee, agent, affiliate, official, representative, agent, attorney, or employee of the City shall be personally liable to Seller, or to any successor in interest to Seller, in any way whatsoever including without limitation in the event of Default by the City, for any amount that may become due to Seller or its successors, or with respect to any obligation of the City under the terms of the Agreements.

15.27. Counterparts; Termination. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall be deemed to be one and the same instrument. In the event of any termination of this Agreement, the Lease shall be terminated concurrently, and the Parties shall have no obligations to each other except for any obligations that are stated to survive termination of this Agreement or the Lease.

15.28. Arizona Law Provisions. To the extent required by Arizona State law:

15.28.1. No member, official, or employee of City shall have any direct or indirect interest in this Agreement, nor participate in any decision relating to this Agreement, that is prohibited by law. This Agreement shall be subject to cancellation pursuant to the provisions of A.R.S. § 38-511 relating to conflicts of interest.

15.28.2. Seller certifies that it is not currently engaged in, and agrees for the duration of this Agreement that it will not engage in a "boycott," as that term is defined in § 35-393, Arizona Revised Statutes, of Israel.

15.28.3. To the extent applicable under A.R.S. § 41-4401, Seller warrants compliance with all federal immigration laws and regulations that relate to their employees and contractors and their compliance with the E-Verify requirements under A.R.S. § 23-214(A). The failure by Seller to comply with such warranty shall be deemed a material breach of this Agreement and may result in the termination of this Agreement by the City.

15.28.4. To the extent applicable under A.R.S. § 35-394, Seller hereby certifies it does not currently, and for the duration of this Agreement shall not use: (a) the forced labor of ethnic Uyghurs in the People's Republic of China, (b) any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China, and (c) 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.

[Signatures Appear on Following Pages]

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates set forth below.

BUYER**:**

CITY OF PEORIA, an Arizona municipal corporation

Date: _____ By: _____
Henry Darwin, City Manager

ATTEST:

By:_____
Agnes Goodwine, City Clerk

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY

By:_____
Emily Jurmu, City Attorney

LCON_____

SELLER**:**

GIBBONEY CHARITABLE TRUST, an Arizona charitable trust

By: _____

Name:

Date: _____ Title:

ACKNOWLEDGMENT

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this _____ day of _____, 2026, before me, a Notary Public, personally appeared _____, _____ of GIBBONEY CHARITABLE TRUST, an Arizona charitable trust, known to me or satisfactorily proven to be the person whose name is subscribed to this instrument and acknowledged that they have executed the same. If this person's name is subscribed in a representative capacity, it is for the seller named and in the capacity indicated.

_____
Notary Public

[Seal]

LCON_____

EXHIBIT A

Legal Description of the Property

For APN/Parcel ID(s): 142-41-017A

Lot 13, Block 16, of PEORIA, according to the plat of record in the office of the County Recorder of Maricopa County, in Book 3 of Maps, Page 62.

EXCEPT the West 45 feet thereof; and

Lot 14, Block 16, of PEORIA, according to the plat of record in the office of the County Recorder of Maricopa County, in Book 3 of Maps, Page 62.

EXCEPT the South 25 feet of the West 45 feet thereof

DATE OF REPORT

December 6, 2025

DATE OF VALUE

December 4, 2025

AN APPRAISAL REPORT OF

A Three-Unit Apartment Building Totaling 1,544 Square Feet, Situated On A 6,749 Square Foot Site, Which Wraps The Northeast Corner Of Washington Street And 84th Avenue, Peoria, Arizona

PREPARED FOR

Dina Mathias
Program Manager, Economic Development Services
City Of Peoria
9875 North 85th Avenue
Peoria, Arizona 85345

PREPARED BY

Karl Baltutat, MAI
Certified General Real Estate Appraiser #30044
Karl Baltutat Valuation Services, LLC
15909 South 11th Way
Phoenix, Arizona 85048
KBVS Job No. 25-542

December 6, 2025

KARL BALTUTAT
VALUATION SERVICES, LLC

Dina Mathias
Program Manager
Economic Development Services
City of Peoria
9875 North 85th Avenue
Peoria, Arizona 85345

Re: A three-unit apartment building totaling 1,544 square feet, situated on a 6,749 square foot site, which wraps the northeast corner of Washington Street and 84th Avenue, Peoria, Arizona

Dear Ms. Mathias:

At your request, an Appraisal Report has been prepared to develop an opinion of the market value of the fee simple interest in the above referenced property. The client and intended user of this appraisal is the City of Peoria. The intended use of this report is to assist the client/intended user in possible negotiations to purchase the subject property. The analyses, opinions, and conclusions were developed, and this report has been prepared in conformance with my interpretation of the guidelines and recommendations set forth in the 2024-2025 edition of the Uniform Standards of Professional Appraisal Practice, and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. An exterior inspection of the subject was conducted on December 4, 2025, which represents the effective date of valuation. After considering all facts available, subject to the underlying assumptions and limiting conditions included, it has been concluded, the fee simple interest in the subject property, had a market value, as of December 4, 2025, of:

ONE HUNDRED FIFTY-NINE THOUSAND DOLLARS
($159,000)

Sincerely,

Karl Baltutat

Karl Baltutat, MAI
State of Arizona Certified
General Real Estate Appraiser #30044

15909 S. 11th Way, Phoenix, Arizona 85048 ♦ Ph 480-893-1446 ♦ karl@kbvs.com ♦ www.kbvs.com

TABLE OF CONTENTS

PREFACE

EXECUTIVE SUMMARY 1

SCOPE OF WORK 2

UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS 7

CERTIFICATION 9

INTRODUCTION

MARICOPA COUNTY 12

NEIGHBORHOOD 23

PROPERTY ANALYSIS 29

HIGHEST AND BEST USE 37

VALUATION ANALYSIS

SALES COMPARISON APPROACH 45

ADDENDA

EXHIBIT A - OLD TOWN MIXED-USE DISTRICTS ZONING

EXHIBIT B - OLD TOWN PEORIA CONCEPTUAL DESIGN

EXHIBIT C - QUALIFICATIONS AND STATE CERTIFICATIONS

PREFACE

EXECUTIVE SUMMARY

PROPERTY IDENTIFICATION	A three-unit apartment building totaling 1,544 square feet, situated on a 6,749 square foot site, which wraps the northeast corner of Washington Street and 84th Avenue, Peoria, Arizona.
ASSESSOR'S PARCEL NO.	142-41-017A
OWNER OF RECORD	Gibboney Charitable Trust
DATE OF REPORT	December 6, 2025
DATE OF INSPECTION/ EFFECTIVE DATE	December 4, 2025
VALUE(S) DEVELOPED	Market value
INTEREST APPRAISED	Fee simple interest
CLIENT/INTENDED USER/ INTENDED USE	The client and intended user of this appraisal is the City of Peoria. The intended use of this report is to assist the client/intended user in possible negotiations to purchase the subject property.
ZONING	CCM, Commercial Core Mixed-Use, Peoria
HIGHEST AND BEST USE	Hold as an investment for future commercial and/or residential oriented development
VALUE OPINION	***$159,000***
ESTIMATED MARKETING/ EXPOSURE PERIODS	Six months, or less

SCOPE OF WORK

PROPERTY IDENTIFICATION

The subject property involves a three-unit apartment building, totaling 1,544 square feet, which was constructed in 1948 and is situated on a 6,749 square foot site, wrapping the northeast corner of Washington Street and 84th Avenue, Peoria, Arizona. The subject property is legally described as:

> *Lot 13, Block 16, of PEORIA, according to the plat of record in the office of the County Recorder of Maricopa County, in Book 3 of Maps, Page 62.*
>
> *EXCEPT the West 45 feet thereof; and*
>
> *Lot 14, Block 16, of PEORIA, according to the plat of record in the office of the County Recorder of Maricopa County, in Book 3 of Maps, Page 62.*
>
> *EXCEPT the South 25 feet of the West 45 feet thereof*

The subject property may also be identified as Maricopa County Assessor's tax parcel numbers 142-41-017A. On the following page is an aerial photo from the Maricopa County Assessor's office, showing a zoomed-in view of the subject property, and an aerial photo from Google Earth, showing a zoomed-out view of the subject property within the surrounding area.

TYPE OF APPRAISAL/PROPERTY RIGHTS/DEFINITIONS OF VALUE

This Appraisal Report has been prepared to develop an opinion of the market value of the fee simple interest in the subject property. The following terminology details the type of appraisal prepared, the property rights being appraised, and the opinion of value to be developed.

Appraisal

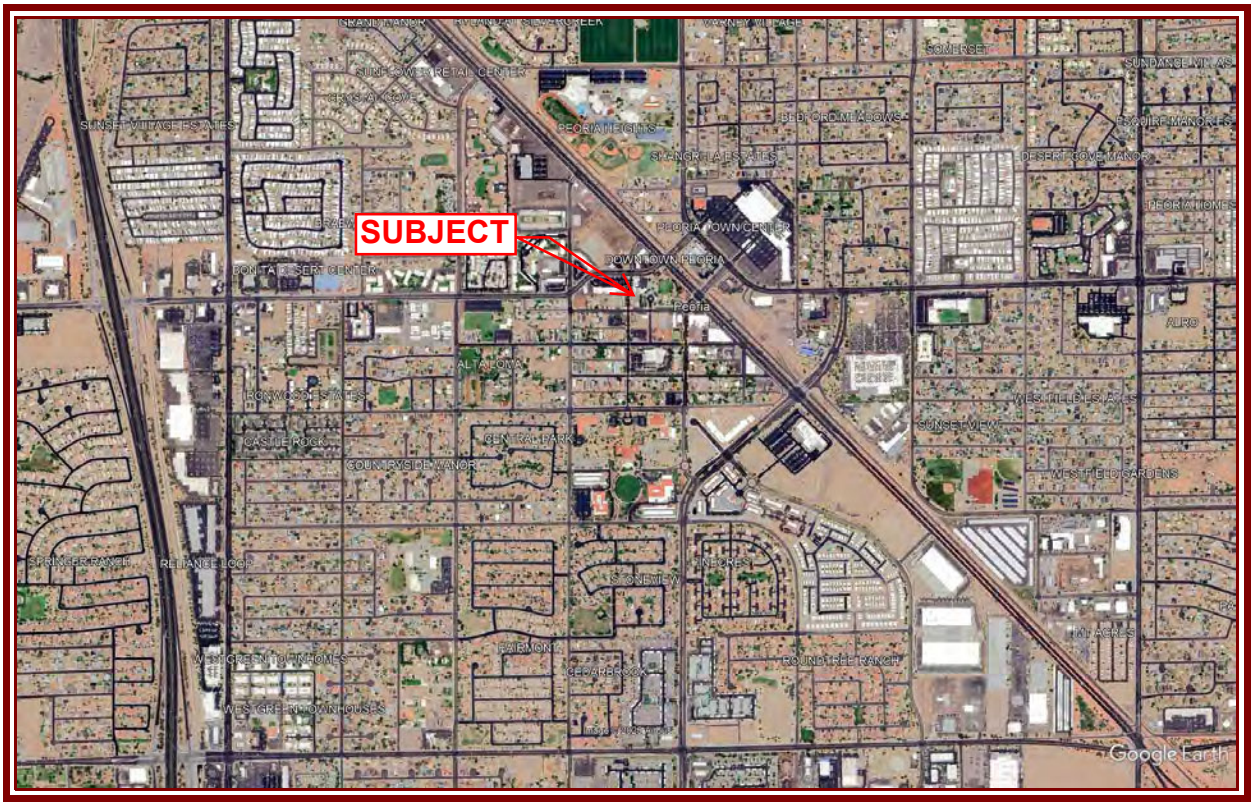
Appraisal is defined as, "The act or process of developing an opinion of value; an opinion of value. Of or pertaining to appraising and related functions such as appraisal practice or appraisal services."[1]

[1] *The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice, 2024-2025 Edition, p. 3*

MARICOPA COUNTY ASSESSOR AERIAL



GOOGLE EARTH AERIAL - ZOOMED OUT VIEW



Appraiser

Appraiser is defined as, "One who is expected to perform valuation services competently and in a manner that is independent, impartial, and objective."[2]

Extraordinary Assumption

"An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis, which if found to be false, could alter the appraiser's opinions or conclusions. Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."[3]

Fee Simple Estate

Fee simple estate means "absolute ownership unencumbered by any other interest or estate, subject only to the limitations of imposed by the governmental powers of taxation, eminent domain, police power, and escheat."[4]

Hypothetical Condition

"A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."[5]

Market Value

Market Value means, "the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements which the property would bring if exposed for sale in the open market, with reasonable time allowed in which to find a purchaser, buying with knowledge of all of the uses and purposes to which it was adapted and for which it was capable."[6]

---

[2] *The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice, 2024-2025 Edition, p.3*

[3] *The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice, 2024-2025 Edition, p.4*

[4] *Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th ed., p. 73*

[5] *The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice, 2024-2025 Edition, p. 4*

[6] *Arizona Revised Statute §28-7091*

CLIENT/INTENDED USER/INTENDED USE

The client and intended user of this appraisal is the City of Peoria. The intended use of this report is to assist the client/intended user in possible negotiations to purchase the subject property.

DATE OF INSPECTION/EFFECTIVE DATE OF VALUE

An exterior inspection of the appraised property was conducted on December 4, 2025, which represents the effective date of valuation.

ASSIGNMENT CONDITIONS

The analyses, opinions, and conclusions were developed, and this report has been prepared in conformance with, my interpretation of the guidelines and recommendations set forth in the 2024-2025 edition of the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

DATA CONSIDERED

Various data sources were utilized such as, U.S. Department of Commerce and Bureau of Census, Arizona Department of Economic Security, ABC Demographics, Realty Rates, Arizona State University Center for Real Estate Theory, Phoenix Blue Chip Forecast, Co-Star Realty Group, Vizzda, Apartment Insights, Annual and Quarterly studies from several major brokerages (CBRE, Cushman & Wakefield, Colliers International, Marcus & Millichap), Arizona Multiple Listing Service, RL Brown, Federal Emergency Management Agency (FEMA), and government offices of the State of Arizona, Maricopa and Pinal counties and local municipalities. These sources provided pertinent information pertaining to demographic, economic, governmental, and environmental characteristics of the region and the neighborhood in which the subject is located. Additionally, these sources provided relevant information regarding historical and projected supply, demand, and absorption trends affecting the metropolitan Phoenix real estate market and the subject's submarket. All market data were confirmed and information relating to the real estate market was gathered via examination of public records, as well as interviews with market participants, such as buyers, sellers, and real estate agents.

The description of the subject property is based on inspection of the property, a review of public records and correspondence with a representative of ownership (Dean Gibboney). Within the inspection and research conducted, attempts were made to become familiar with the general neighborhood, and any future planned uses or developments which could have an impact on the subject property and the immediate area.

VALUATION ANALYSIS

As mentioned, the subject is improved with a three-unit, one-story apartment building, totaling 1,544 square feet, along with a 364 square foot attached storage building, which were constructed in 1948 according to Maricopa County Assessor records. The improvements are situated on a 6,749 square foot site and were observed to be in fair condition, with a representative of ownership reporting that two of the three units were occupied on a month-to-month basis, however, one of the existing tenants has reportedly expressed an interest in renting the vacant unit. The remainder of the site is mostly unimproved vacant land, with the exception of minimal landscaping situated between the building improvements and the sidewalk along Washington Street. Notably, the apartment building improvements represent an atypically low site coverage ratio of only 23%, which is considered a significant underutilization of the land, particularly considering the very permissive CCM zoning (zero building setbacks, with a maximum of 10 foot front setback, and maximum building height of 60 feet) along with desirable benefit provided from an abundance of street parking available for subject use that allows for much higher than typical utilization of land for building improvements. As a result, the existing building improvements are not deemed to contribute any value to the property, and are considered only useful on an interim basis to offset holding costs until the property is redeveloped. For this reason, the subject property has been valued as vacant land, via the application of the Sales Comparison Approach, with no deduction for demolition costs being applied as the existing improvements appear to have some interim income generating capability, which can serve to offset future demolition costs.

HISTORY OF THE SUBJECT PROPERTY

Standards Rule 1-5 of the Uniform Standards of Professional Appraisal Practice (USPAP) states: “In developing a real estate appraisal, when the value opinion to be developed is market value, an appraiser must, if such information is available to the appraiser in the normal course of business:

> *(a) analyze all agreements of sale, options, or listings of the subject property current as of the effective date of the appraisal; and*
>
> *(b) analyze all sales of the subject property that occurred within the three (3) years prior to the effective date of the appraisal.”*

The subject has been owned for over three years by Gibboney Charitable Trust, and according to a representative, the subject is not currently listed for sale or subject to a pending. Additionally, no recent offers to purchase were reported.

UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

1. Title to the property is assumed to be good and merchantable.

2. The legal description utilized in this report is assumed to be correct.

3. No responsibility is assumed for legal matters affecting the properties, such as title defects, liens, overlapping boundaries, etc.

4. Responsible ownership and competent management exists for the property.

5. Full compliance with all applicable federal, state, and local environmental regulations and laws, and with all applicable zoning and use regulations, is assumed unless non-compliance or non-conformity is stated, defined, and considered in the appraisal report.

6. No liability is assumed on account of inaccuracy or errors in any information furnished by others contacted at the site or elsewhere and which were used in making this appraisal.

7. I have not made a survey of the property analyzed for purposes of this appraisal.

8. There are no hidden or unapparent conditions of the property, subsoil, hydrology, chemical contamination or structures, which would render it more or less valuable. Hidden defects within materials of the structure, or in areas unaccessible at the time of inspection, are not the responsibility of the appraiser.

9. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser, however, is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser suggesting the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. The presence, if any, of potentially hazardous materials may affect the value of the property. The opinion of value is predicated on the assumption there is no such material on or in the property which would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process. Should the client have concerns over the existence of hazardous waste substances on the property, I consider it imperative to retain the services of a qualified, independent engineer or contractor to determine the existence and extent of any hazardous materials, as well as the cost associated with any required or desirable treatment/removal thereof.

10. The writer of the report will not be required to give testimony or appear in court because of having made this appraisal, with reference to the property in question, unless arrangements have been previously made.

11. The Client is the party or parties who engage an appraiser (by employment or contract) in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment.

12. The opinion of value contained herein applies as of the date of this appraisal only.

EXTRAORDINARY ASSUMPTIONS/HYPOTHETICAL CONDITIONS

- None

CERTIFICATION

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.

2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.

3. I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.

4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.

6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

7. The analyses, opinions, and conclusions were developed, and this report has been prepared in conformance with, my interpretation of the guidelines and recommendations set forth in the 2024-2025 edition of the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

8. Use of the report is subject to the professional requirements of the Appraisal Institute relating to review by its duly authorized representatives.

9. I have currently completed the requirements under the continuing education program of the Appraisal Institute.

10. I have made a personal inspection of the subject property.

11. No one provided professional assistance to the person signing this report.

12. I have the appropriate knowledge, education and experience to complete this appraisal assignment in a competent manner and have appraised properties of similar type. The reader is referred to the appraiser's Qualifications in the Addenda.

13. I have performed no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Karl Baltutat

Karl Baltutat, MAI
State of Arizona Certified
General Real Estate Appraiser #30044

INTRODUCTION

MARICOPA COUNTY

The subject is located in Maricopa County, and is within metropolitan Phoenix, which is a combination of Maricopa and Pinal counties. Since real estate is fixed in location, it is important to analyze all forces affecting its value and marketability including social, economic, governmental, and environmental. Potential demand for real estate is a product of the growth and stability of its environs. For this basic reason, a synopsis of Maricopa County is considered an important part of this analysis. On the following page is a map of metropolitan Phoenix.

The following table shows the estimated population from 2005 through 2024 for metropolitan Phoenix, along with projected population growth for 2025 and 2026, according to information published in the Phoenix Blue Chip Economic Forecast (Third Quarter 2025). Positive population projections are signs of economic vitality.

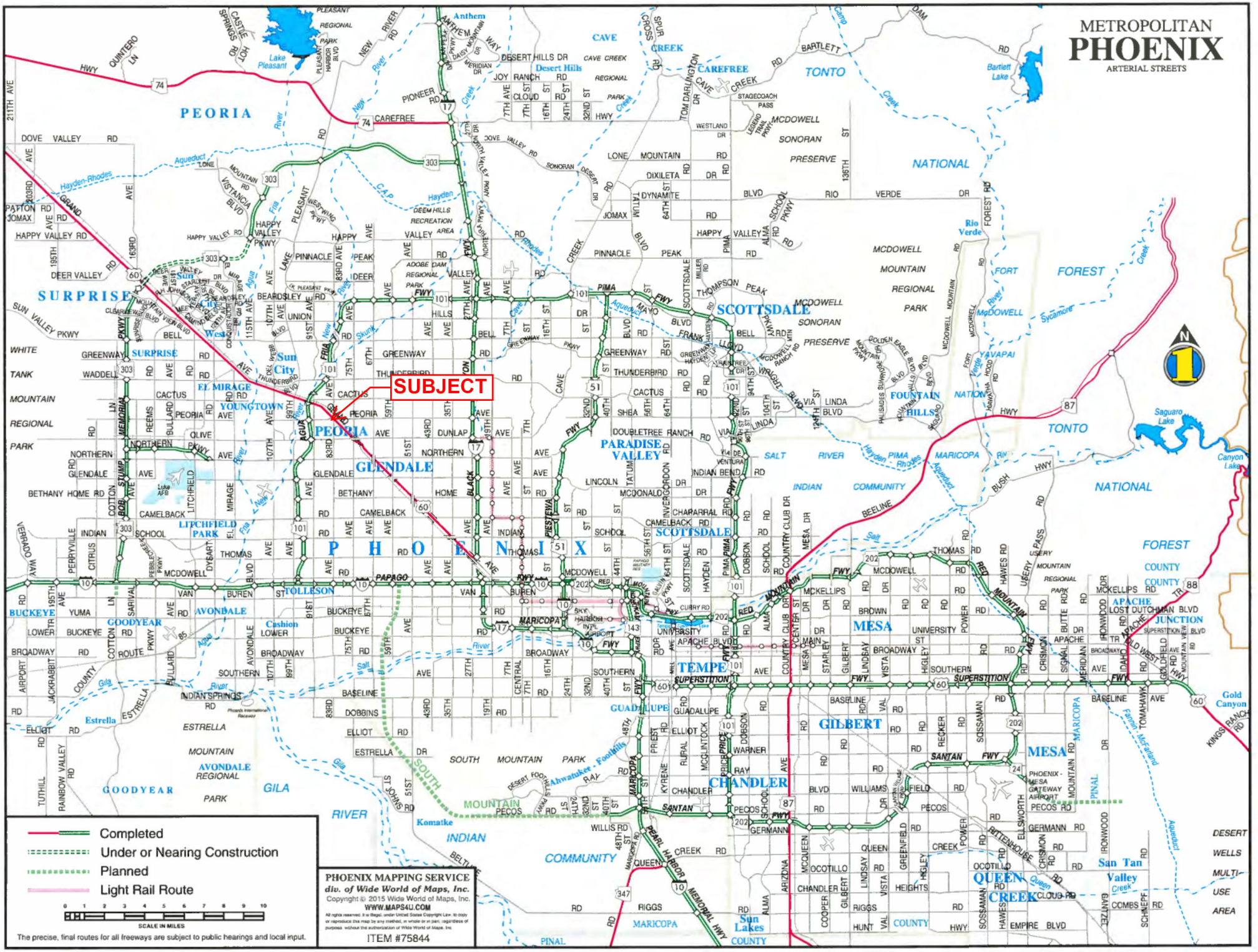
Population

Year	Metro Phoenix ($ Millions)	Annual % Change
2005	3,885	-
2010	4,211	1.6%
2015	4,575	2.9%
2020	4,860	1.2%
2021	4,949	1.8%
2022	5,029	1.6%
2023	5,102	1.5%
2024	5,187	1.7%
Projection 2025		*1.6%*
Projection 2026		*1.5%*

SOURCE: Phoenix Blue Chip Economic Forecast

INCOME

The following table shows the estimated personal income from 2005 through 2024 for metropolitan Phoenix, along with projected personal income growth for 2025 and 2026, according to information published in the Phoenix Blue Chip Economic Forecast (Third Quarter 2025).


METROPOLITAN
PHOENIX
ARTERIAL STREETS
SUBJECT
PHOENIX
SURPRISE
PEORIA
GLENDALE
SCOTTSDALE
PARADISE VALLEY
TEMPE
MESA
CHANDLER
GILBERT
GOODYEAR
AVONDALE
LITCHFIELD PARK
EL MIRAGE
YOUNGTOWN
Sun City
Sun City West
FOUNTAIN HILLS
QUEEN CREEK
San Tan Valley
Sun Lakes
Anthem
CAREFREE
CAVE CREEK
TONTO NATIONAL FOREST
MCDOWELL MOUNTAIN REGIONAL PARK
SONORAN PRESERVE
WHITE TANK MOUNTAIN REGIONAL PARK
ESTRELLA MOUNTAIN REGIONAL PARK
SOUTH MOUNTAIN PARK
GILA RIVER INDIAN COMMUNITY
Lake Pleasant
Bartlett Lake
Saguaro Lake
Canyon Lake
Completed
Under or Nearing Construction
Planned
Light Rail Route
SCALE IN MILES
The precise, final routes for all freeways are subject to public hearings and local input.
PHOENIX MAPPING SERVICE
div. of Wide World of Maps, Inc.
Copyright © 2015 Wide World of Maps, Inc.
WWW.MAPS4U.COM
ITEM #75844

Personal Income

Year	Metro Phoenix ($ Millions)	Annual % Change
2005	132,292	-
2010	146,616	2.1%
2015	190,026	5.3%
2020	267,282	7.1%
2021	288,401	7.9%
2022	301,956	4.7%
2023	326,919	5.4%
2024	355,659	5.7%
Projection 2025		*5.3%*
Projection 2026		*5.5%*

SOURCE: Phoenix Blue Chip Economic Forecast

RETAIL SALES

The following table shows total retail sales from 2005 through 2024 for metropolitan Phoenix, along with projected retail sales growth for 2025 and 2026, according to information published in the Phoenix Blue Chip Economic Forecast (Third Quarter 2025).

Total Retail Sales

Year	Greater Phoenix (In Millions)	Percent Change
2005	$35,466	-
2010	$29,864	-3.4%
2015	$43,482	7.8%
2020	$56,923	5.5%
2021	$68,437	20.2%
2022	$73,904	8.0%
2023	$76,008	2.8%
2024	$85,814	2.3%
2025 Projection		*3.5%*
2026 Projection		*3.5%*

SOURCE: Phoenix Blue Chip Economic Forecast

EMPLOYMENT

The economic base of the Phoenix-Mesa MSA (Maricopa and Pinal counties) is reasonably diversified and is normally able to absorb changes in the economy due to its blend of manufacturing, trade, service and government industries. The following table lists non-agricultural employment in the Phoenix-Mesa MSA over the past four years. The figures shown are annual averages. The Phoenix Blue Chip Economic Forecast (Third Quarter 2025) projects an increase in employment of 1.5% and 1.8% in 2025 and 2026, respectively.

Non-Agricultural Employment - Phoenix-Mesa MSA

Industry	2021	2022	% Change	2023	% Change	2024	% Change
Mining/Construction	137,900	154,900	12.3%	162,400	4.8%	175,100	7.8%
Manufacturing	136,100	147,300	8.2%	149,300	1.4%	147,400	-1.3%
TTU[7]	440,200	453,800	3.1%	453,900	0.0%	480,100	5.8%
Information	36,800	43,100	17.1%	41,600	-3.5%	40,800	-1.9%
Financial[8]	206,000	218,200	5.9%	220,700	1.2%	212,600	-3.7%
Services[9]	1,008,400	1,063,200	5.4%	1,096,600	3.1%	1,140,200	4.0%
Government	239,100	238,700	-0.2%	244,700	2.5%	258,300	5.6%
Total	***2,204,300***	***2,319,200***	***5.2%***	***2,369,200***	***2.2%***	***2,454,500***	***3.6%***

SOURCE: Arizona Commerce Authority

UNEMPLOYMENT

Historical unemployment figures for the Phoenix-Mesa MSA are summarized in the following chart. As shown, the Phoenix-Mesa MSA area has traditionally followed national trends in unemployment in terms of direction, but not with the same severity. Notably, due to the adverse impact of the Covid-19 pandemic, unemployment in the Phoenix-Mesa MSA increased from 3.8% in February 2020 to a high of 12.5% in April 2020.

[7] *Trade, Transportation and Utilities*

[8] *Finance, Insurance and Real Estate*

[9] *Professional, Education, Health, Hospitality and Other Services*

Unemployment Rates

Year	Phoenix-Mesa MSA	Arizona	United States
1995	3.1%	5.1%	5.6%
2000	2.7%	3.9%	4.0%
2005	4.1%	4.7%	5.1%
2010	8.8%	9.6%	9.6%
2015	5.2%	6.1%	5.3%
2020	7.4%	7.8%	8.1%
2021	4.6%	4.9%	5.4%
2022	3.1%	3.6%	3.6%
2023	3.5%	3.9%	3.7%
2024	3.2%	3.6%	4.0%
August 2025	*3.8%*	*4.1%*	*4.3%*

SOURCE: Arizona Commerce Authority

REAL ESTATE

Residential

Following the great recession in the late 2000s, there was a mostly steady annual increase in single-family building permits in metro Phoenix up until 2021, when a peak of 37,782 permits was reached, however, due to a rapid rise in interest rates commencing in Second Quarter 2022, annual permitting has subsequently declined. The Federal Reserve discount rate increased to 5.50 basis points in mid 2023, and was reduced three times in September, November and December 2024 to 4.5 basis points, with a fourth reduction of 0.25 basis points in September 2025 to 4.25 basis points, with most market analysts anticipating further reductions in the discount rate as inflationary pressures are anticipated to continue to ease throughout the remainder of 2025.

Since 2010, multi-family permitting has mostly been rising each year, with some fluctuations. However, the increases have been much greater over the past few years, as declining affordability in the single-family sector has once again created upward pressure on rental rates and occupancy levels, as many potential home buyers have been priced out of the market. Due to the dramatic increase in new construction, there has been some increases in vacancy rates and a stabilization and/or slight decline in rental rates over the past year, with a reduction in new construction. Regardless, the multi-family sector is expected to remain moderately strong into the foreseeable future, as home mortgage interest rates are anticipated to remain higher than typical over the next few years, while the single-family sector also continues to struggle to meet demand for more affordable housing.

Below is a chart showing the annual single-family and multi-family residential permitting in metropolitan Phoenix (Maricopa and Pinal counties) since 2010.

Metropolitan Phoenix - Historical Building Permits

Year	Single-Family†	% Change♦	Multi-Family‡	% Change♦	Total	% Change♦
2010	7,351	N/A	844	N/A	8,195	N/A
2011	7,440	1.2%	1,569	85.9%	9,009	9.9%
2012	11,596	55.9%	3,665	133.6%	15,261	69.4%
2013	12,837	10.7%	4,206	14.8%	17,043	11.7%
2014	11,836	-7.8%	8,439	100.6%	20,275	19.0%
2015	17,263	45.9%	5,683	-32.7%	22,946	13.2%
2016	19,098	10.6%	9,444	66.2%	28,542	24.4%
2017	21,055	10.3%	8,598	-9.0%	29,653	3.9%
2018	24,211	15.0%	7,132	-17.1%	31,343	5.7%
2019	25,767	6.4%	9,633	35.1%	35,400	12.9%
2020	32,589	26.5%	14,029	45.6%	46,618	31.7%
2021	37,782	15.9%	15,870	13.1%	53,652	15.1%
2022	28,621	-24.2%	18,748	18.1%	47,369	-11.7%
2023	26,705	-6.7%	18,932	1.0%	45,637	-4.2%
2024	31,938	+19.6%	13,577	-28.3%	45,515	-0.3%
8-2025	*17,387*	*N/A*	*7,907*	*N/A*	*25,294*	*N/A*

♢ *Includes Maricopa and Pinal counties*
♦ *Percent change from previous year*
† Includes SF detached & attached units in 2-4-plex buildings (SF and some TH/Condo)
‡ Includes attached units in 5+ unit buildings (multi-family and some TH/Condo)

Office/Industrial/Retail

Summarized in the following table are Third Quarter 2025 statistics for the metropolitan Phoenix office, industrial, and retail markets, as provided by Co-Star Realty Group.

Category	# Buildings	Inventory (Sq. Ft.)	Vacant (Sq. Ft.)	% Vacant	Average Rent/SF	U.C. (Sq. Ft.)	Past 12 Mo. Absorption
Office	9,025	194,773,959	31,553,060	16.2%	$30.61	859,528	1,627,449
Industrial	12,141	507,785,991	62,893,755	12.4%	$13.67	22,099,720	14,145,215
Retail	17,006	244,366,326	11,440,281	4.7%	$19.97	2,585,329	1,412,841

Office:

The inventory of office space has increased by 17 million square feet over the past decade. Over the past five years, near 4.3 million square feet of new office space has been added, with the vacancy rate over this same time period gradually increasing from near 12% to its current rate of 16.2%, which is mostly reflective of the adverse impact of the Covid-19 pandemic. Since mid 2020 at the onset of the pandemic, there has been negative absorption of near 5.0 million square feet of office space, however, after mostly negative quarterly absorption from mid 2020 thru third quarter 2024, there has been four consecutive quarters of positive absorption. Over the past decade, office rental rates been gradually increasing from $21.62 per square foot to $30.61 per square foot as of Third Quarter 2025. Near 860,000 square feet of office space was under construction as of Third Quarter 2025, with another 15.5 million square feet of office space being planned. Co-Star is forecasting vacancy to remain relatively flat with a slight drop of less than 1% over the next five years. Over the same time period, market asking rents are forecast to gradually increase by near $5.00 per square foot.

Industrial:

The inventory of industrial space has increased by near 172 million square feet over the past decade, with average vacancy rates gradually declining from near 10% to between 4% and 5% from mid 2021 to mid 2023, however, due to significant levels of new construction (75 million square feet since mid 2023) exceeding relatively strong absorption (near 32.6 million square feet), the vacancy rate has been increasing to its current level of 12.4% as of Third Quarter 2025. Since the onset of the Covid-19 pandemic, there has been significant positive absorption of near 99 million square feet of industrial space, with industrial rental rates increasing by near 75% from near $7.75 per square foot to just below $14 per square foot as of Third Quarter 2025. Given extremely strong demand over the past several years, a significant amount of new industrial space (just over 22 million square) was under construction as of Third Quarter 2025, with another near 103 million square feet of industrial space being planned. Over the next five years, Co-Star Realty is forecasting vacancy to gradually decrease to near 10% and market asking rents to gradually increase by near $4.00 per square foot.

Retail:

The inventory of retail space has increased by near 14.5 million square feet over the past decade, with the average vacancy rate mostly steadily declining from near 8.5% to just below 5% over the past three years. Over the past decade, there has been overall positive absorption of over 22 million square feet of retail space, or near 2.2 million square feet per year, with absorption since the onset of the Covid-19 pandemic totaling approximately 11.2 million square feet, which is very similar to the overall 10 year annual average absorption rate. Retail rental rates have been gradually increasing over the past decade from $14 per square foot to near $20.00 per square foot as of Third Quarter 2025. Just below 2.6 million square feet of retail space was under construction as of Third Quarter 2025, with another

near 15 million square feet of retail space being planned. Over the next five years, Co-Star Realty is forecasting vacancy to increase slightly by near 0.5%, while the average market asking rental rate is projected to steadily increase by near $4.50 per square foot.

CULTURAL/RECREATION

Metropolitan Phoenix is home to several professional sports teams, including: the Phoenix Suns (men's basketball); the Arizona Cardinals (football); the Arizona Coyotes (hockey); the Arizona Diamondbacks (baseball); and the Phoenix Mercury (women's basketball). There are also a number of minor league and semi-pro sports team throughout the state, along with several college sports programs, including Arizona State University, University of Arizona, Grand Canyon University and Northern Arizona University. Arizona periodically hosts several major sporting events, including the NFL Superbowl, College Football Playoffs/Championship, several college football bowl games, College Basketball March Madness games. Due to the mild climate during the spring, Arizona is a popular location for Major League Baseball spring training where several baseball teams participate in the Cactus League, including the Chicago Cubs, Chicago Whitesox, Cincinnati Reds, Cleveland Guardians, Kansas City Royals, Los Angeles Angels, LA Dodgers, Milwaukee Brewers, Oakland Athletics, San Diego Padres, San Francisco Giants, Seattle Mariners and Texas Rangers. Other annual sporting events include, the Phoenix Open professional golf tournament, NASCAR and Indy races at the Phoenix International Raceway, horse racing at Turf Paradise.

In addition, the Phoenix region offers ample cultural opportunities including numerous museums and theaters, symphony/pop concerts, ballet, opera, the Phoenix Zoo and Desert Botanical Gardens, restaurants, etc. Due to the warm climate, the area is heavily oriented toward outdoor activities, such as golf, tennis, jogging, bicycling, hiking, swimming, softball, volleyball, and basketball. The region has an excellent park system, which is ranked as one of the largest in the nation. Located within one to two hour drive times from this region are several lakes and streams for boating and fishing, and mountainous areas for hiking, camping and snow skiing.

EDUCATION/HEALTH

Metropolitan Phoenix is well served by numerous educational facilities from elementary through doctoral degree programs. The Phoenix region is served by two, four-year universities including Arizona State University (ASU), which has four campus locations, and Grand Canyon University. ASU had a Fall 2024 total enrollment at its four campuses of near 181,000, making it one of the largest in the United States. The ASU Main Campus is located in the city of Tempe, with three smaller ASU campuses including: ASU West Campus in the northwest valley; the Polytechnic Campus in the southeast valley; and the ASU Downtown Phoenix campus. Grand Canyon University is located in west Phoenix. In addition, there are 10 Maricopa Community Colleges serving the metropolitan area.

Additional educational alternatives are provided by numerous technical trade schools. There are adequate medical facilities represented by numerous regional hospitals, the Mayo Clinic, several 24-hour outpatient medical centers, and a myriad of private practices throughout the entire region.

PHYSICAL/ENVIRONMENTAL FACTORS

The Phoenix area is characterized by a dry arid climate with a wide range between minimum and maximum temperatures. June, July and August are the hottest months, with average maximum temperatures ranging from 102°F to 104°F, while December, January and February are the coldest months, with average minimum temperatures ranging from 41°F to 43°F. The average annual daily high temperature is 72°F, with near 300 days of sunshine per year. Annual precipitation averages 7.5 inches. Topography of the general area ranges from near level in the valley floor to steeply sloping in the scattered, surrounding mountains, with a general elevation of 1,100 feet above sea level in the lowest elevations and over 4,008 feet above sea level in the highest elevations. Climatic conditions have been an important factor in attracting many permanent residents, as well as temporary visitors to the area.

Much of the region had previously been utilized as agricultural land, which quickly gave way to new development along the fringes of the metropolitan area in the late 1990s to mid 2000s, however, absorption of agricultural land has slowed significantly over the past few years, due to the depressed housing market. Due to the level topography and soil conditions, development is relatively uncomplicated, without significant site preparation costs. For these reasons, infrastructure development has been relatively systematic with most major arterial roadways running north/south, or east/west in a grid system. The availability of water resources is important to continued population and economic growth of the area. Water to Phoenix is provided from various sources including numerous underground wells, the Salt River Project, and the Central Arizona Project, which is comprised of several hundred miles of canals diverting water from the Colorado River. The present water supply is adequate to serve the needs of the region; *however, the region has been enduring an extended drought since the mid 1990s.* As a result, storage reservoirs have been well below capacity during this extended time period, which prompted many government planners to examine the future capacity of the water supply. Additionally, issues of water conservation are generating increased publicity and water usage regulations have begun to impact new single-family residential in areas where there is an unproven 100-year assured water supply.

TRANSPORTATION

Due to the location of metropolitan Phoenix, it has become a regional transportation hub for the Southwest. As a result, it is served by several major transportation linkages including highway, air, and rail. Interstate Highways 10 and 17, U.S. Highway 60, along

with State Highways 85, 87 and 88, connect the metropolitan Phoenix area with other cities in Arizona, as well as several major metropolitan areas in the west and mid-western United States. Due to the lack of a complete freeway system, much of the everyday traffic has been carried by major, section-line arterial roadways, which have reached or are approaching maximum capacity. The gradual completion of the planned freeways, such as the Loop 101 Freeway, State Route 51, the Loop 202 Freeway, the Loop 303 Freeway, and State Route 24 is slowly alleviating traffic congestion in several areas of the metropolitan area. However, surface street transportation is likely to remain a problem, particularly if future population growth takes place at it's historically healthy pace.

Public transportation in the metropolitan Phoenix area has historically been limited to municipal bus transit systems. Mass transit service is generally poor due to the decentralization of retail and employment centers, rapid population growth and the sprawling nature of the metropolitan area. The metropolitan Phoenix area is well served by other forms of transportation including bus lines, various interstate truck lines, three railroads (Santa Fe, Southern Pacific, and Amtrak), and nine airports, including the Sky Harbor International Airport (Arizona's largest). Historical passenger traffic counts at Sky Harbor Airport are summarized in the following table; *the significant decline in 2020 is directly related to the Covid-19 pandemic, with considerable improvement in the next three years, including a record high in 2023.*

Year	1970	1980	1990	2000	2005	2010	2015	2020	2021	2022	2023	2024
No. Of Passengers (In Millions)	2.9	6.6	21.7	36.0	41.2	38.6	44.0	21.9	38.8	44.4	48.9	52.3

Passenger traffic for Sky Harbor has mostly steadily increased over the pave five decades. Other airports include Phoenix-Mesa Gateway, Luke Air Force Base, and the municipal facilities of Mesa, Scottsdale, Chandler, Glendale, Goodyear, Deer Valley, and Buckeye.

A relatively new form of mass transit system for metropolitan Phoenix involves a light rail passenger system, which commenced development in 2005, with the first 20-mile segment extending from Phoenix Spectrum Mall, south along 19th Avenue to Camelback Road, east to Central Avenue, south to Washington Street in downtown Phoenix, east through the city of Tempe/Arizona State University, east along Apache Trail to Dobson Road in Mesa. This initial segment was completed in 2008, with another six miles added to the system in 2016, involving extensions into downtown Mesa and to northwest Phoenix. In 2019, another 1.9 miles was added to extend service further east into Mesa. Another northwest extension was completed in January 2024, adding 1.6 miles to connect to the Metrocenter area. Finally, work is currently underway to extend the light rail five miles south of downtown Phoenix, along the alignment of Central Avenue, to Baseline Road. This extension of the light rail system was completed in mid 2025. Two other projects planned for near term construction including extending the light rail from downtown Phoenix to 79th Avenue,

mostly along the alignment of Interstate 10. Additional studies are currently underway regarding other potential extensions of the light rail system.

GOVERNMENT

Real estate tax rates in the metropolitan Phoenix area are reasonable in comparison to other areas and provide incentive for relocation. Liberal zoning requirements have not created any unusual detriments to development. However, some development plans for large, in-fill parcels have met with strong opposition from neighborhood groups. The zoning requirements have promoted the development of compatible land uses, which has contributed to enhancing property values. Adequate utilities, police and fire protection are provided within the region.

SUMMARY AND CONCLUSIONS

The area's favorable location in the Sunbelt, cultural and recreational amenities, and relatively affordable housing, along with its economic advantages and potential, are expected to result in above average population growth in comparison to the nation. Continued diversification of employment is the key to the economy of the Phoenix area, however, the most recent recession suggests that metro Phoenix may be overly dependant upon growth in population and households. While the economy is in a transition from basic manufacturing to a more service-oriented base, Phoenix retains significant amounts of high technology and finance jobs. The availability of developable land, an educated and young work force, improving transportation system, adequate support services, steady population growth, and modern infrastructure are positive factors impacting the real estate market. Overall, relatively strong quality of life factors (e.g., climate, culture, sports, recreation) and moderate levels of employment growth, should continue to attract new population and business to the area over the long term.

NEIGHBORHOOD

The subject is located in Old Town Peoria, Arizona. For further reference, the subject property is located near 13 miles northwest of downtown Phoenix. The neighborhood boundaries are generally described as Thunderbird Road on the north, 99th Avenue on the west, Northern Avenue on the south, and 67th Avenue on the east. The neighborhood is estimated to be near 80% developed with mostly residential oriented uses, followed by a wide variety of commercial uses, with most of the undeveloped land currently under agricultural use. A map illustrating the subject's location within the neighborhood boundaries is shown on the next page.

DEVELOPMENT

Residential

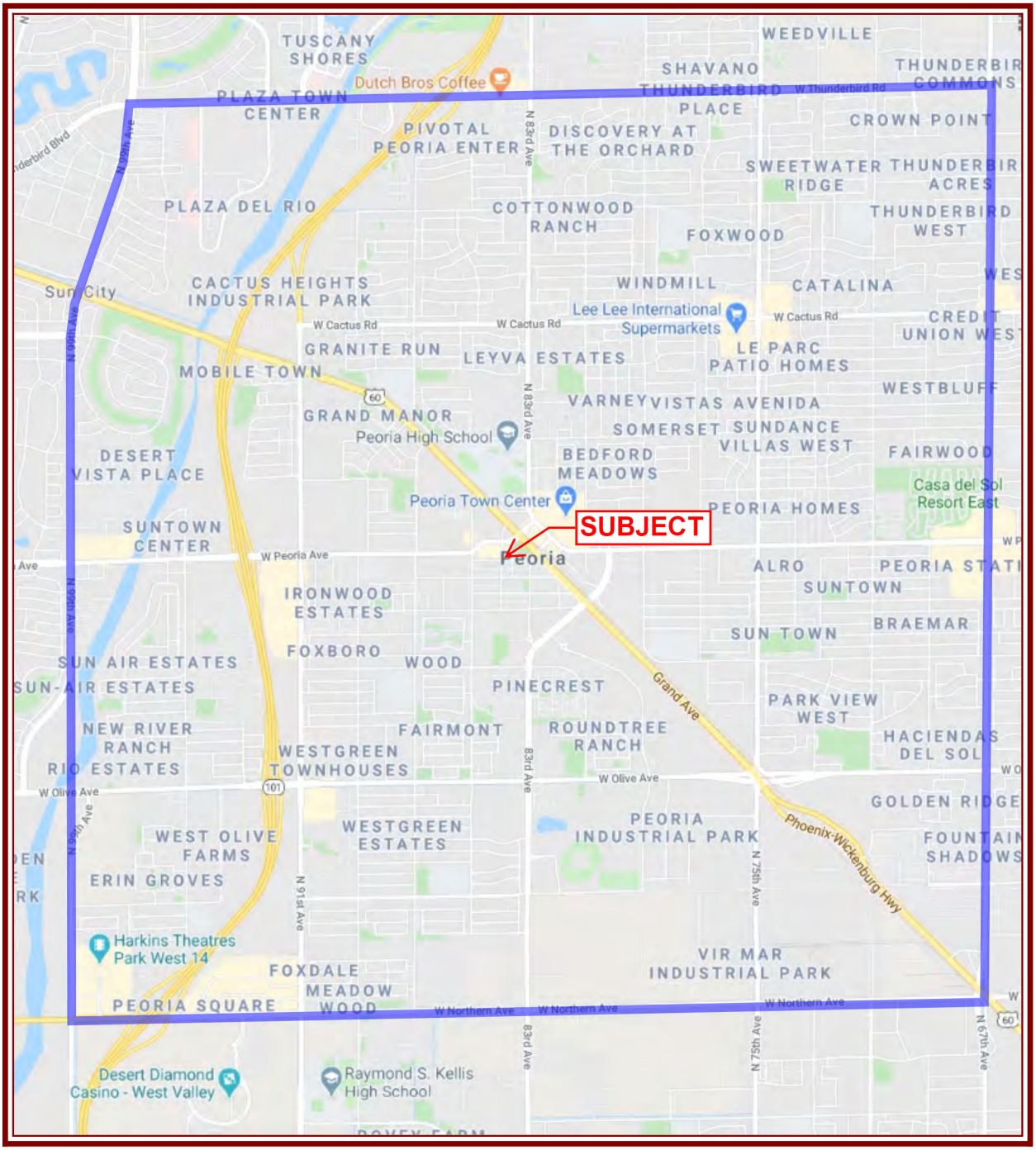
Single-family residential tract home subdivisions comprise the majority of land uses in the neighborhood, with development spanning a relatively wide time frame from the 1940s to present day, and involving fair to good quality housing, including a few pockets of higher priced single-family residential housing located in small, custom home lot developments (some with horse privileges). Notably, the majority of the oldest housing in the neighborhood is located within, or in close proximity to, Old Town Peoria. Due to the relatively limited remaining land supply zoned/designated for residential oriented development, there currently are no active subdivisions within the neighborhood, nor are there any known projects planned for near term development. The neighborhood also includes numerous apartment, which have been built over the past several decades and ranging from fair quality to luxury oriented. In contrast to single-family residential, there has been a relatively considerable amount of new multi-family development, with five project constructed over the past two years, totaling 1,265 units. Currently, there is another project totaling 160 apartment units, which is currently under construction. Lastly, there are several older mobile home parks, with townhome/condominium development being the least prevalent within the neighborhood.

RESIDENTIAL SUPPORT FACILITIES

Shopping

The neighborhood is adequately served by existing retail oriented development consisting of neighborhood shopping centers, strip retail centers, free-standing stores, community shopping centers, and gas station/convenience stores. The nearest regional mall is Arrowhead Regional Mall, at the northwest corner of Bell Road and 75th Avenue, which

NEIGHBORHOOD MAP



includes a high concentration of additional retail shopping centers, involving mostly power centers, located adjacent or very close to the mall.

Schools

The subject neighborhood is adequately served by the Peoria and Glendale elementary and high school districts. The nearest colleges include, Glendale Community College (northwest corner of 59th and Olive avenues), and Grand Canyon University (northeast corner of Camelback Road and 35th Avenue).

Medical

Nearest major medical services include Maryvale Samaritan Hospital (northwest corner of Campbell and 51st avenues), Thunderbird Samaritan Hospital (southeast corner of 59th Avenue and Thunderbird Road), and the Banner Estrella Medical Center (southwest corner of 91st Avenue and Thomas Road). Additionally, Dignity Health recently opened the St. Joseph Westgate Medical Center, a 24-bed facility, along the west side of 99th Avenue, north of Glendale Avenue. Finally, a new 127,000 square foot, Valleywise Comprehensive Health Center, has recently been constructed at the southeast corner of Cotton Crossing and Grand Avenue.

Recreation

Recreational amenities within, or near the neighborhood, include several small to large municipal parks (Rio Vista and Pioneer) and golf courses. Just south of the neighborhood is the Westgate City Center, situated at the southeast corner of the Loop 101 Freeway and Northern Avenue, which includes the Gila River multi-purpose arena that recently served as home to the Phoenix Coyotes, and the University of Phoenix stadium multi-purpose facility serving as home to the Arizona Cardinals. Additionally, the Desert Diamond Casino has recently been constructed, just east of the southeast corner of Northern Avenue and the Loop 101 Freeway.

Located just north of the neighborhood is the approximate 250-acre Peoria Sports Complex, which includes a Cactus League spring training facility (San Diego Padres and Seattle Mariners professional baseball teams), along with other recreational and entertainment events occurring at the complex throughout the year. The Peoria Sports Complex is part of the larger P83 Entertainment District, which includes other developments such as the AZ Ice skating facility, several restaurants, retail, hotels and a movie theater.

EMPLOYMENT

Employment opportunities within the neighborhood are provided by a wide variety of employers, including a considerable amount of retail, hotel, office and medical uses within

the Loop 101 Freeway corridor (i.e., Westgate City Center, District at Zanjero, Agua Fria Towne Center, Parke West, City of Peoria municipal offices, Arrowhead regional mall), entertainment venues (Gila River arena, University of Phoenix stadium, multi-plex movie theaters, Peoria Sports Complex), and industrial uses (Glendale Airpark and Grand Avenue corridor). Other large employment centers are located along Interstates 10 and 17, located several miles south and east, respectively, of the neighborhood.

TRANSPORTATION

Primary north/south access within the neighborhood is provided by the section line arterial roadways of 67th, 75th, 83rd, 91st and 99th avenues, while primary east/west access within the neighborhood is provided by the section line arterial roadways of Glendale, Northern, Olive and Peoria avenues, and Cactus and Thunderbird roads. Grand Avenue (U.S. Highway 60) also serves as a primary arterial in the neighborhood, extending in a northwest/southeast direction between the far northwest valley (Wickenburg) and central Phoenix.

The Loop 101 Freeway extends north from Interstate 10, generally between the alignments of 83rd and 99th avenues, then turns east along the alignment of Beardsley Road to a full interchange with Interstate 17. The Loop 101 Freeway continues eastward through north Phoenix and Scottsdale, where it turns south and extends to interchanges with the Red Mountain, Superstition and the San Tan freeways. The Loop 101 Freeway has had a positive impact on the subject neighborhood and the entire west/northwest valley by enhancing accessability to other metropolitan Phoenix locations. Of significance, there are full diamond interchanges at all of the east/west section line arterial roadways in the neighborhood, with the exception of Cactus Road.

OLD TOWN PEORIA

Old Town Peoria is a near four square mile area bound by Olive Avenue, 75th Avenue, Cactus Road and the Loop 101 Freeway, that is divided into five districts. The Old Town area is the historic townsite area at 83rd and Peoria Avenues and is the heart of the City of Peoria. This original residential, commercial and civic area of the community contains many historic structures and is the current location of the civic operations of municipal government including City Hall, Police Station, Main Library, Community Center, Performing Arts Center and other municipal uses and services. The character of this area is a vibrant, walkable, mixed use area for civic, historic, residential, commercial and employment uses. Due to the older age, outdated designs, declining physical condition, and poor occupancy of many properties in this area, the City of Peoria has been encouraging redevelopment/rehabilitation activity of older properties in this area, by establishing a revitalization plan and a specific area plan for Old Town Peoria. These plans provide specific action plans for future development of the historic core area that supports new and existing businesses and economic growth, pedestrian friendly urban

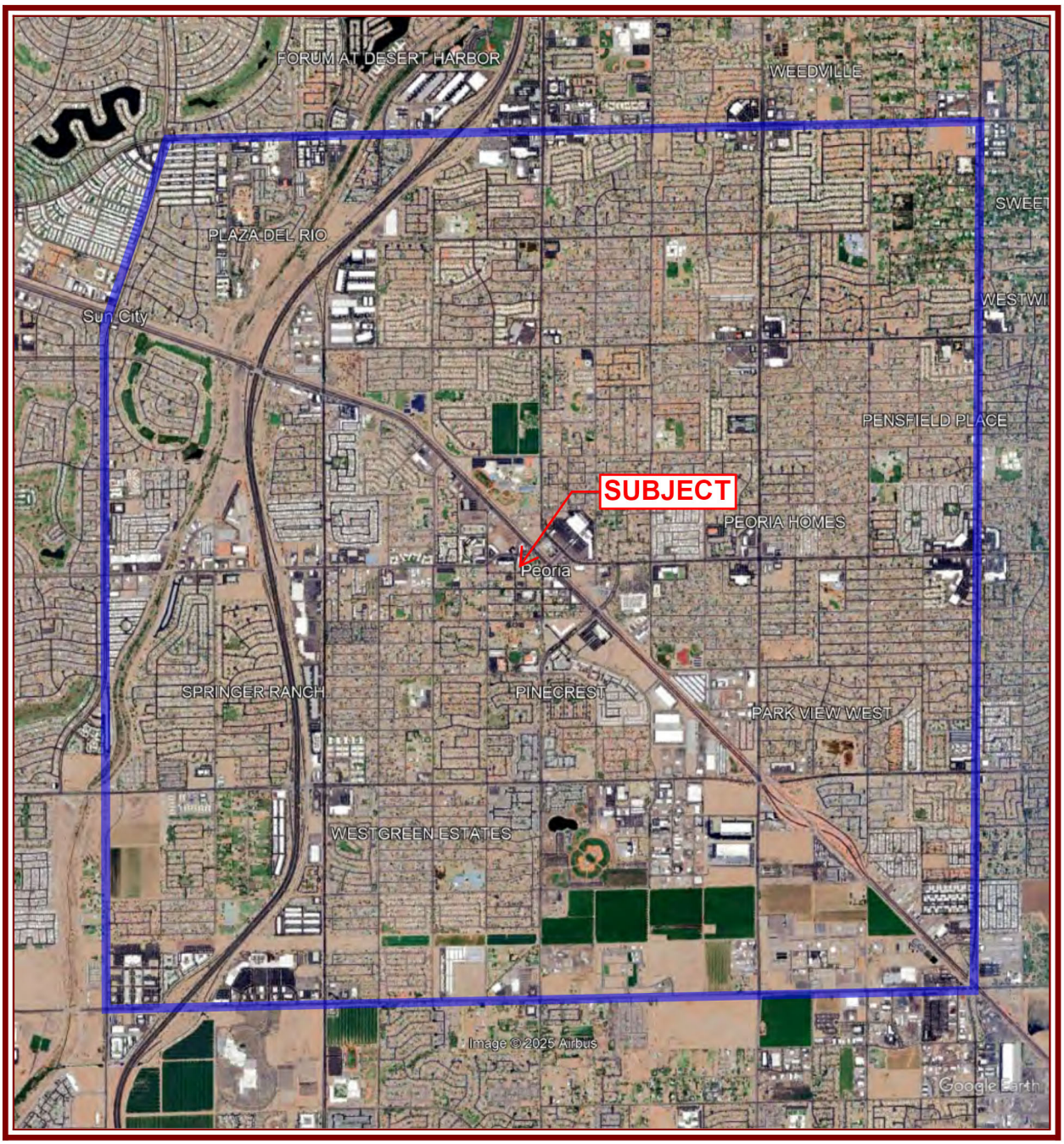
designs, integrating new residential development, while preserving existing residential neighborhoods. The City of Peoria has also been acquiring some of the properties, with older dilapidated improvements that are not ideally suited for rehabilitation, in order to demolish the improvements, with the intent to eventually make these properties available for redevelopment. Additionally, the City has been gradually making improvements to this area, such as beautification of several existing roadways, realignment and construction of new roadways to improve circulation, reconstruction of Osuna Park, development of a Performing Arts Center, and construction of a new fire station and a large municipal office complex. In addition to the various improvements to the area by the City of Peoria, there has been some relatively recent new development and redevelopment activity involving private properties in Old Town Peoria.

Located at the south corner of Grand Avenue and Cotton Crossing is Peoria Place, a mixed-use project being development on 126, which includes the aforementioned Valleywise Comprehensive Health Center (2019), along with three distribution buildings (2023), and three apartment projects (near completion).

SUMMARY

In summary, the subject is located in a near fully built-out Peoria neighborhood, characterized by a wide variety of older to newer residential and commercial development. Access to employment, shopping, schools and other residential support facilities is considered good. On the following page is an aerial photograph showing the location of the subject within the neighborhood (outlined in blue).

NEIGHBORHOOD AERIAL



PROPERTY ANALYSIS

SITE DATA

The subject site wraps the northeast corner of Washington Street and 84th Avenue, in Peoria. The site has an L-shaped configuration, with 55 feet of frontage along Washington Street, 25 feet of frontage along 84th Avenue, and a total land area of 6,749 square feet, per Maricopa County Assessor records. On the following page is a Maricopa County plat map, with the subject highlighted in yellow. Washington Street is asphalt paved for three lanes (one eastbound/one westbound/one center turn), and is improved with concrete curbs, gutters and setback decorative sidewalks, landscaping and streetlights. Additionally, in the immediate area, Washington Street is also asphalt paved for angle street parking. In the area of the subject, Washington Street extends from 85th Avenue, to the Grand Avenue frontage road. The western boundary of the subject is 84th Avenue, which is asphalt paved for two lanes (one northbound/one southbound), and is improved with concrete curbs, gutters and sidewalks, landscaping and streetlights. In the area of the subject, 84th Avenue extends south from Grand Avenue to Monroe Street, where it terminates into the a large City of Peoria municipal complex. The generally level site is at grade with adjacent properties and roadways. The site is not located within a special flood hazard area (Zone X; Flood Panel Number 04013C1705M; effective September 18, 2020) and flood insurance is not required; *a copy of the flood map is shown on the second following page.* All customary utilities are available to the property including electricity, water, sewer, telephone and natural gas. The City of Peoria provides police and fire protection, and trash collection for residential uses. No adverse soil conditions were observed or are known to exist. During inspection of the property, no apparent signs of environmental contamination or hazardous waste storage were observed. No title report or ALTA Survey was available to review by the appraiser. Based on inspection and review of public records, the property does not appear to be adversely impacted by any easements, encroachments, restrictions, covenants or conditions. Surrounding land uses include several small vacant lots, a few small commercial buildings, a strip retail center, a small church, a City of Peoria park and ride lot, the City of Peoria Osuna Park, and the Peoria Center for Performing Arts.

IMPROVEMENT DATA

As mentioned, the subject is improved with a three-unit, one-story apartment building, totaling 1,544 square feet, along with a 364 square foot attached storage building, which were constructed in 1948 according to Maricopa County Assessor records. The improvements are situated on a 6,749 square foot site and were observed to be in fair condition, with a representative of ownership reporting that two of the three units were occupied on a month-to-month basis, however, one of the existing tenants has reportedly expressed an interest in renting the vacant unit. The southern 1,246 square feet of the apartment building is of concrete block construction, with a built-up roof. The remaining 400 feet of the apartment building is of wood frame construction, with a built-up roof. The

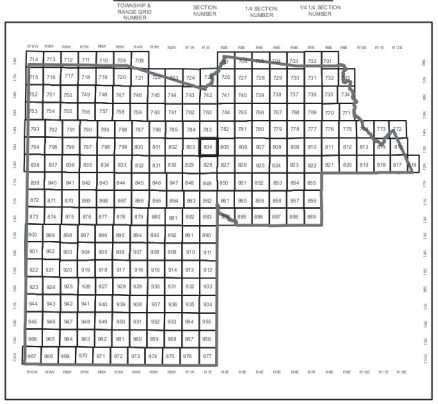
MARICOPA COUNTY

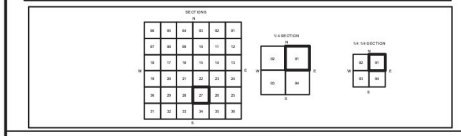
STATE OF ARIZONA

PT. SECTION 27 T03N R01E

804 - 27 - 01 - 01

TOWNSHIP & RANGE GRID NUMBER | SECTION NUMBER | 1/4 SECTION NUMBER | 1/4 1/4 SECTION NUMBER





Parcels updated within this map



0 45 90 180 270 360 Feet

N

MARICOPA COUNTY
ASSESSOR'S OFFICE
301 W. Jefferson Street
Phoenix, AZ 85003
Date: 06/18/2020

https://mcassessor.maricopa.gov

LEGEND: Parcels, Lots, Section Corners, Subdivisions, Sections, Centerlines

Disclaimer - Indemnification

CAUTION! USERS SHOULD INDEPENDENTLY RESEARCH AND VERIFY INFORMATION WITHIN THIS DATASET OR MAP BEFORE RELYING ON IT.

The Assessor's Office has compiled information within this dataset or map that it uses to identify, classify, and value real and personal property. Please contact the Assessor's Office at 602 506-3406 if you believe any information is incomplete, out-of date, or incorrect so that appropriate corrections can be addressed. Please note that a statutory process is also available to correct errors pursuant to Arizona Revised Statutes 42-16254.

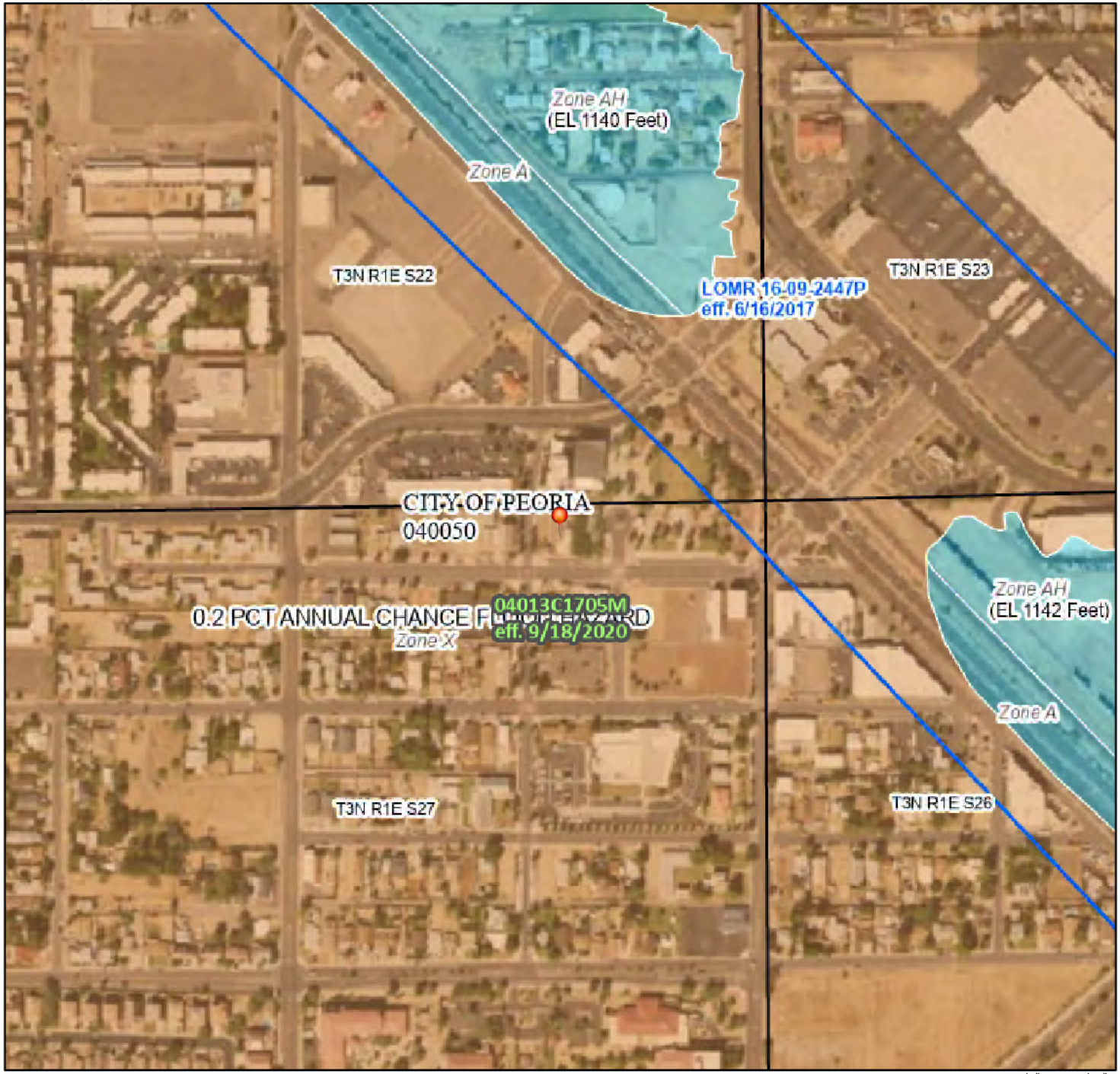
The Assessor does not guarantee that any information contained within this dataset or map is accurate, complete or current. In many instances, the Assessor has gathered information from independent sources and made it available within this dataset or map, and the original information may have contained errors and omissions. Errors and omissions may have occurred in the process of gathering, interpreting, and reporting the information. Information within this dataset or map is not updated "real time." In addition, Users are cautioned that the process used within this dataset or map to illustrate the boundaries of adjacent parcels is not always consistent with the recorded documents for such parcels. The parcel boundaries depicted within this dataset or maps are for illustrative purposes only, and the exact relationship of adjacent parcels should be independently researched and verified. The information provided within this dataset or map is not the equivalent of a title report or a real estate survey. Users should independently research, investigate, and verify all information before relying on it or using it in the preparation of legal documents.

W PEORIA AVE
W WASHINGTON ST
W JEFFERSON ST
W MADISON ST
W MONROE ST
N 85TH AVE
N 84TH AVE
N 83RD DR
N 83RD AVE
T03N R01E Sec. 22
T03N R01E Sec. 27
T03N R01E Sec. 23
T03N R01E Sec. 26
T03N R01E Sec. 34
OSUNA PARK MCR: 1014-11, 2010 SUB
ALTA LOMA LOTS 121, 122, 128, 159 MCR: 005-19, SUB
PEORIA BLK 35 MCR: 003-62, SUB
PEORIA LOTS 11 THROUGH 13 RP MCR: 1519-11, 2021 SUB
PEORIA COMMUNITY CENTER MCR: 1109-38, 2013 SUB
AXIOM CHURCH MCR: 1343-02, 2019 SUB
DESERT RANCH 85 MCR: 822-28, 2006 SUB
CENTRAL PARK MCR: 638-31, 2004 SUB
ALTA LOMA LOTS 121, 122, 128, 159 MCR: 005-19, SUB
PEORIA PLACE RP, MCR: 1019-13, 2010 SUB

National Flood Hazard Layer FIRMette

FEMA

112°14'41"W 33°35'6"N



112°14'3"W 33°34'36"N

0 250 500 1,000 1,500 2,000 Feet

1:6,000

Basemap Imagery Source: USGS National Map 2023

Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

SPECIAL FLOOD HAZARD AREAS
- Without Base Flood Elevation (BFE) *Zone A, V, A99*
- With BFE or Depth *Zone AE, AO, AH, VE, AR*
- Regulatory Floodway

OTHER AREAS OF FLOOD HAZARD
- 0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile *Zone X*
- Future Conditions 1% Annual Chance Flood Hazard *Zone X*
- Area with Reduced Flood Risk due to Levee. See Notes. *Zone X*
- Area with Flood Risk due to Levee *Zone D*

OTHER AREAS
- NO SCREEN Area of Minimal Flood Hazard *Zone X*
- Effective LOMRs
- Area of Undetermined Flood Hazard *Zone D*

GENERAL STRUCTURES
- Channel, Culvert, or Storm Sewer
- Levee, Dike, or Floodwall

OTHER FEATURES
- 20.2 Cross Sections with 1% Annual Chance
- 17.5 Water Surface Elevation
- Coastal Transect
- Base Flood Elevation Line (BFE)
- Limit of Study
- Jurisdiction Boundary
- Coastal Transect Baseline
- Profile Baseline
- Hydrographic Feature

MAP PANELS
- Digital Data Available
- No Digital Data Available
- Unmapped

N

The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 12/2/2025 at 9:44 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

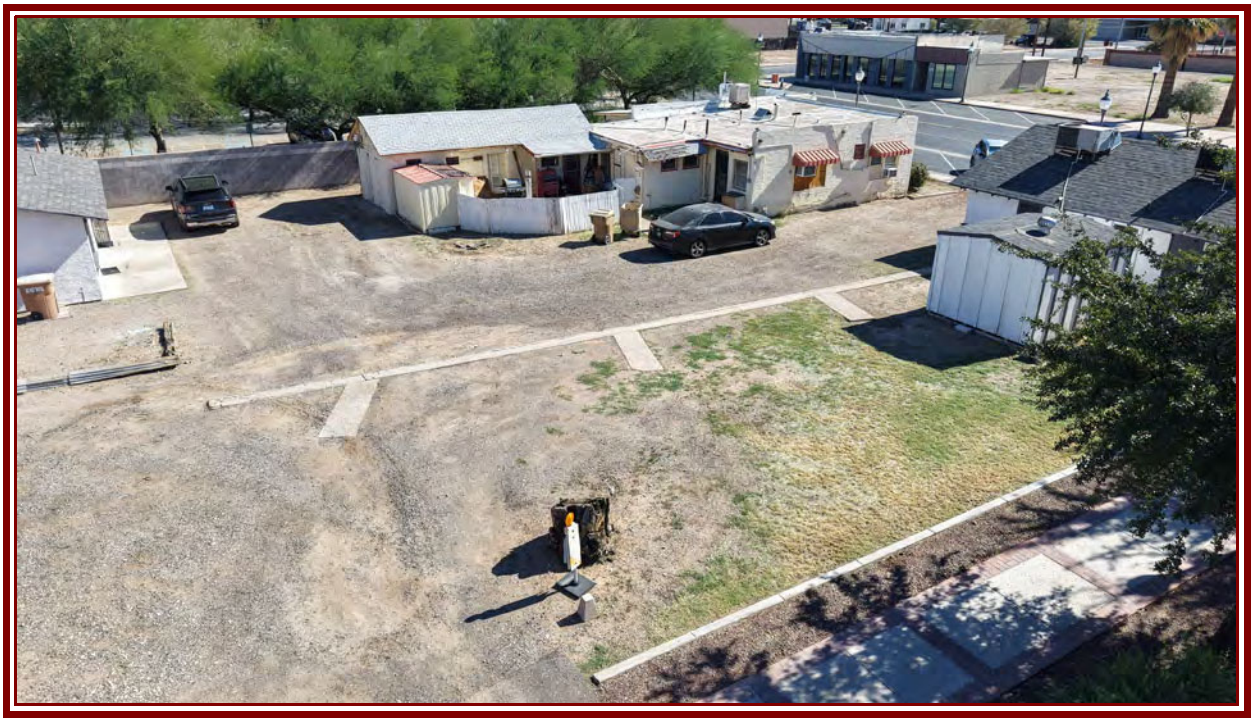
apartment building is air-conditioning via a combination of evaporative cooling and window mounted air-conditioning units. The attached storage building is of wood frame construction, with a sloping asphalt shingle roof. The remainder of the site is mostly unimproved vacant land, with the exception of minimal landscaping situated between the building improvements and the sidewalk along Washington Street. Notably, the apartment building improvements represent an atypically low site coverage ratio of only 23%, which is considered a significant underutilization of the land, particularly considering the very permissive CCM zoning (zero building setbacks, with a maximum of 10 foot front setback, and maximum building height of 60 feet) along with desirable benefit provided from an abundance of street parking available for subject use that allows for much higher than typical utilization of land for building improvements. As a result, the existing building improvements are not deemed to contribute any value to the property, and are considered only useful on an interim basis to offset holding costs until the property is redeveloped. For this reason, the subject property has been valued as vacant land, via the application of the Sales Comparison Approach, with no deduction for demolition costs being applied as the existing improvements appear to have some interim income generating capability, which can serve to offset future demolition costs. On the following pages are photographs of the subject property.

ZONING

The subject property is located in the Old Town Mixed-Use District, which is intended to facilitate the revitalization of Old Town Peoria by encouraging a mixture of appropriate uses to be established within the same development or on the same lot. The design for the mixtures of uses intends to promote pedestrian activities and to create economic niches in the Old Town area. The Old Town Mixed-Use Districts are designed to direct development in the Peoria central core area by allowing complimentary mixtures of commercial, specialized retail, office, and various types of residential developments. Development standards are modified to enhance the urban setting and to encourage private investment. The Old Town Mixed-Use Districts encompass an area within the original town plat of Peoria with Grand Ave to the east, Monroe Street to the south, 85th Avenue to the west and Peoria Ave to the north. The Old Town Mixed-Use Districts are compose of three zoning districts: Core Commercial Mixed-Use (CCM), Core Residential Mixed-Use (CRM), and Park/Open Space (PO). The subject property is situated within an area zoned Core Commercial Mixed-Use, which is a district designation that allows for retail and service businesses mixed with residential, cultural, educational, community, recreational, and entertainment uses. Architecturally enhanced parking structure, street level office, business, or community uses that create a pedestrian friendly environment are strongly encouraged. Included in the Addenda as Exhibit A is the Special Districts and Designations section of the City of Peoria Zoning Ordinance, which provides additional details regarding current zoning. Some of the permitted uses under the CCM zoning district include, multi-family residential, professional and medical offices, restaurant and bars, entertainment and recreation, general retail, art galleries, group homes, churches, hotels and motels, retail/showroom, and various personal services. Notably, there are no



North View Of Subject Property Looking Across Washington Street



East View Of Subject Property Looking Across 84th Avenue



Northeast View Across The Intersection Of Washington Street And 84th Avenue
The Subject Property Wraps Around The Northeast Corner Of Intersection



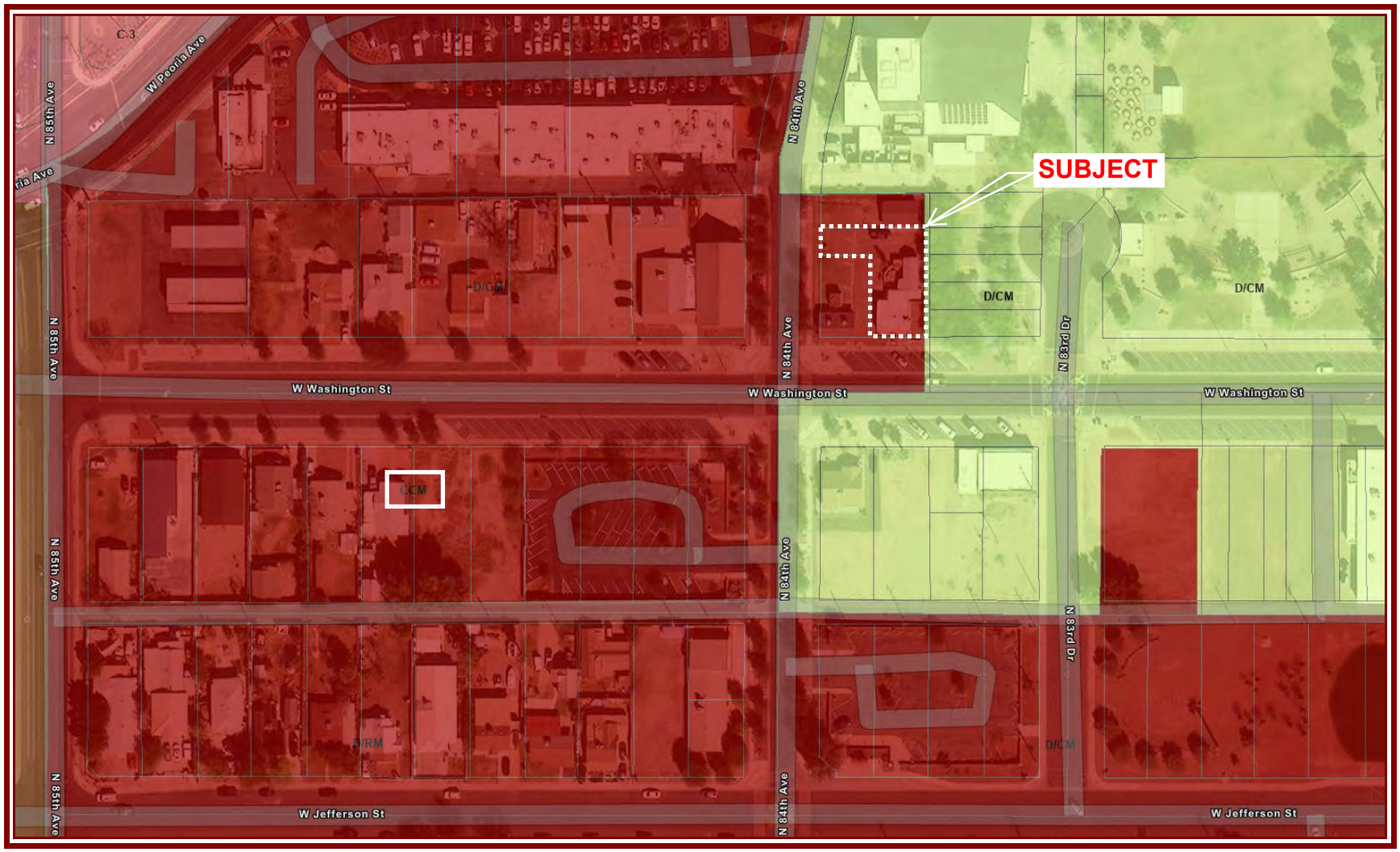
East View Along Washington Street Looking Across 84th Street
Subject Property Is Located Back Left

minimum parking or on-site landscaping requirements in the Old Town Mixed-Use Districts. Some of the development standards for the CCM zoning district include: zero rear, side, interior, and front minimum building setbacks; front building maximum setback of 10 feet; maximum building height of 60 feet; and landscape buffer abutting residential zone of 10 feet. On the next page is a copy of the City of Peoria zoning map, showing the location of the subject property.

REAL ESTATE TAXES/SPECIAL ASSESSMENTS

The subject is assessed under Maricopa County Assessor tax parcel number 142-41-017A. This tax parcel have been assigned 2023, 2024, 2025 and 2026 Full Cash Values of $150,000, $150,000, $209,500 and $233,100, respectively, with 2025 real estate taxes of $1,220. According to the Maricopa County Treasurer's Office, there are no delinquent real estate taxes or special assessments owed on the tax parcel.

ZONING MAP


SUBJECT
C-3
W Peoria Ave
N 85th Ave
N 84th Ave
N 83rd Dr
D/CM
D/RM
W Washington St
W Jefferson St

HIGHEST AND BEST USE

Highest and best use is defined as that reasonable and probable use that will support the highest present value, as defined, as of the effective date of the appraisal. Alternatively, that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible and which results in the highest land value. To derive conclusions regarding the highest and best use of the subject property four criteria must be considered: 1) legally permissible; 2) physically possible; 3) financially feasible; and 4) maximally productive.

LEGALLY PERMISSIBLE

As discussed, the subject is zoned CCM, Core Commercial Mixed-Use, which is a designation that allows for retail and service businesses mixed with residential, cultural, educational, community, recreational, and entertainment uses. Some of the permitted uses under the CCM zoning district include, multi-family residential, professional and medical offices, restaurant and bars, entertainment and recreation, general retail, art galleries, group homes, churches, hotels and motels, retail/showroom, and various personal services. Based on physical inspection of the property and review of public records, the subject does not appear to be adversely impacted by any atypical easements, encroachments, restrictions, conditions or covenants.

PHYSICALLY POSSIBLE

The subject contains 6,749 square feet, with an L-shaped configuration, level topography, frontage along two collector roadways, and all customary utilities available. No hazardous waste contamination or adverse soil conditions were observed, or are known to exist, and the subject is not located in a special flood hazard area. Surrounding land uses include several small vacant lots, a few small commercial buildings, a strip retail center, a small church, a City of Peoria park and ride lot, the City of Peoria Osuna Park, and the Peoria Center for Performing Arts.

FINANCIALLY FEASIBLE AND MAXIMALLY PRODUCTIVE

Based on the physical and location attributes, and zoning, the subject would appear to have greatest potential for small scale development of office, a variety of retail oriented uses (e.g., general retail, personal services, bars, restaurants), and/or multi-family. The timing for development of these uses are mostly tied to current economic and real estate market conditions.

Employment/Economy

Due to the Covid-19 pandemic, employment declined by 1.6% in 2020, but was followed by an annual increases of 3.3%, 5.2%, 2.2% and 3.6% in 2021, 2022, 2023 and 2024, respectively. The Phoenix Blue Chip Economic Forecast (Third Quarter 2025) projects an increase in employment of 1.5% and 1.8% in 2025 and 2026, respectively. Also due to the adverse impact of the Covid-19 pandemic, unemployment in the Phoenix-Mesa MSA increased from 3.0% in February 2020 to a high of 12.5% in April 2020, but has been slowly declining back to the 3% range over the past year. Some of the strengths of the metropolitan Phoenix market include a diversified and growing workforce, with strong job growth across most sectors. However, weaknesses include high interest rates, coupled with other inflationary concerns, which are decreasing disposable income, and adversely impacting affordability and new development in virtually all sectors.

Neighborhood Demographics

On the next page is a summary of basic demographics, per Co-Star Realty, within three, five and ten mile radii of the approximate center of the neighborhood (Peoria and 83rd avenues). As shown, population and households are forecast to increase by near 8% over the next five years, within the three and five mile radii of the subject, or by near 1.6% per annum. The total population and households within a three mile radius in 2024 were 124,150 and 47,960, respectively. Median household income levels within the three and five mile radii study area are near $62,000 and $60,000, respectively, which are well below the median household income in Maricopa County of near $81,000. The lower household income is due mostly to the study area including several RV and mobile home parks, as well as housing within age-restricted master planned communities (i.e., Sun City, Desert Harbor, Plaza Del Rio).

Metropolitan Phoenix - Office/Retail

Summarized in the following table are Third Quarter 2025 statistics for the metropolitan Phoenix office and retail markets, as provided by Co-Star Realty Group.

Category	# Buildings	Inventory (Sq. Ft.)	Vacant (Sq. Ft.)	% Vacant	Average Rent/SF	U.C. (Sq. Ft.)	Past 12 Mo. Absorption
Office	9,025	194,773,959	31,553,060	16.2%	$30.61	859,528	1,627,449
Retail	17,006	244,366,326	11,440,281	4.7%	$19.97	2,585,329	1,412,841

Metro Office:

The inventory of office space has increased by 17 million square feet over the past decade. Over the past five years, near 4.3 million square feet of new office space has been added,

CO-STAR REALTY DEMOGRAPHICS

Radius	3 Mile		5 Mile		10 Mile	
Population						
2029 Projection	134,429		367,345		1,425,732	
2024 Estimate	124,150		339,439		1,319,458	
2020 Census	120,850		331,510		1,297,846	
Growth 2024 - 2029	8.28%		8.22%		8.05%	
Growth 2020 - 2024	2.73%		2.39%		1.67%	
2024 Population by Hispanic Origin	40,558		123,962		566,557	
2024 Population	124,150		339,439		1,319,458	
White	72,214	58.17%	186,254	54.87%	642,051	48.66%
Black	7,811	6.29%	21,975	6.47%	90,238	6.84%
Am. Indian & Alaskan	1,999	1.61%	5,564	1.64%	24,788	1.88%
Asian	4,829	3.89%	12,697	3.74%	50,111	3.80%
Hawaiian & Pacific Island	185	0.15%	556	0.16%	2,408	0.18%
Other	37,111	29.89%	112,392	33.11%	509,862	38.64%
U.S. Armed Forces	323		579		3,255	
Households						
2029 Projection	51,996		139,349		500,952	
2024 Estimate	47,960		128,540		462,603	
2020 Census	46,911		125,796		455,548	
Growth 2024 - 2029	8.42%		8.41%		8.29%	
Growth 2020 - 2024	2.24%		2.18%		1.55%	
Owner Occupied	30,492	63.58%	79,052	61.50%	274,850	59.41%
Renter Occupied	17,468	36.42%	49,488	38.50%	187,754	40.59%
2024 Households by HH Income	47,961		128,541		462,603	
Income: <$25,000	7,884	16.44%	22,912	17.82%	75,370	16.29%
Income: $25,000 - $50,000	11,721	24.44%	30,788	23.95%	106,768	23.08%
Income: $50,000 - $75,000	9,047	18.86%	24,848	19.33%	88,317	19.09%
Income: $75,000 - $100,000	6,062	12.64%	17,023	13.24%	62,117	13.43%
Income: $100,000 - $125,000	5,335	11.12%	13,290	10.34%	48,924	10.58%
Income: $125,000 - $150,000	3,457	7.21%	8,162	6.35%	30,079	6.50%
Income: $150,000 - $200,000	2,259	4.71%	6,663	5.18%	27,008	5.84%
Income: $200,000+	2,196	4.58%	4,855	3.78%	24,020	5.19%
2024 Avg Household Income	$79,259		$76,300		$81,702	
2024 Med Household Income	$61,885		$60,018		$63,418	

with the vacancy rate over this same time period gradually increasing from near 12% to its current rate of 16.2%, which is mostly reflective of the adverse impact of the Covid-19 pandemic. Since mid 2020 at the onset of the pandemic, there has been negative absorption of near 5.0 million square feet of office space, however, after mostly negative quarterly absorption from mid 2020 thru third quarter 2024, there has been four consecutive quarters of positive absorption. Over the past decade, office rental rates been gradually increasing from $21.62 per square foot to $30.61 per square foot as of Third Quarter 2025. Near 860,000 square feet of office space was under construction as of Third Quarter 2025, with another 15.5 million square feet of office space being planned. Co-Star is forecasting vacancy to remain relatively flat with a slight drop of less than 1% over the next five years. Over the same time period, market asking rents are forecast to gradually increase by near $5.00 per square foot.

Metro Retail:

The inventory of retail space has increased by near 14.5 million square feet over the past decade, with the average vacancy rate mostly steadily declining from near 8.5% to just below 5% over the past three years. Over the past decade, there has been overall positive absorption of over 22 million square feet of retail space, or near 2.2 million square feet per year, with absorption since the onset of the Covid-19 pandemic totaling approximately 11.2 million square feet, which is very similar to the overall 10 year annual average absorption rate. Retail rental rates have been gradually increasing over the past decade from $14 per square foot to near $20.00 per square foot as of Third Quarter 2025. Just below 2.6 million square feet of retail space was under construction as of Third Quarter 2025, with another near 15 million square feet of retail space being planned. Over the next five years, Co-Star Realty is forecasting vacancy to increase slightly by near 0.5%, while the average market asking rental rate is projected to steadily increase by near $4.50 per square foot.

Neighborhood Office/Retail

Neighborhood Office:

According to Co-Star Realty, there is near 1.1 million square feet of office space in the neighborhood, of which, near 3.6% was vacant as of the end of Third Quarter 2025, with no new office space being under construction. However, a 20,000 square foot office building is proposed for development. Over the past five years, there has been no new office space constructed in the neighborhood, with near 25,000 square feet of office space being demolished in 2021, resulting in a slight decrease in the vacancy rate from just over 5% to below 4%. Over this same time period, average rental rates have increased from near $25 per square foot per annum, to approximately $28.50 per square foot in Third Quarter 2025. Over the next five years, Co-Star Realty is forecasting office vacancy to decrease slightly over the next year and remain between 2% to 3%, while asking rental rates are projected to steadily increase by near $6.50 per square foot per annum.

Neighborhood - Retail:

According to Co-Star Realty, there is near 4.2 million square feet of retail space in the neighborhood, of which, 6.6% was vacant as of Third Quarter 2025, with near 35,000 square feet of new retail construction over the past five years, being exceeded by approximately 120,000 square feet of retail building demolitions, which has resulted in a decline in inventory of near 85,000 square feet. There currently is no new retail space under construction, however, approximately 242,000 square feet of retail space is planned for near term development. Over the past five years, there has been near 125,000 square feet of absorption of retail space, which combined with the aforementioned new construction and demolition, has resulted in the vacancy rate declining from just over 11% to between 6% and 7% over the past three years. Over the past five years, asking rental rates have fluctuated from a low of just over $12 per square foot per annum inn 2022, to over $17.00 per square foot in 2024, with the average rental rate as of Third Quarter 2025 being $15.18 per square foot. Over the next five years, Co-Star Realty is forecasting retail vacancy to gradually increase to near 8% along with a steady increase in rental rates by near $4.00 per square foot per annum.

Multi-Family Residential - Metropolitan Phoenix

The vast majority of new multi-family construction activity over the past decade has occurred within the upper-end apartment segment. Due to high occupancy rates, increasing rental rates, and growth in both employment and population over the past, a considerable number of new apartment projects have been constructed, as evidenced by 14,029, 15,870, 18,748, 18,932 and 13,577 permits in 2020, 2021, 2022, 2023 and 2024 respectively; *the year-to-date (August) total number of permits is 7,907, suggesting an annualized total of near 11,861 permits, which would represent a near 13% decline from the 2024 total.* According to the Greater Phoenix Blue Chip forecast (Third Quarter 2025), multi-family permits are projected to total 11,167, 12,833 and 12,006 in 2025, 2026 and 2027, respectively, however, absorption is projected to exceed permits in each of these years (12,833, 12,006 and 11,619), resulting in a decline in vacancy from 8.4% at the end of 2025, to 7.2% at the end of 2027.

The following is a summary of the metro Phoenix apartment market, which pertains to projects of 50+ units, since 2020, according to Co-Star Realty. As shown, new construction has consistently exceed absorption of units, resulting in a gradual increase in the vacancy rate, which eventually has led to market rents beginning to decline over the past two years.

METRO PHOENIX APARTMENT MARKET (50+ UNITS)

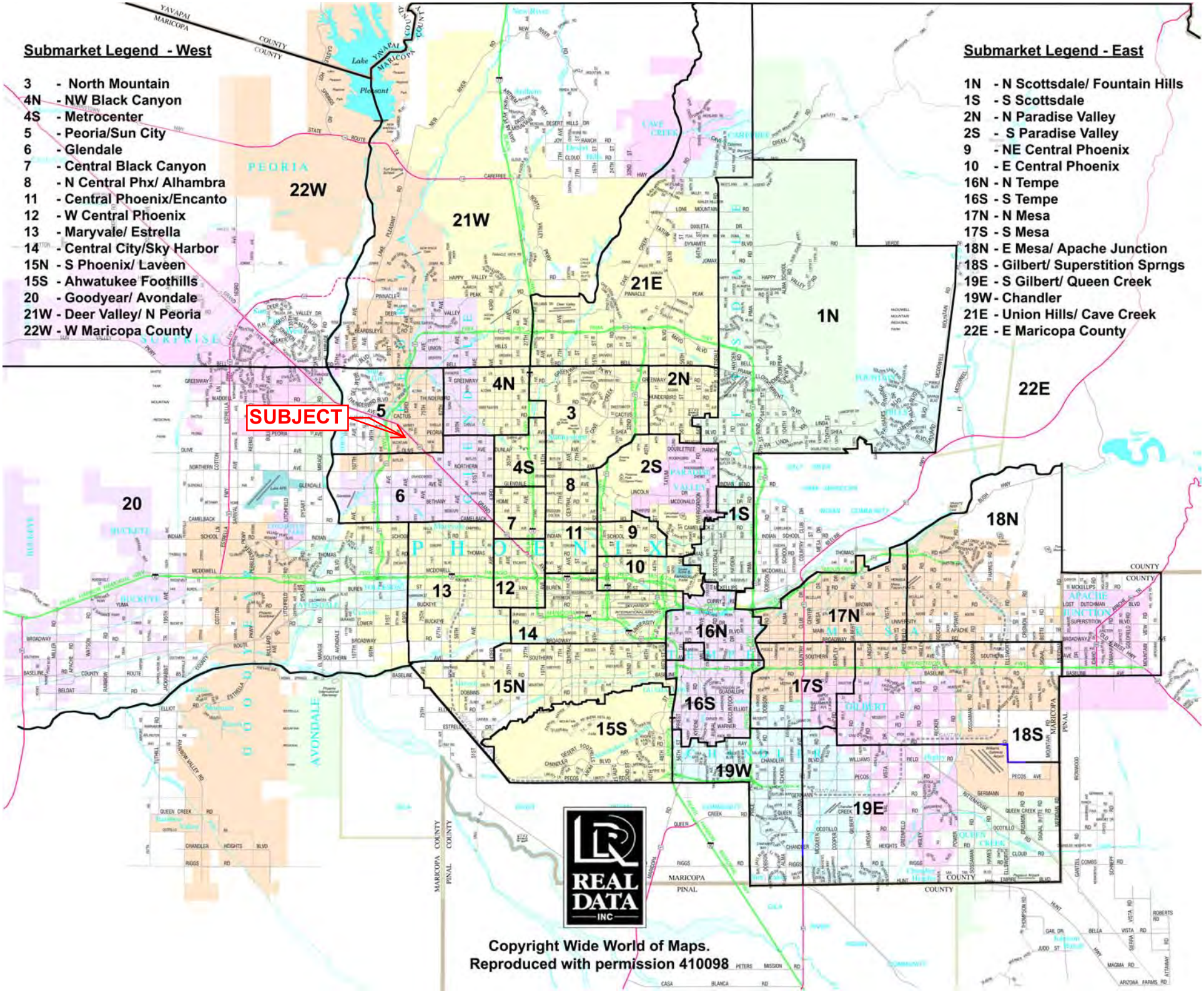
Year	Constructed Units	Absorption Units	Year-End Vacancy	Year-End Rent/SF
2020	11,341	10,553	5.9%	$1.60
2021	14,796	12,154	5.9%	$1.85
2022	20,618	2,149	6.4%	$1.87
2023	25,684	9,772	10.4%	$1.84
2024	30,196	19,042	11.8%	$1.81
YTD 2005 (3 Qtr.)	*18,930*	*14,119*	*12.2%*	*$1.77*

Multi-Family Residential - Apartment Insights Submarket 5 (Peoria/Sun City):

According to Apartment Insights, the Subject Larger Parcel is located in Submarket 5 (Peoria/Sun City). On the following page is a submarket map of metropolitan Phoenix, showing the subject's location in Submarket 5. The following are highlights from the Third Quarter 2025 Statistics/Trends Summary, for metropolitan Phoenix 100+ Apartment Properties, published by Apartment Insights: the inventory in Submarket 5 was 7,127 units, which represents near 1.9% of total metropolitan Phoenix inventory of 378,051 units; 1,514 units have been constructed in Submarket 5 since 2020, representing 1.7% of total units constructed in metropolitan Phoenix of 88,619 units; there was absorption of 302 units in Submarket 5 over the past four quarters, which represents 1.8% of total absorption in metropolitan Phoenix (16,616 units) over the same time period; stabilized units vacancy rate was 7.04% in Submarket 5, compared to 7.23% in metropolitan Phoenix; average rents in stabilized projects (unfurnished - no utilities) were $1.62 per square feet (average unit size of 898 square feet) in Submarket 5, compared to $1.75 per square feet (average unit size of 874 square feet) in metropolitan Phoenix; rental rates have decreased by 6.9% over the past four quarters in Submarket 5, compared to a decrease of 3.8% in metropolitan Phoenix over the same time period; there currently are 595 units in the lease-up stage in Submarket 5, as of Third Quarter 2025; and 28,097 apartment units are either under construction or scheduled for construction, with another near 40,658 units with Final Plan approval in metropolitan Phoenix.

Multi-Family Residential - Neighborhood:

According to Co-Star Realty, there are 44 apartment projects in the neighborhood, with 50+ units and a total of 8,691 apartment units. Of that total, 10 apartment projects have been constructed since January 2020, with a total of 2,381 units, which equates to near 400 units per year, with the total representing 27% of the neighborhood inventory. There currently is one project totaling 160 units, which is currently under construction in the neighborhood, with two more projects being planned for near term development, which involve another 456 units. Since January 2020, a total of 1,327 units have been absorbed.


Submarket Legend - West
3 - North Mountain
4N - NW Black Canyon
4S - Metrocenter
5 - Peoria/Sun City
6 - Glendale
7 - Central Black Canyon
8 - N Central Phx/ Alhambra
11 - Central Phoenix/Encanto
12 - W Central Phoenix
13 - Maryvale/ Estrella
14 - Central City/Sky Harbor
15N - S Phoenix/ Laveen
15S - Ahwatukee Foothills
20 - Goodyear/ Avondale
21W - Deer Valley/ N Peoria
22W - W Maricopa County
Submarket Legend - East
1N - N Scottsdale/ Fountain Hills
1S - S Scottsdale
2N - N Paradise Valley
2S - S Paradise Valley
9 - NE Central Phoenix
10 - E Central Phoenix
16N - N Tempe
16S - S Tempe
17N - N Mesa
17S - S Mesa
18N - E Mesa/ Apache Junction
18S - Gilbert/ Superstition Sprngs
19E - S Gilbert/ Queen Creek
19W - Chandler
21E - Union Hills/ Cave Creek
22E - E Maricopa County
SUBJECT
REAL DATA INC
Copyright Wide World of Maps.
Reproduced with permission 410098

The vacancy rate in the neighborhood was near 4% in mid 2021, however, given the majority of the units constructed since January 2020 were completed between 2022 and 2025, the vacancy rate increased to near 20% as of mid 2025, with the Third Quarter 2025 vacancy rate being slightly lower at approximately 18%; *Co-Star Realty is projecting vacancy rates to gradually decline over the next five years to just over 10%.* Effective market rents increased from near $1.45 per square foot in First Quarter 2020 to near $1.80 per square foot in Second Quarter 2022, and subsequently fluctuated and declined to $1.67 per square foot as of Third Quarter 2025; *Co-Star Realty is projecting vacancy rates to gradually decline over the next five years to just over 10%.*

HIGHEST AND BEST USE CONCLUSION

Based on the physical and locational characteristics, zoning, current economic conditions, and current residential and commercial real estate market conditions, the highest and best use of the subject property is to hold as an investment, until there is sufficient demand for development consistent with one or more of the allowable uses per zoning.

VALUATION ANALYSIS

SALES COMPARISON APPROACH

The Sales Comparison Approach is, "The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparables sales is available."[10] The Sales Comparison Approach is applicable to all types of real estate interests when there are sufficient recent, reliable transactions to indicate value patterns or trends in the market. When there are few market transactions available, the applicability of the Sales Comparison Approach may be limited.

The land sales are compared to the subject on the basis of ***price per square foot of land area***. This unit of comparison is typical of the market. Each sale comparison was related to the site appraised in terms of the factors listed below.

1. *Real Property Rights Conveyed*
2. *Financing Terms*
3. *Conditions Of Sale*
4. *Expenditures Immediately After Purchase*
5. *Date Of Sale*
6. *Location*
7. *Physical Characteristics*
8. *Zoning/Use Potential*

An extensive land sales search was conducted to discover sales of similar parcels of land, based on the location and physical characteristics, zoning/use potential, and highest and best use conclusion for the subject. On the following pages are recitations of several comparable land sales, which are followed by a land sales summary chart and land sales location maps.

[10] *Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th ed., p. 170*

VACANT LAND SALE 1

Identification

Assessor's Parcel Number(s):	142-41-051
Location:	South side of Washington Street, 250 feet west of 84th Avenue, Peoria

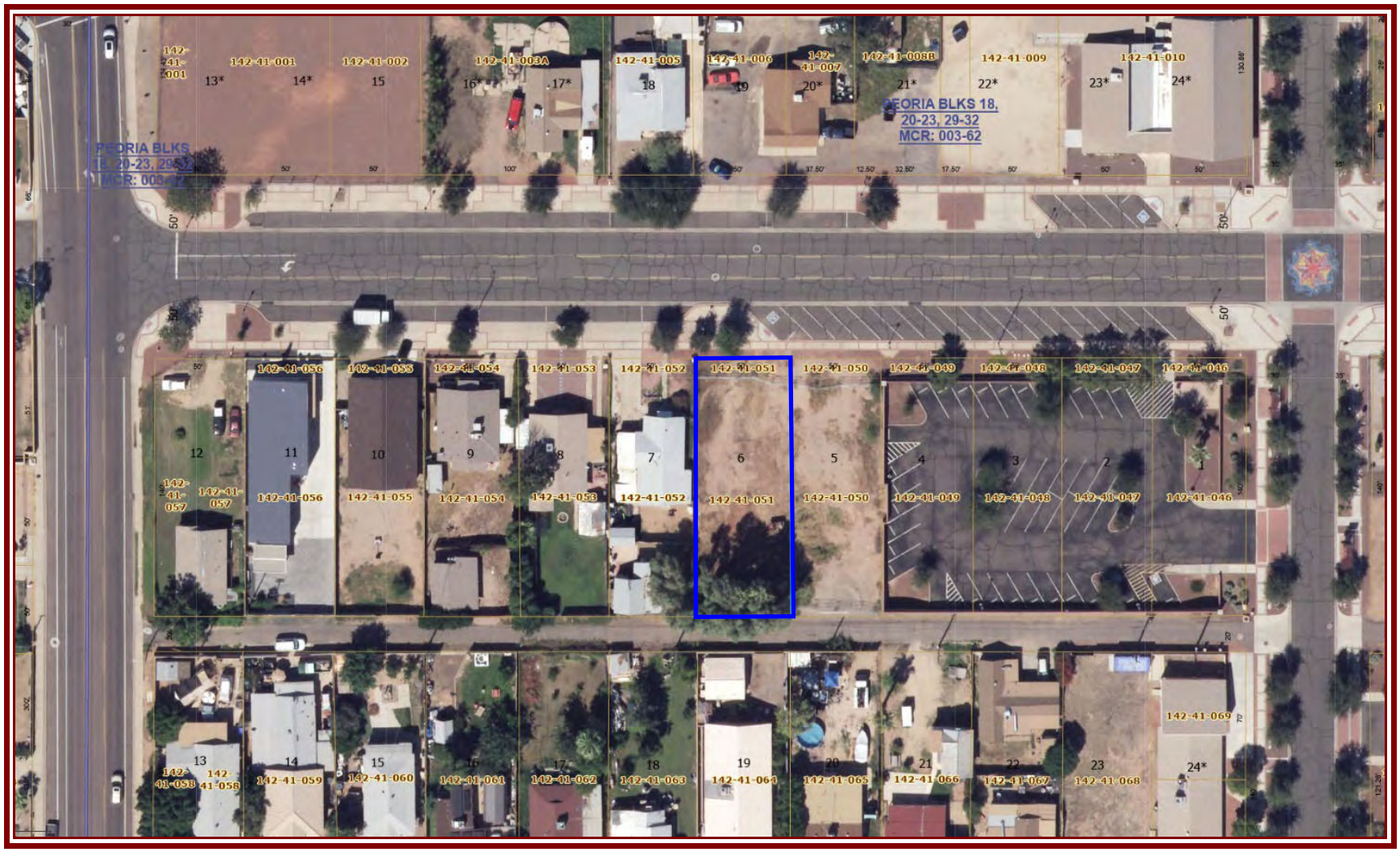
Sale Data

Grantor:	L1 Arizona, LLC
Grantee:	Habitat for Humanity
Sale Date:	July 2022
Instrument:	Warranty Deed
Instrument Number:	22/588660
Interest Conveyed:	Fee simple
Conditions Of Sale:	Arm's-length transaction
Sale Price:	$135,000
Terms:	Cash
Unit Price:	$19.29 per square foot of land area

Site Data

Shape/Street Frontages:	Rectangular configuration Washington Street frontage - 50 feet Depth - 140 feet Alleyway frontage - 50 feet
Site Area:	7,000 square feet
Topography:	Level; the site is not situated in a special flood hazard area
Zoning:	CCM, Core Commercial Mixed Use, Peoria

MARICOPA COUNTY ASSESSOR AERIAL



Utilities:	Electricity, water, sewer and telephone are available to the property
Sales History	There have been no other sales of this property in the prior three years.
Comments	The site was acquired to develop a single-family residence. Surrounding land uses include several single-family residences, small vacant lots, a few small commercial buildings, and a City of Peoria park and ride lot.

VACANT LAND SALE 2

Identification

Assessor's Parcel Number(s):	142-41-100
Location:	Southwest corner of Madison Street and 84th Avenue, Peoria

Sale Data

Grantor:	Emilio Valdez Ramirez and Helen Olguin Ramirez
Grantee:	Habitat for Humanity
Sale Date:	August 2022
Instrument:	Warranty Deed
Instrument Number:	22/655157
Interest Conveyed:	Fee simple
Conditions Of Sale:	Arm's-length transaction
Sale Price:	$135,000
Terms:	Cash
Unit Price:	$19.29 per square foot of land area

Site Data

Shape/Street Frontages:	Rectangular configuration Madison Street frontage - 50 feet Depth - 140 feet Alleyway frontage - 50 feet
Site Area:	7,000 square feet
Topography:	Level; the site is not situated in a special flood hazard area
Zoning:	CCM, Core Commercial Mixed Use, Peoria

MARICOPA COUNTY ASSESSOR AERIAL



Utilities:	Electricity, water, sewer and telephone are available to the property
Sales History	There have been no other sales of this property in the prior three years.
Comments	The site was acquired to develop a single-family residence. Surrounding land uses include several single-family residences, a few small vacant lots, a small church and the Peoria Community Center.

VACANT LAND SALE 3

Identification

Assessor's Parcel Number(s):	142-41-040
Location:	South side of Washington Street, 50 feet east of 84th Avenue, Peoria

Sale Data

Grantor:	Peoria Oldtown Development Group, LLC
Grantee:	Jerry Bordeleau
Sale Date:	July 2023
Instrument:	Warranty Deed
Instrument Number:	23/397356
Interest Conveyed:	Fee simple
Conditions Of Sale:	Arm's-length transaction
Sale Price:	$125,000
Terms:	Cash
Unit Price:	$17.86 per square foot of land area

Site Data

Shape/Street Frontages:	Rectangular configuration Washington Street frontage - 50 feet Depth - 140 feet Alleyway frontage - 50 feet
Site Area:	7,000 square feet
Topography:	Level; the site is not situated in a special flood hazard area
Zoning:	CCM, Core Commercial Mixed Use, Peoria

MARICOPA COUNTY ASSESSOR AERIAL



Utilities:	Electricity, water, sewer and telephone are available to the property
Sales History	There have been no other sales of this property in the prior three years.
Comments	The site was acquired to assemble with the property adjacent to the east. Notably, the buyer also acquired another property from the same seller, which involves a single-family residence situated adjacent west of this sale parcel. Surrounding land uses include several single-family residences, small vacant lots, a few small commercial buildings, a City of Peoria park and ride lot, and the City of Peoria Osuna Park.

VACANT LAND SALE 4

Identification

Assessor's Parcel Number(s):	142-14-072 and 073
Location:	South side of Madison Street, 65 feet west of Grand Avenue frontage road, Peoria

Sale Data

Grantor:	Gustavo Adolfo Urias Aguero
Grantee:	JJ & F Invesment, LLC
Sale Date:	August 2023
Instrument:	Warranty Deed
Instrument Number:	23/427246
Interest Conveyed:	Fee simple
Conditions Of Sale:	Arm's-length transaction
Sale Price:	$280,000
Terms:	$80,000 down (29%), with seller financing of the remainder at undisclosed terms
Unit Price:	$20.00 per square foot of land area

Site Data

Shape/Street Frontages:	Rectangular configuration Madison Street frontage - 100 feet Depth - 140 feet Alleyway frontage - 100 feet
Site Area:	14,000 square feet
Topography:	Level; the site is not situated in a special flood hazard area

MARICOPA COUNTY ASSESSOR AERIAL



Zoning:	CCM, Core Commercial Mixed Use, Peoria
Utilities:	Electricity, water, sewer and telephone are available to the property
Sales History	There have been no other sales of this property in the prior three years.
Comments	The site was acquired to hold for future development.
	Surrounding land uses include several single-family residences, a small church and a auto repair facility.

VACANT LAND SALE 5

Identification

Assessor's Parcel Number(s):	142-41-124A
Location:	South side of Madison Street, 125 feet east of 85th Avenue, Peoria

Sale Data

Grantor:	GC Irrevocable Trust
Grantee:	Klaus H. Mehrens
Sale Date:	January 2024
Instrument:	Warranty Deed
Instrument Number:	24/49236
Interest Conveyed:	Fee simple
Conditions Of Sale:	Arm's-length transaction
Sale Price:	$80,000
Terms:	Cash
Unit Price:	$22.86 per square foot of land area

Site Data

Shape/Street Frontages:	Rectangular configuration Madison Street frontage - 25 feet Depth - 140 feet Alleyway frontage - 25 feet
Site Area:	3,500 square feet
Topography:	Level; the site is not situated in a special flood hazard area
Zoning:	CCM, Core Commercial Mixed Use, Peoria

MARICOPA COUNTY ASSESSOR AERIAL



Utilities:	Electricity, water, sewer and telephone are available to the property
Sales History	There have been no other sales of this property in the prior three years.
Comments	The site was acquired to develop a single-family residence. Surrounding land uses include several single-family residences, a few small vacant lots, a small church and a large Peoria municipal complex.

VACANT LAND SALE 6

Identification

Assessor's Parcel Number(s):	147-25-062
Location:	East side of 56th Avenue, 100 feet north of Glenn Drive, Glendale

Sale Data

Grantor:	Osvaldo Pina Loyola, et al
Grantee:	Manuela Alderete
Sale Date:	November 2025
Instrument:	Warranty Deed
Instrument Number:	25/660462
Interest Conveyed:	Fee simple
Conditions Of Sale:	Arm's-length transaction
Sale Price:	$140,000
Terms:	Cash
Unit Price:	$20.00 per square foot of land area

Site Data

Shape/Street Frontages:	Rectangular configuration 56th Avenue frontage - 50 feet Depth - 140 feet Alleyway frontage - 50 feet
Site Area:	7,000 square feet
Topography:	Level; the site is not situated in a special flood hazard area
Zoning:	C-2, General Commercial, Glendale

MARICOPA COUNTY ASSESSOR AERIAL

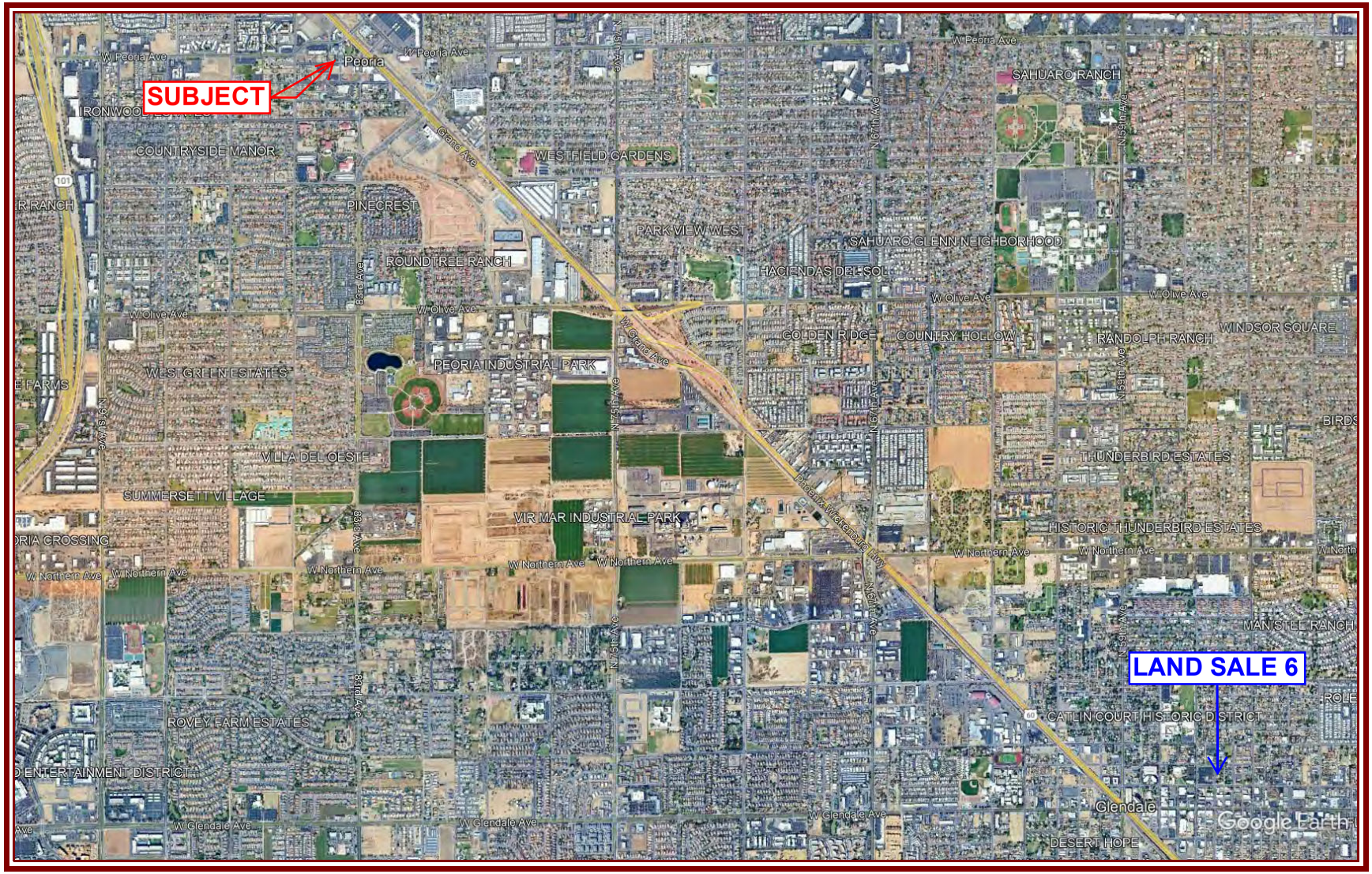


Utilities:	Electricity, water, sewer and telephone are available to the property
Sales History	This site was acquired by the seller in March 2023 at a price of $115,000 (Document No. 23/166179). There have been no other sales of this property in the prior three years.
Comments	The site was acquired to hold as an investment. Surrounding land uses include several single-family residences, a large parking lot, a few small vacant lots, a few small office buildings, a few churches and a large Glendale municipal complex.

COMPARABLE LAND SALES LOCATION MAP - DOWNTOWN PEORIA



COMPARABLE LAND SALES LOCATION MAP - DOWNTOWN GLENDALE



COMPARABLE LAND SALES SUMMARY

Sale	Sale Date	General Location	Land Area (Sq. Ft.)	Price/ Sq. Ft.	Zoning
1	7/22	Downtown Peoria	7,000	$19.29	CCM, Core Commercial Mixed Use
2	8/22	Downtown Peoria	7,000	$19.29	CCM, Core Commercial Mixed Use
3	7/23	Downtown Peoria	7,000	$17.86	CCM, Core Commercial Mixed Use
4	8/23	Downtown Peoria	14,000	$20.00	CCM, Core Commercial Mixed Use
5	1/24	Downtown Peoria	3,500	$22.86	CCM, Core Commercial Mixed Use
6	11/25	Downtown Glendale	7,000	$20.00	C-2, General Commercial
Subject		***Downtown Peoria***	***6,749***		***CCM, Core Commercial Mixed-Use***

LAND SALES ANALYSIS

Elements Of Comparison

Elements of comparison are defined as, "The characteristics or attributes of properties and transactions that cause the prices of real estate to vary; including real property rights conveyed, financing terms, conditions of sale, expenditures immediately after purchase, market conditions, location, physical characteristics, and other characteristics, such as economic characteristics, use, and non-realty components of value."[11] Any meaningful differences between the comparable sales and the subject affecting value must be identified and reconciled. Adjustments are applied to the comparable sales, as a result of the differences, to derive more equal comparisons. These differences are reconciled as of the effective date of appraisal. The following is a discussion of the various elements of comparison.

The first five elements of comparison will be discussed for each sale. Thereafter, qualitative adjustments will be made for factors including location and physical characteristics, and zoning/use potential, as each compares to the subject property, which recognizes the overall superiority, similarity or inferiority of the comparable, in relation to the subject property.

Real Property Rights Conveyed:

The real property rights conveyed in all comparable sales were fee simple interests, which is the same as the property rights being appraised. Therefore, no adjustments for property rights conveyed are necessary.

[11] *Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th ed., p. 61*

Financing Terms:

The opinion of market value for the subject property is based on all cash financing. Cash transactions typically sell for less than those sales which involve favorable financing terms such as below market interest rates, buy downs, wraparound mortgages, interest only loans, etc. Therefore, cash equivalency adjustments must be made to sales involving favorable financing terms. All of the comparables, except Land Sale 4, were cash or cash to seller transactions. Therefore, no adjustments are warranted to these sales. In contrast, Land Sale 4 was acquired with a 29% down payment and seller financing of the remainder at undisclosed terms. Typically, seller financing is beneficial to the buyer and often times results in an above market price being paid. Based on the unit price paid, it appears that seller financing had a favorable impact the price paid. Consequently, a downward adjustment of 5% has been applied to Land Sale 4.

Conditions Of Sale:

An adjustment for conditions of sale is used to reflect the motivations of buyers and sellers in sales that are not arm's-length transactions due to duress, special relationships, or unusual circumstances. The comparables employed in this analysis do not appear to be impacted by any atypical conditions of sale. As a result, no adjustments for conditions of sale are deemed necessary.

Expenditures Immediately After Purchase:

All of the comparables were acquired with no expenditures required, immediately after purchase. Notably, the unit price employed in this analysis for Land Sale 1 already reflects an adjustment for demolition of former building improvements. As a result, no adjustments were necessary for this factor.

Market Conditions (Date Of Sale):

The subject is being appraised as of a specific date; therefore, adjustments to the comparables must be recognized for changes in market conditions between the sale dates of the comparables and the date of valuation. The adjustment for market conditions is not always related to "time"; changes in market conditions may be caused by inflation, deflation, fluctuations in supply and demand, or other factors. The sales employed in this analysis took place between mid 2022 and late 2025, with Land Sale 6 involving a sale and resale within this time period. In March 2023, Land Sale 6 sold at a price of $16.43 per square foot, and later sold in November 2025 at a higher price of $20.00 per square foot, which is 21.7% higher or $3.57 per square foot higher than the first sale.

Office, retail and multi-family real estate market conditions have been generally positive over the past several years in metropolitan Phoenix, as well as within the neighborhood, which tends to positively impact underlying land values. A comparison of the unit prices paid for Land Sales 1, 2, 3 and 4 ($17.86 to $20.00 per square foot), which are located in

downtown Peoria and transpired between mid 2022 and mid 2023, with the unit paid for Land Sale 5 ($22.86 per square foot), which is also in downtown Peoria and transpired in early 2024, further suggests increases in land values over the past few years, however, a portion of the unit price differential is deemed attributable to the much smaller size of Land Sale 5.

Based on the available information, upward date of sale adjustments of 20% have been applied to Land Sales 1 and 2, while upward adjustments of 15% have been concluded for Land Sales 3 and 4. Finally, an upward adjustment of 7.5% has been made to Land Sale 5.

Location:

The subject has a central location in Old Town Peoria, adjacent to Osuna Park, just south of the Performing Arts Center, and within very close walking distance to the Peoria Community Center. Notably, the subject has two roadway frontages, with an abundance of nearby street parking along both sides of Washington Street. Land Sales 1 through 5 are located in downtown Peoria, however, only Land Sale 3 is located within the boundaries of Old Town Peoria. However, given Land Sale 3 has only one roadway frontage, a slight upward location adjustment has been applied to this comparable.

Land Sale 1 is also located along Washington Street, with availability of street parking, and alleyway access. However, since this comparable is located just outside of Old Town Peoria and has only one roadway frontage, a slight upward location adjustment has been concluded.

Land Sale 2 also has dual roadway frontages, availability of street parking and alleyway access, however, this comparable is located just outside of Old Town Peoria. As a result, a slight upward location adjustment is deemed necessary to this comparable.

Land Sales 4 and 5 have only one roadway frontage along with alleyway access, no nearby street parking and are located just outside of Old Town Peoria. Therefore, upward location adjustments are considered warranted to both of these comparables.

Land Sale 6 is located adjacent to the Historic Downtown Glendale, and is situated along a collector roadway, with available street parking, and additional access via an alleyway. Similar to Old Town Peoria, downtown Glendale includes municipal offices, courthouse, police and fire departments, civic center, chamber of commerce, and a public library. The downtown area also includes parks, and numerous shops, restaurants and small offices, with most being situated in former single-family residences that were converted for commercial use. Overall, the downtown Glendale area is more build-out with various commercial uses in comparison to Old Town Peoria. However, in consideration of the subject's superior central location within Old Town Peoria, along with additional roadway frontage, an upward location adjustment has been applied to Land Sale 6.

Physical Characteristics:

Adjustments for physical characteristics are necessary when the physical characteristics of a comparable property are different from those of the subject. Factors analyzed include site size, configuration, utilities, on-site development requirements and off-site development requirements.

Size:

Typically, the smaller the parcel, the higher the per square foot price, which is due to economies of scale, with smaller parcels being more affordable to a greater pool of potential buyers, thus increasing demand and the per square foot price. The subject totals 6,749 square feet, which is near the same as Land Sales 1, 2, 3 and 6 (7,000 square feet). As a result, no adjustments are necessary to these comparables. However, to account for the much smaller size of Land Sale 5 (3,500 square feet), which sold at the highest unit price, a downward size adjustment has been applied. In contrast, given Land Sale 4 is near twice the size of the subject, a slight upward size adjustment is deemed necessary.

Configuration:

The subject has an L-shaped configuration, which is deemed inferior to the more functional rectangular configurations of all of the comparables, except for Land Sale 5. Therefore, slight downward adjustments for superior configurations are considered warranted to all of the comparables, except for Land Sale 5. While Land Sale 5 also has a rectangular configuration, it is very narrow, which negatively impacts its development potential. Consequently, no adjustment for configuration has been concluded for Land Sale 5.

Utilities:

All customary utilities are available to the subject property and each comparable land sale.

On-site Development Requirements:

All of the comparables involve vacant and level sites, with no atypical on-site development requirements anticipated upon future development. *As previously discussed, the existing subject building improvements are not deemed to contribute any value to the property, and are considered only useful on an interim basis to offset holding costs until the property is redeveloped. For this reason, no deduction has been made for the costs to demolish the existing improvements, as the improvements appear to have some interim income generating capability, which can serve to offset future demolition costs.* Therefore, no adjustments have been concluded for this factor.

Off-site Development Requirements:

There are no off-site development requirements anticipated upon future development of the subject and the comparables.

Zoning/Use Potential:

As discussed, the subject and Land Sales 1 through 5 are zoned CCM, Core Commercial Mixed-Use, which is a designation that allows for retail and service businesses mixed with residential, cultural, educational, community, recreational, and entertainment uses. Some of the permitted uses under the CCM zoning district include, multi-family residential, professional and medical offices, restaurant and bars, entertainment and recreation, general retail, art galleries, group homes, churches, hotels and motels, retail/showroom, and various personal services. Land Sale 6 is zoned C-2, General Commercial, which allows for a wide variety of commercial oriented uses, along with multi-family residential uses. However, to account for the more permissive development standards and greater allowable intensity of uses associated with the subject CCM zoning, an upward adjustment for zoning/use potential has been concluded for Land Sale 6.

Summary Of Land Sales Analysis

Several factors were considered in the land value analysis, including property rights conveyed, financing terms, conditions of sale, expenditures immediately after purchase, market conditions, location, physical characteristics, and zoning/use potential. The adjustment grid on the next page summarizes the adjustments concluded for the comparables. The adjusted unit prices range from $20.50 to $25.00 per square foot, with most support for a mid-range conclusion.

SUMMARY OF SALES COMPARISON APPROACH

Based on the location and physical characteristics of the subject site, zoning/use potential, and current market conditions, a unit price of $23.50 per square foot was concluded. The application of this unit of value to the land area involved, reveals a market value of the fee simple interest in the subject property, as of December 4, 2025, of:

6,749 Sq. Ft. x $23.50/Sq. Ft. = $158,602

ADJUSTED TO $159,000

The valuation opinion expressed is subject to the underlying assumptions and limiting conditions included within the contents of this report.

COMPARABLE LAND SALES ADJUSTMENT GRID

Elements Of Comparison	Sale 1 - 7,000 SF Downtown Peoria	Sale 2 - 7,000 SF Downtown Peoria	Sale 3 - 7,000 SF Downtown Peoria	Sale 4 - 14,000 SF Downtown Peoria	Sale 5 - 3,500 SF Downtown Peoria	Sale 6 - 7,000 SF Downtown Glendale
Sales Price/Sq. Ft.	***$19.29***	***$19.29***	***$17.86***	***$20.00***	***$22.86***	***$20.00***
Property Rights	0	0	0	0	0	0
Adjusted Price	*$19.29*	*$19.29*	*$17.86*	*$20.00*	*$22.86*	*$20.00*
Financing Terms	0	0	0	-5%/-$1.00	0	0
Adjusted Price	*$19.29*	*$19.29*	*$17.86*	*$19.00*	*$22.86*	*$20.00*
Conditions Of Sale	0	0	0	0	0	0
Adjusted Price	*$19.29*	*$19.29*	*$17.86*	*$19.00*	*$22.86*	*$20.00*
Expenditures After Sale	0	0	0	0	0	0
Adjusted Price	*$19.29*	*$19.29*	*$17.86*	*$19.00*	*$22.86*	*$20.00*
Date Of Sale	+20%/+$3.86	+20%/+$3.86	+15%/+$2.68	+15%/+$2.85	+7.5%/+$1.71	0
Adjusted Price/Sq. Ft.	***$23.15***	***$23.15***	***$20.54***	***$21.85***	***$24.57***	***$20.00***
Location	Slightly Inferior (+)	Slightly Inferior (+)	Slightly Inferior (+)	Inferior (+)	Inferior (+)	Inferior (+)
Physical Characteristics						
Size	Similar (=)	Similar (=)	Similar (=)	Slightly Inferior (+)	Superior (-)	Similar (=)
Configuration	Slightly Superior (-)	Slightly Superior (-)	Slightly Superior (-)	Slightly Superior (-)	Similar (=)	Slightly Superior (-)
Utilities	Similar (=)	Similar (=)	Similar (=)	Similar (=)	Similar (=)	Similar (=)
On-site Development	Similar (=)	Similar (=)	Similar (=)	Similar (=)	Similar (=)	Similar (=)
Off-site Development	Similar (=)	Similar (=)	Similar (=)	Similar (=)	Similar (=)	Similar (=)
Zoning/Use Potential	Similar (=)	Similar (=)	Similar (=)	Similar (=)	Similar (=)	Inferior (+)
Final Adjusted Unit Price	***$23.00 to $23.50***	***$23.00 to $23.50***	***$20.50 to $21.00***	***$23.75 to $24.25***	***$24.50 to $25.00***	***$22.75 to $23.25***

EXPOSURE PERIOD

The estimated exposure periods has been based on the actual exposure periods of recent land sales, current commercial and residential real estate market conditions, and discussions with several real estate brokers and market participants active in the metropolitan Phoenix real estate market. The comparables employed in this appraisal, opinions from market participants, and current supply and demand factors in the metropolitan Phoenix real estate markets suggest an exposure and marketing period for the subject of six months, or less. Therefore, the market value is based on an estimated exposure period of six months, or less. Additionally, if marketed properly, at a price commensurate with the market value concluded within this appraisal, it is reasonable to expect a marketing period of six months, or less.

ADDENDA

EXHIBIT A

Old Town Mixed-Use District (OTMU)

21-619	Intent	19
21-620	General Provisions	19
21-621	Zoning Districts	19
21-622	Land Use Matrix	20
21-623	General Regulations for Non-Residential Uses	22
21-624	Property Development Standards	22

21-619 Intent [*8]

A. The Old Town Mixed-Use Districts are intended to facilitate the revitalization of Old Town Peoria by encouraging a mixture of appropriate uses to be established within the same development or on the same lot. The design for the mixtures of uses intends to promote pedestrian activities and to create economic niches in the Old Town area. The Old Town Mixed-Use Districts implement the goals and policies set forth in the Central Peoria Revitalization Plan and the Peoria General Plan. The design of the Old Town Mixed-Use Districts aims to promote the following land uses:

1. High-quality office, storefront retail, restaurant and entertainment to integrate with various residential components in order to create an urban center where people live, work, and entertain.
2. Developments that create a compacted pedestrian environment and promote pedestrian activities that would balance day and night uses.
3. Innovative integration of compatible uses through the conversion of existing buildings and the development of new buildings in a manner that fosters sensitive and sustainable site design and architectural style.

21-620 General Provisions

A. The Old Town Mixed-Use Districts are designed to direct development in the Peoria central core area by allowing complimentary mixtures of commercial, specialized retail, office, and various types of residential developments. Development standards are modified to enhance the urban setting and to encourage private investment. All uses shall be subject to the applicable provisions of the Zoning Ordinance. However, where the regulations and standards established by the Old Town Mixed-Use Districts conflict with other provisions of the ordinance, the regulations and standards set forth in the Old Town Mixed-Use Districts shall govern.

21-621 Zoning Districts

A. The Old Town Mixed-Use Districts encompass an area within the original town plat of Peoria with Grand Ave to the east, Monroe Street to the south, 85th Ave to the west and Peoria Ave to the north. The Old Town Mixed-Use Districts compose of three zoning districts: Core Commercial Mixed-Use (CCM), Core Residential Mixed-Use (CRM), and Park/Open Space (PO).

1. Core Commercial Mixed-Use (CCM)
   The Commercial Mixed-Use designation allows for retail and service businesses mixed with residential, cultural, educational, community, recreational, entertainment uses. Architecturally enhanced parking structure, street level office, business, or community uses that create a pedestrian friendly environment are strongly encouraged.

2. Core Residential Mixed-Use (CRM)
   The Residential Mixed-Use designation allows for primarily single-family residential uses. Limited types of non-residential uses adapted to the residential structures are permitted in the Residential Mixed-Use area. Non-residential uses may include small-scale entrepreneurial, pedestrian-oriented goods and services, family-owned business, bed and breakfast establishments, and small professional or home business whose business is primarily oriented to users in the Old Town area.

3. Park/Open Space (PO)
   The Park/Open Space designation is reserved for open space, passive recreational activities and support facilities. The Park and Open Space designation also provides venues for seasonal activities and short-term events such as arts and crafts sales, farmers' markets, out-door performances and similar uses in an urban park-like setting.

21-622 Land Use Matrix [*17]

A. Uses permitted in specific zoning districts within the Old Town Mixed-Use Districts as permitted by right, permitted subject to a Conditional Use Permit, and permitted as an accessory to a principal use on the same lot are established in the Mixed Use Land Use Matrix (Table 21-622). In the event of a specific use not being identified on the matrix, the Community Development Director or designee(s) shall determine the closest associated use based on the provisions of this ordinance. The City will permit any accessory use customarily incidental to a permitted principal use on the same lot.

Table 21-622			
LAND USE TYPES	**CCM**	**CRM**	**PO**
Multi-Family Residential	**P**	**P**	**-**
Single-Family Residential	**-**	**P**	**-**
ADMINISTRATIVE & FINANCIAL			
Automatic Teller Machine (ATM)	**A**	**-**	**-**
Medical, Dental or Health Offices	**P**	**-**	**-**
Professional, Administrative, or Business Offices	**P**	**P**	**-**
AUTOMOTIVE USES [*9]			
Automobile Diagnostic and/or Service Establishment, including engine and transmission overhaul, repair facilities and similar services #	**C**		

P = Permitted Use
C = Conditional Use Permit required.
A = Accessory use
● = Due to potential traffic impacts, residential use shall be the primary use in these categories
= Subject to special limitations as set forth in Section 21-505.

Table 21-622			
EATING & DRINKING ESTABLISHMENTS	**CCM**	**CRM**	**PO**
Catering Establishment	**P**	-	-
Microbrewery or Distillery	**P**	-	-
Outdoor Dining and Seating Areas *15	**P**	-	-
Restaurants, without drive-thru	**P**	-	-
Restaurants less than 2,000 square feet, without drive-thru	**P**	**P**	-
Tavern, Bar, Lounge or establishment that sells alcoholic beverages for consumption on premise, excluding restaurants #	**C**	-	-
ENTERTAINMENT AND RECREATION			
Dance, Theatrical, Arts, Music Studio and similar uses *10	**P**	**P**	-
Health and Exercise Center	**P**	-	-
Indoor Recreation or Entertainment and similar uses	**P**	-	-
Recreation and Social Clubs	**P**	-	-
Theater, Indoor	**P**	-	-
Wedding and Reception Center #	**C**	**C**	**C**
GENERAL RETAIL			
Antiques, Crafts, and Collectibles Sales	**P**	**P•**	-
Book, Stationery and Greeting Card Store	**P**	**P•**	-
Candy and Ice Cream Store	**P**	**P•**	-
Florist	**P**	**P•**	-
Gift, Novelty and Souvenir Shop	**P**	**P•**	-
Hobby, Stamp and Coin Shop	**P**	**P•**	-
Newsstand	**P**	**P•**	-
Retail Sales of New and Used Merchandise, Indoor	**P**	**P•**	-
Water and Ice Store	**P**	**P•**	-
INSTITUTIONAL			
Art Gallery	**P**	**P**	-
Day Care Centers or Pre-School Centers #	**C**	**C**	-
Group Care Facility or Community Residential Facility #	**C**	**C**	-
Group Homes, less than 10 residents	**P**	**P**	-
Nursing or Convalescent Home, Long Term Care Facility #	**C**	**C**	-
Public Facilities	**P**	**P**	**P**
Religious Institutions and similar places of worship #	**P**	**P**	-
LODGING			
Bed and Breakfast Inn #	**P**	**C**	-
Hotel or Motel #	**P**	-	-
Living quarter for night guards	**A**	**A**	**A**
TRANSPORTATION			
Parking lots or structures	**A**	-	-

P = Permitted Use
C = Conditional Use Permit required.
A = Accessory use
• = Due to potential traffic impacts, residential use shall be the primary use in these categories
= Subject to special limitations as set forth in Section 21-505.

Table 21-622			
INTENSE RETAIL			
Appliance, Furniture, and Household Equipment Sales, Rentals , and Repair	**P**	**-**	**-**
Commercial Service Establishments combining retail, showroom with workshop #	**P**	**-**	**-**
Farmer's and Crafts Markets	**P**	**-**	**P**
Outdoor Sales and Display Area #	**P**	**-**	**-**
PERSONAL SERVICES			
Dry Cleaning, Laundry Establishment, Laundromat, self-service	**P**	**-**	**-**
Locksmith	**P**	**-**	**-**
Massage Establishment #	**P**	**-**	**-**
Palm Readers, Phrenologists, Fortune Tellers and Astrologers	**P**	**P•**	**-**
Photographic Studio	**P**	**P•**	**-**
Shoe Sales and Service, Clothing Alteration	**P**	**P•**	**-**
Tanning Salon, Nail Salon, Barber Shop, Beauty Parlor, and similar uses	**P**	**-**	**-**
Tattoo & Body Piercing Studio	**C**	**-**	**-**
Ticket and Travel Agency	**P**	**-**	**-**

P = Permitted Use
C = Conditional Use Permit required.
A = Accessory use
• = Due to potential traffic impacts, residential use shall be the primary use in these categories
= Subject to special limitations as set forth in Section 21-505.

21-623 General Regulations for Non-Residential Uses

A. All activities, except as otherwise permitted herein, shall be conducted entirely within enclosed buildings.

B. Outdoor storage of goods and materials shall be prohibited.

C. Warehousing or indoor storage of goods and material beyond that normally incidental to permitted uses shall be prohibited.

D. Automotive Uses shall be limited to developments with arterial street frontages and to properties having a Certificate of Occupancy as of July 1, 2005. *9

21-624 Property Development Standards *13

A. All mixed-use developments integrating a residential component in the CCM District shall be consistent with the *Non-Residential Design Standards* (Design Review).

B. All mixed-use developments integrating a non-residential component in the CRM District shall be consistent with the *Residential Design Standards* (Design Review).

C. Parking Facilities *9

1. There is no minimum requirement for parking spaces in the Old Town Mixed-Used Districts. To promote the urban form outlined in Section 21-619, developments are encouraged to locate parking facilities behind buildings and structures, and/or offer shared or joint parking arrangements.

D. Landscape Requirements

1. There are no minimum on-site landscape requirements. However, all portions of the development not occupied by buildings, structures, vehicular access and parking shall be landscaped or finished with a natural topping material which may include, but is not limited to, turf (subject to Section 21-818.B.2., ground cover, decomposed granite (at a minimum size of ¾" minus and at a depth of 2"), river run rock, expanded shale or bark. A pre-emergent herbicide shall be applied to the ground prior to and after the initial installation of natural surface materials in any landscaped area to prevent weed growth.

E. CCM and PO District Standards:

DEVELOPMENT STANDARDS	CCM	PO
SETBACKS [a] (FT)		
Front Minimum [b]	0	0
Front Maximum [c]	10	0
Rear	0	0
Side	0	0
Interior	0	0
MAXIMUM BUILDING HEIGHT	60	30
LANDSCAPE BUFFER ABUTTING RESIDENTIAL ZONES	10	N/R
ACCESSORY BUILDING	●	●

N/R No minimum requirement

[a] The Planning Commission and City Council may require additional setback requirements to mitigate potential adverse impacts of proposed uses on adjoining developments.

[b] A street frontage landscape buffer with a minimum width of 15 feet is required for any parking structure developed within the Old Town Mixed-Use District. *9

[c] Activities within the front setback areas shall be associated with the primary use of the building. Parking spaces within the front setback areas are discouraged. *9

● All regulations and development standards applicable to the principal building shall apply.

F. CRM District Standards:

DEVELOPMENT STANDARDS	Single-Family Residence as the Primary Use	Multi-Family Residence as the Primary Use
MINIMUM SETBACKS [a] (FT) *4		
Front	10	10
Rear	5	5
Side *9	5	5 [b]
Corner Side *12	8	8
MAXIMUM LOT COVERAGE (%)	45	N/R
MAXIMUM BUILDING HEIGHT (FT)	25	30
ACCESSORY BUILDING	●	●

N/R No minimum requirement

[a] The Planning Commission and City Council may require additional setback requirements to mitigate potential adverse impacts of proposed uses on adjoining developments.

[b] No minimum building separation along common wall. *9

● Accessory buildings shall be subject to the limitations contained in Section 21-422 of this Ordinance.

EXHIBIT B

PEORIA

OLD TOWN

CONCEPTUAL DESIGN



PEORIA IS THE PLACE

Old Town, New Vibe

OLD TOWN

INVEST PeoriaAZ

DEKKER PERICH SABATINI

PEORIA OLD TOWN

INTRODUCTION

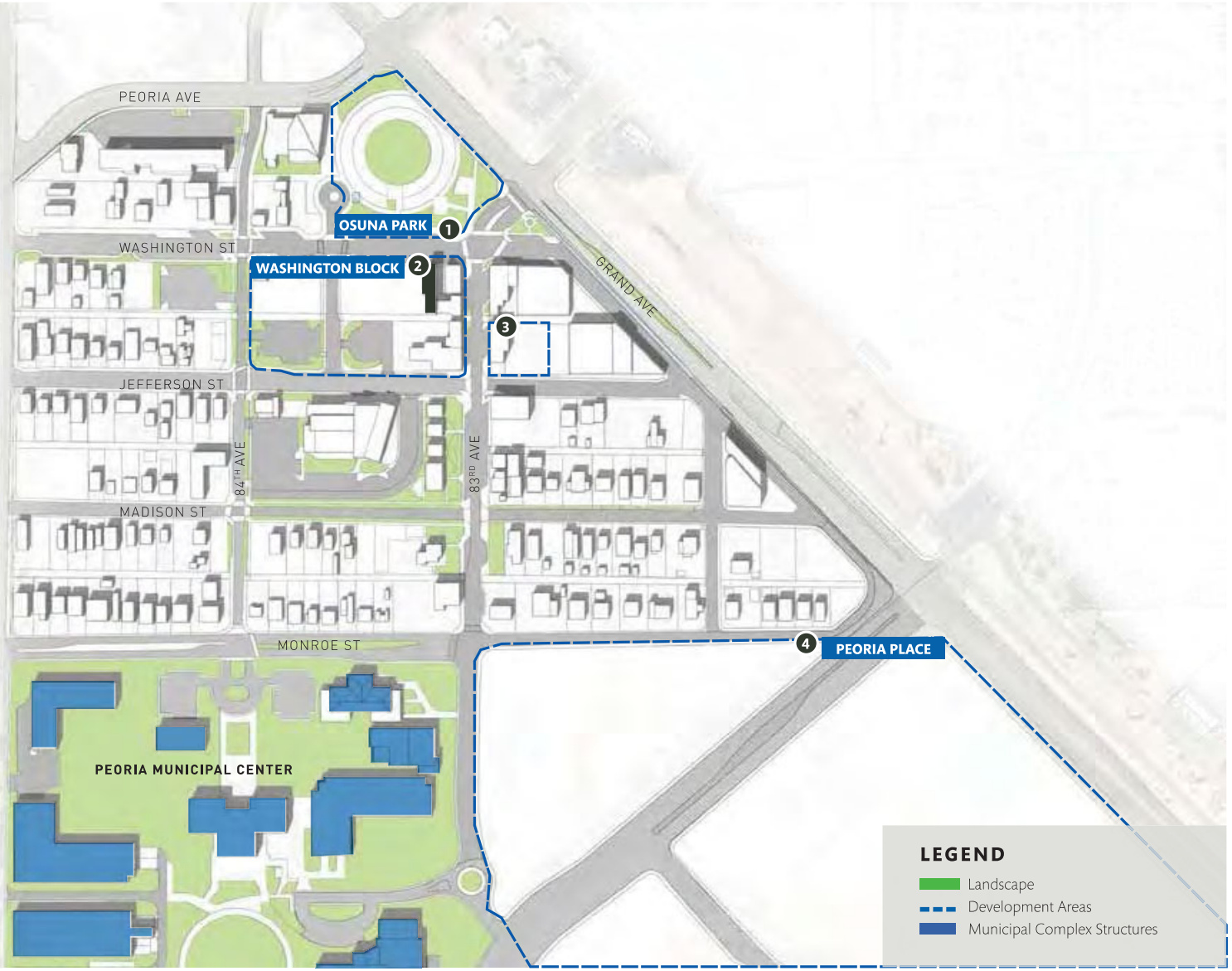
Old Town Revitalization Through Strategic Public Investment

1 Osuna Park
Identified as an opportunity zone in the Old Town Revitalization Plan

2 Washington Street Block
Block market study indicates the following:
- Food and Beverage, at a 20% market capture rate, could capture approximately 21,245 SF
- Office, at a 20% market capture rate, could capture approximately 2,500 SF
- Multi-family housing, at a 20% market capture rate could capture a minimum of 22 market rate units

3 NAPA AUTO PARTS Parcel
Parcel was identified as an appropriate location to capture 22 multi-family housing units

4 Peoria Place
Planned Area Development project directly south of Old Town featuring:
- Medical Facility
- Retail
- Industrial Business Park
- Housing



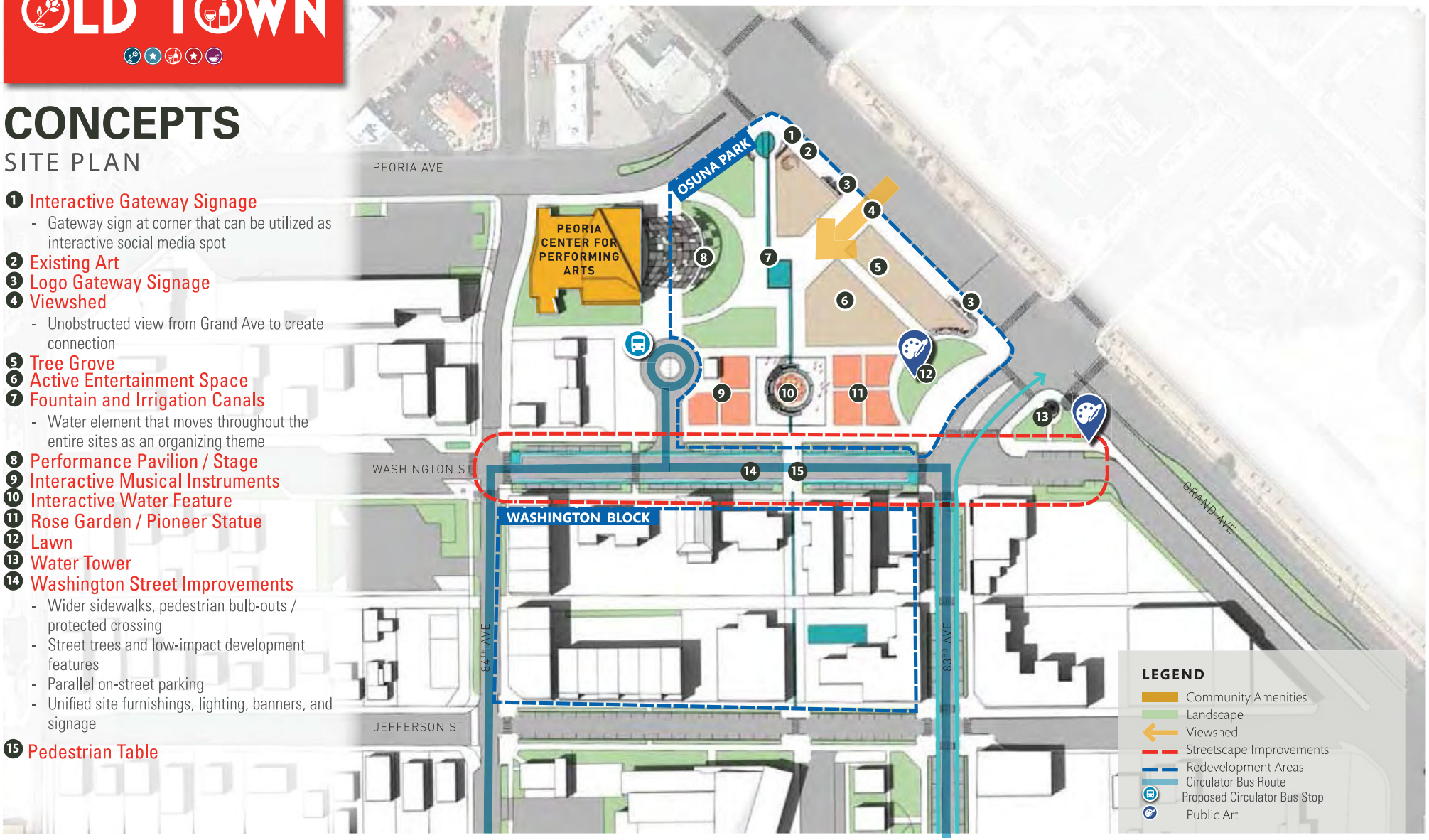
INVEST PeoriaAZ
DEKKER PERICH SABATINI

PEORIA OLD TOWN

CONCEPTS

SITE PLAN

1. Interactive Gateway Signage
   - Gateway sign at corner that can be utilized as interactive social media spot
2. Existing Art
3. Logo Gateway Signage
4. Viewshed
   - Unobstructed view from Grand Ave to create connection
5. Tree Grove
6. Active Entertainment Space
7. Fountain and Irrigation Canals
   - Water element that moves throughout the entire sites as an organizing theme
8. Performance Pavilion / Stage
9. Interactive Musical Instruments
10. Interactive Water Feature
11. Rose Garden / Pioneer Statue
12. Lawn
13. Water Tower
14. Washington Street Improvements
    - Wider sidewalks, pedestrian bulb-outs / protected crossing
    - Street trees and low-impact development features
    - Parallel on-street parking
    - Unified site furnishings, lighting, banners, and signage
15. Pedestrian Table



DRAFT

INVEST PeoriaAZ

DEKKER PERICH SABATINI

PEORIA OLD TOWN

CONCEPTS

BIG IDEAS





1 *LOGO GATEWAY SIGNAGE, LOOKING SOUTH*



INVEST PeoriaAZ

DEKKER PERICH SABATINI

PEORIA OLD TOWN

CONCEPTS

BIG IDEAS





1 *LOGO GATEWAY SIGNAGE, LOOKING WEST*



DRAFT

INVEST PeoriaAZ

DEKKER PERICH SABATINI

PEORIA OLD TOWN

CONCEPTS

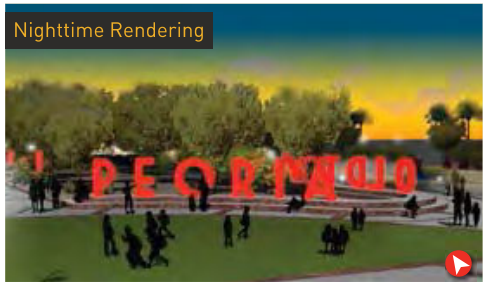
BIG IDEAS

LOGO GATEWAY SIGNAGE





1 *LOGO GATEWAY SIGNAGE, LOOKING NORTH*





2 *LOGO GATEWAY SIGNAGE, LOOKING SOUTHWEST*

INVEST PeoriaAZ

DEKKER PERICH SABATINI

PEORIA OLD TOWN

CONCEPTS

BIG IDEAS





WATER TANK GATEWAY ELEMENT

Daytime Rendering



1 WATER TOWER FEATURE CONCEPT RENDERING, LOOKING SOUTH

Nighttime Rendering



INVEST PeoriaAZ

DEKKER PERICH SABATINI

PEORIA OLD TOWN

CONCEPTS

BIG IDEAS





1 INTERACTIVE WATER FEATURE, LOOKING SOUTH EAST



PLAYFUL SEATING



SEATWALL AND FOUNTAIN FEATURE



1 INTERACTIVE WATER FEATURE, LOOKING SOUTH EAST

INVEST PeoriaAZ

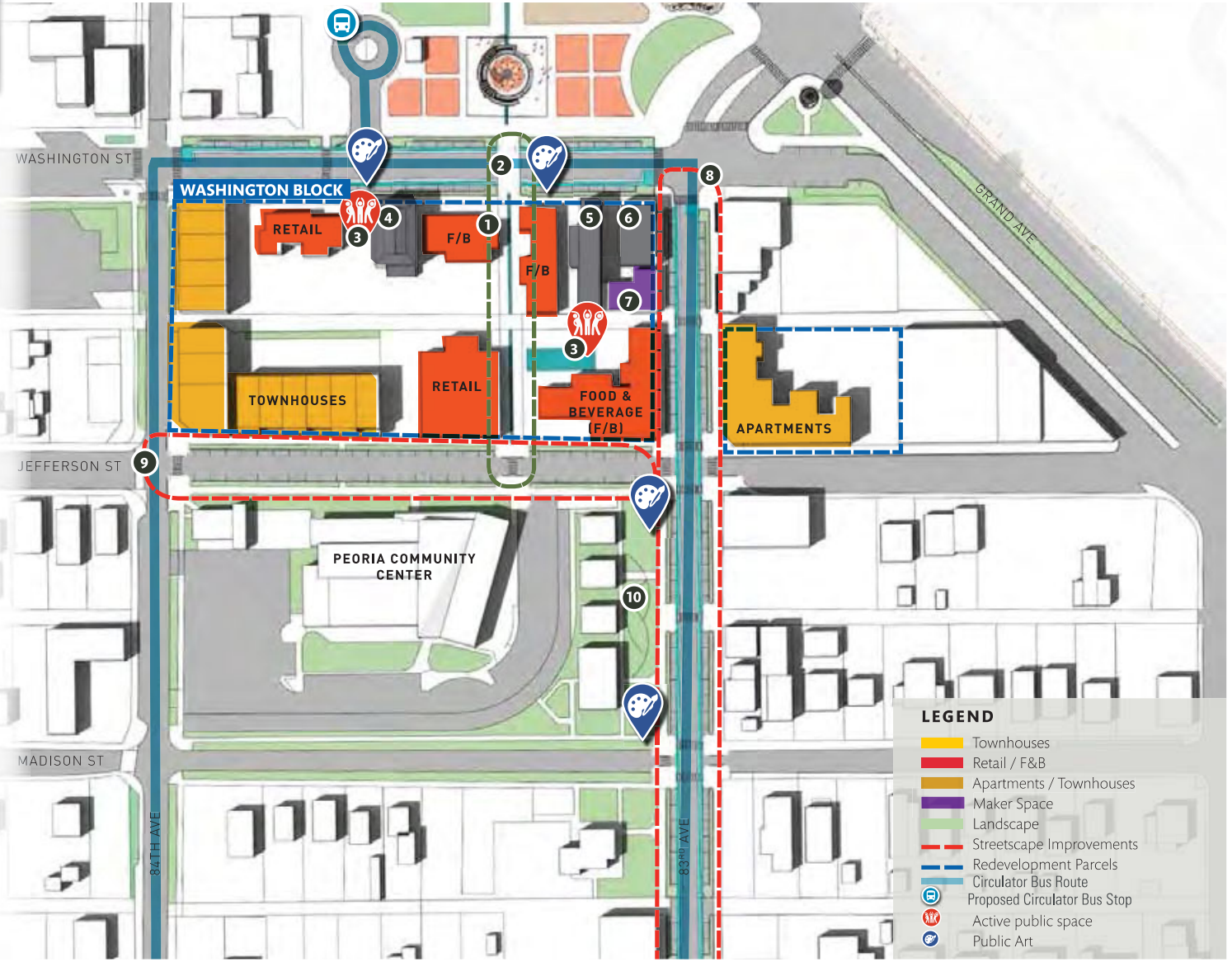
DEKKER PERICH SABATINI

PEORIA OLD TOWN

CONCEPTS

SITE PLAN

1. Pedestrian Corridor
   - Activated pedestrian zone with storefronts, food or beverage establishments which is closed off to automobile traffic
2. Pedestrian Table
3. Active Plaza
   - Activated outdoor plaza with water feature
4. Edwards Hotel
5. Fire Station # 1 Lucidi Distillery
6. Art / Tattoo
7. Maker Space / Creative Office
8. 83rd Ave Improvements
   - Wider sidewalks, pedestrian bulb-outs / protected crossings
   - Street trees and low-impact development features
   - Parallel on-street parking
   - Unified site furnishings, lighting, banners, and signage
9. Jefferson Street Improvements
   - Wider sidewalks, pedestrian bulb-outs / protected crossings
   - Street trees and low-impact development features
   - Parallel on-street parking
   - Unified site furnishings, lighting, banners, and signage
10. Historic Gardens
    - Added walkways to create connections with 83rd Ave



DRAFT

INVEST PeoriaAZ

DEKKER PERICH SABATINI

PEORIA OLD TOWN





PEDESTRIAN CORRIDOR



1 PEDESTRIAN CORRIDOR, LOOKING NORTH



DRAFT

INVEST PeoriaAZ

DEKKER PERICH SABATINI

PEORIA OLD TOWN

CONCEPTS

STREET SECTIONS



OUTDOOR DINING AND VINES



MURALS AND GAMES



STRING LIGHTS OVER MALL



ART INSTALLATION AS SHADE





RETAIL ALONG PEDESTRIAN CORRIDOR



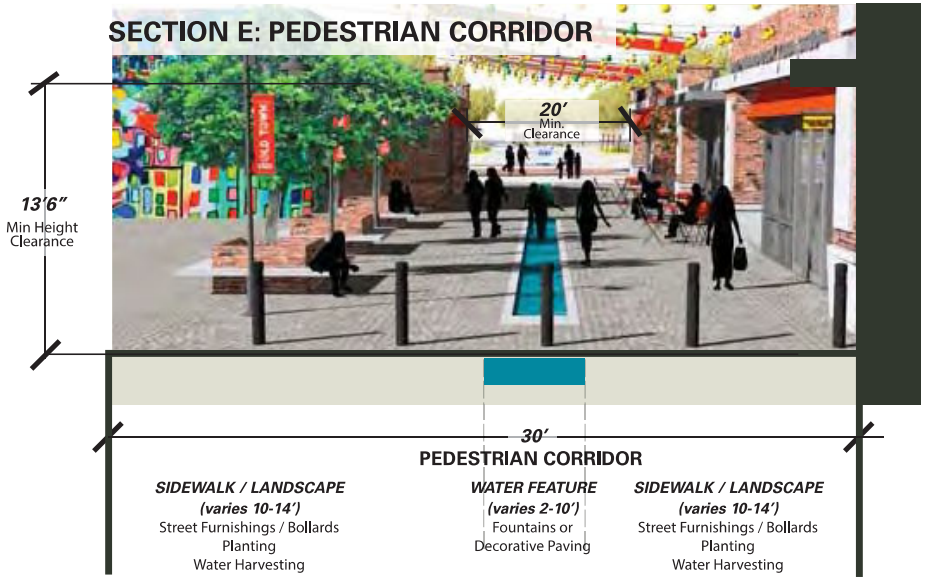
OUTDOOR PATIOS



POCKETS OF VEGETATION



VARIETY OF SEATING TYPES



INVEST PeoriaAZ

DEKKER PERICH SABATINI

PEORIA OLD TOWN

CONCEPTS

STREET SECTIONS



CANTILEVER SOLAR SHADE CANOPY



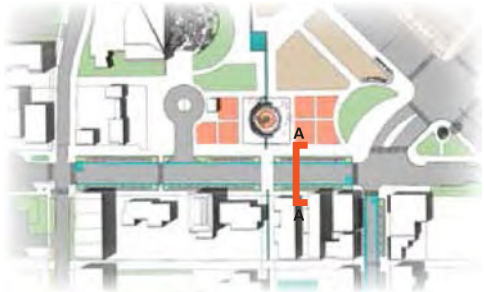
SIDEWALK BECOMES EXTENSION OF PARK



WATER HARVESTING SWALES



BENCHES @ PARK





CANARY ISLAND DATE PALM



DESERT MUSEUM PALO VERDE

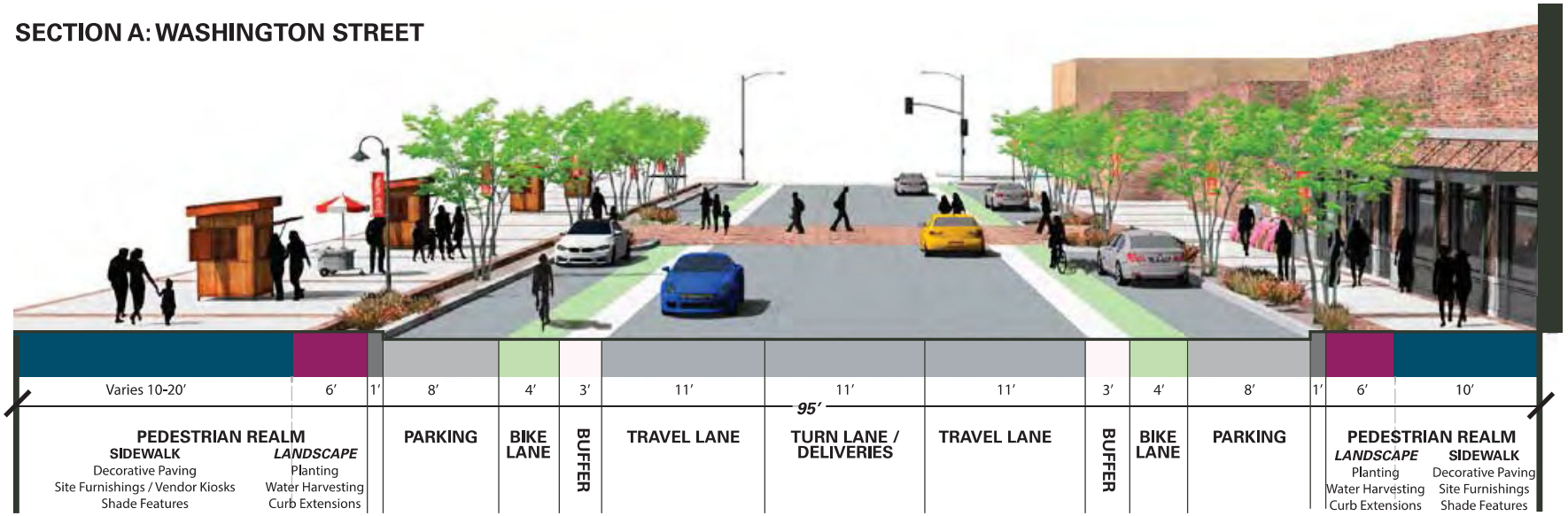


VELVET MESQUITE



DESERT DIVA DESERT WILLOW

SECTION A: WASHINGTON STREET



INVEST PeoriaAZ

DEKKER PERICH SABATINI

PEORIA OLD TOWN

CONCEPTS

STREET SECTIONS


CURB EXTENSIONS


STRING LIGHTS OVER ROAD


BUILDING AWNINGS PROVIDE SHADE


LANDSCAPE BUFFER



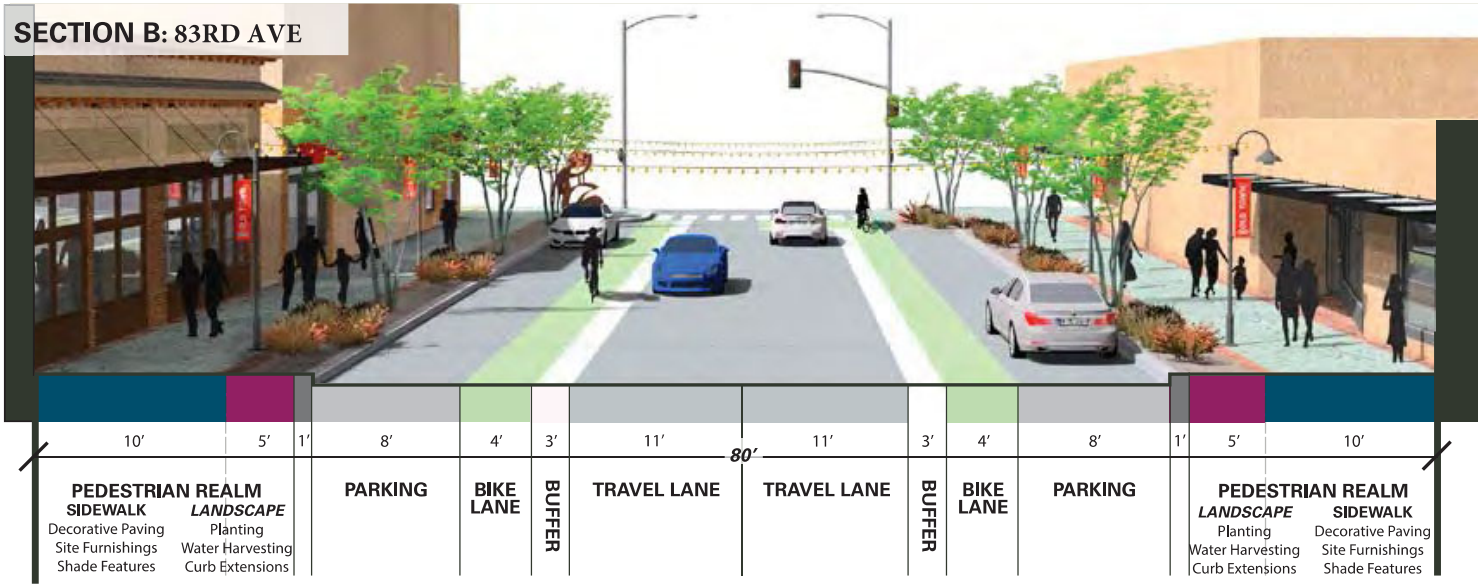

SWEET ACACIA


SOUTHERN LIVE OAK


IRONWOOD TREE


VELVET MESQUITE

SECTION B: 83RD AVE



DRAFT

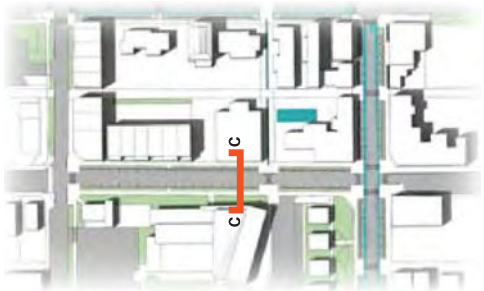
INVEST PeoriaAZ

DEKKER PERICH SABATINI

PEORIA OLD TOWN

CONCEPTS

STREET SECTIONS




VERSATILE SEATING


LANDSCAPE BUFFER AND POTS


WATER HARVESTING CURB CUTS AND DENSE PLANTING

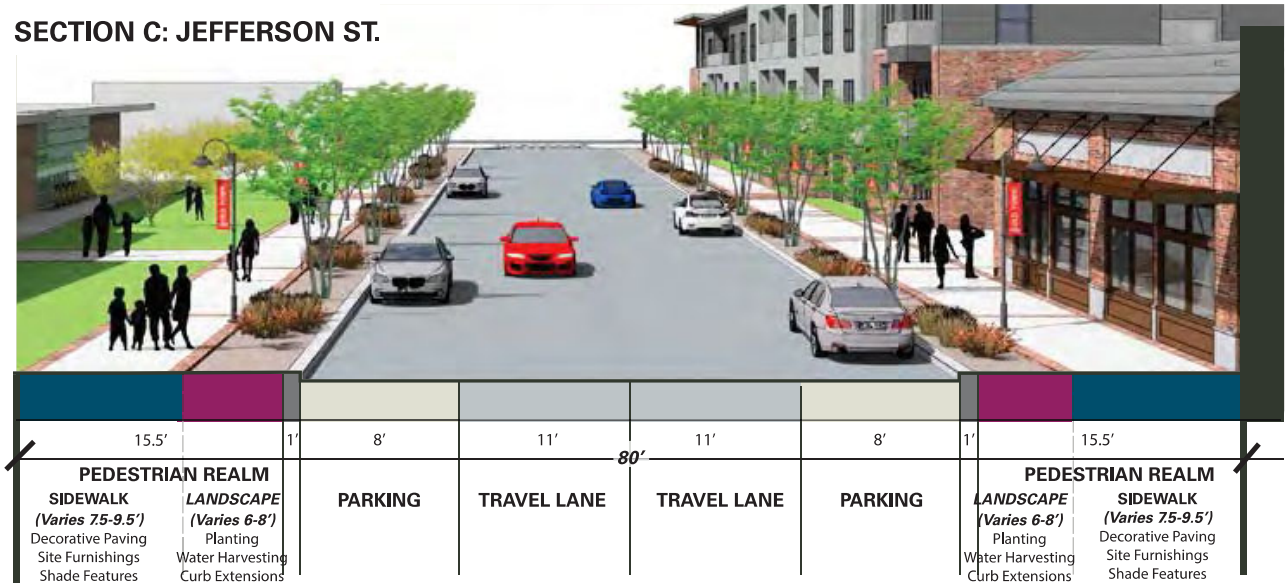

DESERT MUSEUM PALO VERDE


PALO BLANCO


IRONWOOD TREE


VELVET MESQUITE

SECTION C: JEFFERSON ST.



DRAFT

INVEST PeoriaAZ

DEKKER PERICH SABATINI

CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION

Agenda Item: 27R.

Date Prepared: 1/7/2026 Council Meeting Date: 2/10/2026

TO: Henry Darwin, City Manager

THROUGH: Mike Faust, Deputy City Manager

FROM: Maria Laughner, Economic Development Director

SUBJECT: Property Acquisition, 8443 West Washington Street, APN 142-41-050

Purpose:

Discussion and possible action to: (a) authorize the acquisition of real property located at 8443 West Washington Street - APN 142-41-050; and (b) approve a budget adjustment in the amount of $168,000 from contingency to the Economic Development Services Department's operating budget.

Summary:

The city seeks to acquire this 7,000 SF property located in Downtown Peoria to be used for city programming and/or potential development opportunities. City staff offered the property owner appraised value of $161,000 ($23/SF). The property owner has agreed to sell the property and execute a Real Estate Purchase Agreement (attached Exhibit A). Upon City Council approval of this purchase, staff will work with the seller to finalize the sale for a projected close of escrow in February 2026. Additional expenses include customary closing costs of $5,000, plus $2,000 for landscape and maintenance costs, which makes the total purchase price $168,000.

Previous Actions/Background:

- December 6, 2025 – Appraisal received
- December 22, 2025 – Title Report received

Staff Recommendation:

Staff recommends that the Mayor and City Council authorize the acquisition of the property described in the attached Agreement. Once the Real Estate Purchase Agreement is complete, authorize the City Manager to sign any documents necessary to complete the acquisition.

Staff recommends approving a $168,000 budget amendment from contingency to the Economic Development Services Department's operating budget to cover the property acquisition cost of $161,000 plus customary closing costs of $5,000, and $2,000 for annual landscaping and maintenance costs.

Fiscal Analysis:

The cost associated with the property acquisition totals $161,000 based on a recent appraisal, plus customary closing costs and landscaping/maintenance costs. If approved, acquisition will total $168,000.

This action is being paid for by available 1-time fund balance in the general fund over and above the required reserve.

ATTACHMENTS:

Exhibit A: 8443 W Washington Street PSA
Exhibit B: 8443 W Washington Street Appraisal

Contact Name and Number:
Maria Laughner, (623) 773-7338

Exhibit A

REAL ESTATE PURCHASE AGREEMENT

SELLER:	MONTE LEE RYAN AND CANDACE E. RYAN, husband and wife as community property with right of survivorship
BUYER:	CITY OF PEORIA, an Arizona municipal corporation
ESCROW AGENT:	Fidelity National Title Insurance Company
LOCATION:	8443 W. Washington Street, Peoria, AZ
ESCROW NUMBER:	GC75001335A

RECITALS

A. Monte Lee Ryan and Candace E. Ryan (the "**Seller**") are the owners of certain real property (APN 142-41-050) located at 8443 W. Washington Street, in Peoria, Arizona (the "**Property**") and described on Exhibit A hereto.

B. Seller desires to sell the Property and the City of Peoria (the "**City**") desires to purchase the Property from Seller for its appraised fair market value as set forth in Section 6 herein (the "**Purchase Price**").

C. City, in accordance with Article I, Section 3(1) of the Peoria City Charter, is authorized to purchase real property, and City's City Council has considered and approved the sale terms authorized by this Agreement.

NOW THEREFORE, in consideration of the foregoing and the mutual promises and representations contained herein, Seller and City agree as follows:

TERMS OF AGREEMENT

1. Contingencies of Sale. City and Seller acknowledge that their obligations to consummate the transaction contemplated by this Agreement are conditioned upon, among other things, City's City Council approving the terms of this agreement.

2. Agreement. Upon execution of this Real Estate Purchase Agreement (this "**Agreement**") by Seller and City, same shall constitute a binding contract between Seller and City for the purchase and sale of the Property.

3. Opening of Escrow and Close of Escrow. Escrow shall be opened when (i) one fully executed or counterparts of this Agreement executed by Seller and City, respectively, have been delivered to Escrow Agent, and (ii) City shall have deposited the Earnest Money with Escrow

Agent on or before the 2nd business day following delivery of this Agreement to Escrow Agent ("**Opening of Escrow**"). Escrow Agent shall advise Seller and City, in writing, of the Opening of Escrow and the date thereof. Unless extended pursuant to the terms of this Agreement, consummation of the purchase of the Property contemplated hereby (the "**Close of Escrow**" or "**Closing Date**") shall take place on or before the date that is ten (10) days following the expiration of the Investigation Period (as defined below) (the "**Closing Deadline**"), and shall automatically terminate without any further notices, three (3) business days following the Closing Deadline unless otherwise extended as provided in this Agreement or by mutual agreement of the parties. At or before Close of Escrow, each party shall execute and deliver such documents and perform such acts as are provided for herein. All monies and documents required to be delivered under this Agreement shall be deposited in Escrow on or before 5:00 p.m. Arizona Time on the Closing Date.

4. Title Insurance; Conveyance of Title. The Property, including all rights and privileges appurtenant to or arising from the Property, shall be conveyed by Seller to City upon Close of Escrow by Seller's warranty deed (the "**Deed**"), warranting title to the Property to be conveyed thereby to be a fee simple absolute estate free and clear of all matters, claims, liens, and encumbrances except: (i) taxes not yet due and payable at Close of Escrow (subject to proration as hereinafter provided); (ii) reservations in patents from the United States or the State of Arizona; and (iii) any other matters disclosed by the preliminary title report (or any amended report) which are deemed waived or approved by City in accordance with Subsection 9.1. Escrow Agent shall commit to issue or cause to be issued a standard coverage owner's policy of title insurance in the amount of the Purchase Price, for which Seller shall bear the cost.

5. Possession. Upon Close of Escrow, Seller shall vacate the Property and deliver possession to City, and all risk of loss of, or damage to, the Property from any source shall, at that time, pass to and become the sole responsibility of City.

6. Appraised Value; Purchase Price. The Seller has caused an appraisal of the Property to be prepared by an appraiser selected by the Seller (the "**Appraisal**"). The Purchase Price for the Property shall be based on the appraised value, which, as reflected in the Appraisal, shall be $161,000 (the "**Purchase Price**").

7. Payment of Purchase Price. The Purchase Price for the Property shall be paid by City at Close of Escrow.

8. Closing; Fees, Taxes, and Assessments; Costs.

   8.1. At Close of Escrow, a Standard ALTA Owner's Policy of title insurance shall be issued by Escrow Agent through its authorized underwriter(s) insuring City's fee simple title to the Property, subject to the usual printed exceptions contained in such title insurance policies, those matters which appear as exceptions in Schedule B of the commitment (as defined below) and which are not objected to or are waived in the manner described in said Section 9 and any other matters approved in writing by City (the "**Title Policy**"). The Premium for the Title Policy will be in the amount of the Purchase Price or such other

amount as determined by City. The cost of a standard Title Policy in the amount of the Purchase Price shall be borne by Seller. In the event City desires an American Land Title Association (ALTA) Extended Policy and/or any endorsement to the Title Policy, or to increase the liability amount of the Title Policy, the additional cost shall be borne by City, including without limitation the cost for obtaining any necessary survey or updated survey.

8.2. At Close of Escrow, the recording fees with respect to the Deed, the Affidavit of Value and any other documents to be recorded at Close of Escrow and any escrow fees and charges shall be paid equally by City and Seller. All non-delinquent real property taxes and any other assessments to or charges against the Property shall be paid by Seller prorated to Close of Escrow based upon the most recent assessments.

8.3. At Close of Escrow, Seller shall deliver the Deed, an Affidavit of Property Value, a Non-Foreign Person Affidavit, and each and every document, agreement, and/or instrument reasonably required by the Escrow Agent in connection with the Closing.

8.4. At Close of Escrow, City shall deliver the Purchase Price and all other sums to be paid by City hereunder, the Affidavit of Property Value, and each and every other document, agreement and/or instrument reasonably required by Escrow Agent in connection with the Close of Escrow.

9. City's Contingencies. City's obligation to consummate the transactions contemplated by this Agreement is subject to satisfaction of all of the following conditions precedent (which may only be waived by City in a writing signed by City or its duly authorized agent):

9.1. Status of Title. Escrow Agent, as soon as is reasonably possible after execution of this Agreement, shall provide City and Seller with a preliminary report of the title to the Property (the "**Commitment**"), disclosing all matters of record and Escrow Agent's requirements for both closing the Escrow created by this Agreement and issuing the Title Policy (the Commitment also shall be suitable to serve as the basis for issuance of an ALTA extended form coverage lender's title insurance policy). At such time as City receives the Commitment (and any amended report adding additional title exceptions) and a current ALTA/NSPS Survey of the Property (the "**Survey**"), City shall have ten (10) business days after receipt of the Commitment and the Survey to object in writing to any matter shown in the Commitment or the Survey. If City fails to object within the ten (10) business days, the condition of title to the Property shall be deemed approved by City. In the event City does object in writing to any matter disclosed in the Commitment or the Survey, Seller may, but shall not be required to attempt to remove such objection before Close of Escrow. If Seller fails to notify City within five (5) business days after receipt of such objections that Seller has elected to eliminate the objectionable matters prior to the Closing, such failure shall be deemed Seller's election not to eliminate any such matter. If Seller notified City in writing of its election not to eliminate any such objectionable matter or is deemed to have elected not to eliminate any such matter, City shall elect within five (5) business days after receipt of Seller's notice (or, if applicable, five (5) business days after the date on which Seller is deemed to have elected not to eliminate any such

matter) to either: (i) cancel this Agreement and receive the return of all Earnest Money paid, together with any interest accrued thereon; or (ii) proceed with this Agreement waiving and taking title subject to such matters. If Seller timely elects to eliminate a disapproved exception from the Commitment prior to the Closing, Seller shall be obligated to do so by either causing such disapproved exception to be eliminated entirely from the Commitment or to be endorsed over in form and substance reasonably acceptable to City.

9.2. Environmental Contamination and Assessment of Property. Seller will disclose to City, within five (5) days of Opening of Escrow, any actual knowledge or information it has regarding any current or historical environmental contamination of the Property. Notwithstanding Seller's obligation to disclose, City shall have until the expiration of the Due Diligence Period (defined below) to obtain a Phase I Environmental Assessment (the "**Assessment**"). If the Assessment indicates that a Phase II Environmental Assessment ("**Phase II**") is warranted, City will not be required to close the Escrow pending completion of the Phase II, and the Close of Escrow may be extended by sixty (60) days for City to obtain and review the Phase II. If the Phase II concludes contamination exists, City may elect to cancel this Agreement and receive the return of all Earnest Money paid, together with any interest accrued thereon. Moreover, in no event shall an "as is" clause set forth within this Agreement affect the application of federal, state or local law regarding environmental contamination and Seller's responsibility for remediating same as required under applicable federal, state and local law, including remediation that may be required after Close of Escrow.

9.3. Investigation. City shall have thirty (30) days after Opening of Escrow (the "**Due Diligence Period**") to conduct such other tests and investigations, other than those described in Subsections 9.1 and 9.2 above, as City deems in its sole discretion to be material to its determination whether the Property is suitable for City's purposes. Upon prior reasonable notice to Seller, Seller shall permit access to the Property by City to inspect and perform any such tests during the Due Diligence Period. City must obtain Seller's written consent prior to conducting any invasive testing on the Property, which consent shall not unreasonably be withheld. City shall conduct all such inspections, investigations, and tests and be responsible for returning the Property to substantially the condition in which it was prior to the time of any entry. In the event City does so notify Seller, however, Seller shall have the option to either undertake to remediate such conditions to City's reasonable satisfaction or to terminate this Agreement, whereupon City and Seller shall have no further obligations hereunder, other than liabilities or obligations arising under the indemnity provisions of Subsection 15.6. Prior to expiration of the Due Diligence Period, City may terminate this Agreement for any reason or for no reason whatsoever, in City's sole and absolute discretion, and the Earnest Money and interest accrued, will be returned to Peoria. The provisions of Section 9 shall survive Close of Escrow, execution, delivery and recordation of the Deed.

10. No Warranties. Except as otherwise set forth herein, City agrees that the Property shall be purchased in an "as-is" condition. Seller makes no warranty as to the sufficiency of the Property

for City's purposes or any purpose whatsoever, the physical condition of the Property or any work or improvements which might be required for any reason whatsoever, the square footage or acreage contained within the Property, except as expressly set forth elsewhere in this Agreement or within the separate escrow instructions included as a part of this Agreement. Nothing herein abrogates Seller's duty to disclose known material conditions affecting the Property and the consideration to be paid by City.

11. Seller's Warranties. Seller warrants and represents (with the understanding that City is relying on said warranties and representations) that the following representations and warranties are true, complete, and correct as of the date hereof, and shall be true, complete, and correct as of the Closing Date with the same force and effect as if first made at that time:

11.1. Seller's Authority. Seller has full power and authority to enter into and perform under this Agreement in accordance with its terms. Upon execution of this Agreement this Agreement shall be binding and enforceable on Seller.

11.2. Other Leases or Agreements. Seller warrants that it has not entered into any unrecorded leases or other agreements, which may affect City's ability to take title to or possession of the Property or to use the Property.

11.3. No Lawsuits. There are no actions, suits, proceedings or investigations pending or threatened with respect to or in any manner affecting Seller's ownership of the Property or otherwise affecting any portion thereof, or which will become a cloud on the title to the Property or question the validity or enforceability of the transaction contemplated herein, or which may adversely affect Seller's ability to perform hereunder.

11.4. Bankruptcy or Insolvency. Seller warrants that it is not the subject of a bankruptcy or insolvency proceeding.

11.5. Labor, Materials and Mechanics' Liens. Seller warrants that payment in full will be made prior to Close of Escrow for all labor, professional services, materials, machinery, fixtures, or tools furnished within the one hundred fifty (150) days immediately preceding the Close of Escrow in connection with any construction, alteration or repair of any improvement to or on the Property.

11.6. Compliance. Seller hereby represents and warrants that Seller:

11.6.1. Is in compliance with the U.S. Treasury Department Office of Foreign Assets Control (OFAC) sanctions and regulations promulgated under the authority granted by the Trading with the Enemy Act, 12 U.S.C. § 95 (a) *et seq.*, and the International Emergency Economic Powers Act, 50 U.S.C. § 1701, *et seq.*, as the same apply to it or its activities;

11.6.2. Is in compliance with the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001,

as amended from time to time (the "**Patriot Act**") and all rules and regulations promulgated under the Patriot Act applicable to Seller; and is not now, nor has ever been, under investigation by any governmental authority for, nor has been charged with or convicted of a crime under, 18 U.S.C. §§ 1956 or 1957 or any predicate offense thereunder; has never been assessed a civil penalty under any anti-money laundering laws or predicate offenses thereunder; has not had any of its funds seized, frozen, or forfeited in any action relating to any anti-money laundering laws or predicate offenses thereunder; has taken such steps and implemented such policies as are reasonably necessary to ensure that it is not promoting, facilitating, or otherwise furthering, intentionally or unintentionally, the transfer, deposit, or withdrawal of criminally derived property, or of money or monetary instruments which are (or which Seller suspects or has reason to believe are) the proceeds of any illegal activity or which are intended to be used to promote or further any illegal activity; and has taken such steps and implemented such policies as are reasonably necessary to ensure that it is in compliance with all laws and regulations applicable to its business for the prevention of money laundering and with anti-terrorism laws and regulations, with respect both to the source of funds from its investors and from its operations, and that such steps include the development and implementation of an anti-money laundering compliance program within the meaning of Section 352 of the Patriot Act, to the extent such a party is required to develop such a program under the rules and regulations promulgated pursuant to Section 352 of the Patriot Act.

11.6.3. Neither Seller nor any other person owning a direct or indirect, legal, or beneficial interest in Seller is in violation of the Executive Order or the Patriot Act. Neither the Seller nor any of its respective constituents, investors (direct or indirect and whether or not holding a legal or beneficial interest), or affiliates, acting or benefiting, directly or indirectly, in any capacity in connection with the Property or this Agreement or any of the transactions contemplated hereby or thereby, is: listed in the Annex to, or otherwise subject to the provisions of, that certain Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, and relating to Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit or Support Terrorism; named as a "specifically designated national" on the most current list published by OFAC at its official website (http://www.treas.gov.ofac/t11sdn.pdf) or at any replacement website or other replacement official publication of such list or that is named on any other Governmental Authority list issued post 9/11/01; or, acting, directly or indirectly, in contravention of any anti-money laundering law or terrorist organizations or narcotics traffickers, including those persons that are included on any relevant lists maintained by the United Nations, North Atlantic Treaty Organization, Financial Action Task Force on Money Laundering, OFAC, U.S. Securities and Exchange Commission, U.S. Federal Bureau of Investigation, U.S. Central Intelligence Agency, U.S. Internal Revenue Service, all as may be

amended or superseded from time to time; or (iv) owned or controlled by, or acting for or on behalf of, any person described above.

11.6.4. None of the funds or other assets of the Seller constitute property of, or are beneficially owned, directly or indirectly, by any person, entity or government subject to trade restrictions under U.S. law, including without limitation: the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 *et seq.*; The Trading with the Enemy Act, 50 U.S.C. App. 1 *et seq.*; and any Executive Orders or regulations promulgated thereunder, with the result that sale by Seller, its managing member, manager or any non-managing member (whether directly or indirectly), is prohibited by law (an "**Embargoed Person**"). No Embargoed Person has any interest of any nature whatsoever in Seller (whether directly or indirectly); and none of the funds of Seller have been derived from any unlawful activity with the result that an investment in the Seller (whether directly or indirectly) or sale by the Seller, is prohibited by law or that execution, delivery, and performance of this Agreement or any of the transactions or other documents contemplated hereby or thereby is in violation of law.

11.7. During the period from the Effective Date until the Closing Date, Seller shall:

11.7.1. Be permitted to enter into any agreements with respect to all or any portion of the Property provided that such agreements expire by their terms on or prior to the Closing Date or, in accordance with their terms, would not be effective following the Closing Date;

11.7.2. Maintain in full force and effect the insurance policies currently in effect with respect to the Property (or replacements continuing similar coverage);

11.7.3. Operate and manage the Property in a manner consistent in all material respects with past practice but in any event shall perform its obligations under all agreements of Seller relating to the Property in all material respects;

11.7.4. Promptly deliver to City copies of all written notices of violations and promptly notify City of all judgments, claims and litigation affecting Seller or any part of the Property;

11.7.5. Promptly notify City of the institution of any litigation, arbitration, administrative hearing before any court or governmental agency concerning or affecting the Seller and/or the Property and of any such proceedings which are to Seller's knowledge threatened after the date hereof;

11.7.6. Promptly after the delivery or receipt thereof, deliver to City copies of all notices concerning Seller or the Property, which relate to any relevant assumed contracts, leases, releases of Hazardous Materials affecting the Property, any actual or threatened condemnation of the Property or any portion thereof given by or on behalf of any federal, state, or local agency, and copies of all other

correspondence sent, filed, served on, or received by Seller from any federal, state, or local agency affecting the Property from and after the Effective Date;

11.7.7. Not settle or compromise or agree to any settlement or compromise of any insurance or condemnation claim or award without the prior written consent of City, which may be granted or withheld in City's sole and absolute discretion except in the case of an emergency; and,

11.7.8. Pay all utility and other service charges accrued through the Closing Date.

11.8. During the period from the Effective Date until the Closing Date, Seller shall not, to the extent the same would be binding on or affect the Property or any owner thereof after the Closing, without City's prior written approval, which approval may be given or withheld in its sole and absolute discretion:

11.8.1. Enter into any new lease, submit or consider any proposal for a new lease, terminate any lease, or amend or modify any lease;

11.8.2. Enter into any new brokerage agreement;

11.8.3. Enter into any new service contracts;

11.8.4. Affirmatively (whether by action or inaction) subject the Property to any additional liens, encumbrances, covenants, or easements;

11.8.5. Enter into any agreement which would require the consent of a third party to consummate for the transactions contemplated by this Agreement;

11.8.6. Sell, transfer, encumber, or change the status of title of all or any portion of the Property;

11.8.7. Change or attempt to change, directly or indirectly, the current zoning of the Property;

11.8.8. Cancel, amend, or modify any certificate, approval, license, or permit held by Seller with respect to the Property or any part thereof which would be binding upon City after the Closing; or,

11.8.9. Take any action in respect of any litigation or proceeding in respect of the Property which shall have a material adverse effect on the Property; provided, however, nothing shall preclude Seller from filing appropriate pleadings prior to the answer date or pursuant to an order of the court or administrative body. If Seller shall take any action in respect of any litigation or proceeding in respect of the Property, Seller shall indemnify and hold harmless City from and against any and all loss, liabilities, costs, damages, expenses, assessments, and penalties (including without

limitation, attorneys' fees) incurred by City as a result of any such litigation or proceeding. The foregoing indemnity shall survive the Closing without any restriction or limitation.

12. City's Representations and Warranties. City warrants and represents, (with the understanding that Seller is relying on said warranties, representations, and covenants) that City has full power and authority to enter into and perform this Agreement in accordance with its terms.

13. Brokerage. Seller shall bear the cost of any brokerage commissions.

14. Remedies.

14.1. In the event of default by City of any provision of this Agreement that is not cured during the Cure Period, Seller's sole remedy shall be to cancel this Agreement and to retain the Earnest Money (together with all accrued interest) as liquidated damages; Seller and City agree that it would be impractical or extremely difficult to fix actual damages in case of City's default; that the amount of the Earnest Money deposit paid by City is a reasonable estimate of Seller's damages in case of City's default; and that Seller shall retain said Earnest Money as its damages and, thereafter, neither party shall have any further obligations to the other under this Agreement.

14.2. In the event of default by Seller under this Agreement City may elect (i) to cancel this Agreement by written notice to Seller and Escrow Agent, in which event Escrow Agent shall return to City all Earnest Money (plus any accrued interest earned thereon), together with all other documents City has deposited with Escrow Agent in connection with this Escrow, in which case City and Seller shall have no other rights or obligations under this Agreement or (ii) proceed with whatever actions City may deem necessary in order to enforce the rights available to City under this Agreement, at law or in equity, including the right to seek specific performance of this Agreement or to recover its actual damages from Seller not to exceed the amount of the Earnest Money deposit.

15. Miscellaneous. The following additional provisions apply to this Agreement:

15.1. Effective Date of Agreement. The date of this Agreement shall for all purposes be the date of the signature of the last party to sign this Agreement.

15.2. Survival of Representations and Warranties. All representations and warranties contained in this Agreement are true on and as of the date so made, will be true in all material respects on and as of the Closing Date, and will survive Close of Escrow and execution, delivery, and recordation of the Deed. In the event that any representation or warranty by a party is untrue, the other party shall have all rights and remedies available at law, in equity, or as provided in this Agreement.

15.3. Appurtenant Rights. At Close of Escrow, Seller shall, without further act, be deemed to have assigned, transferred, conveyed, and set over unto City all grandfathered water rights, easement rights and other appurtenant rights, if any, with respect to the Property.

15.4. No Assumption of Seller's Liabilities. City is acquiring only the Property from Seller and is not the successor of Seller. City does not assume, agree to pay, or indemnify Seller or any other person against any liability, obligation, or expense of Seller, or relating in any way to the Property.

15.5. Condemnation; Risk of Loss. In the event of the condemnation (or sale in lieu of condemnation) of any part of the Property prior to Close of Escrow, City shall have the right either: (i) to cancel this Agreement by written notice to Seller and Escrow Agent in which event there shall be returned to City the Earnest Money and all interest thereon, all documents shall be returned to the party who deposited them and thereafter this Agreement shall be of no further force or effect whatsoever, or (ii) to proceed with this transaction, in which event City shall be entitled to receive all proceeds of the condemnation (or sale in lieu of condemnation).

15.6. Indemnification and Liabilities. Seller will pay, defend, indemnify and hold harmless City and its City Council members, officers, and employees from and against all claims, demands, fines, penalties, costs, expenses, damages, losses, obligations, judgments, liabilities, and suits (including attorneys' fees, experts' fees and court costs associated with such matters; all of the foregoing, collectively, "**Claims**") that arise in whole or in part from, or relating to the acts of Seller or Seller's agents in connection with, any element of the Project (the, "**Indemnity**"). Such Indemnity shall survive the expiration or earlier termination of this Agreement. The indemnification set forth in this Subsection 15.6 shall not apply to the extent such Claims arise from or relate solely to the grossly negligent or intentional acts of the City and its City Council members, officers, or employees. If the City and its City Council members, officers, or employees are made defendant(s) in any action, suit or proceeding brought by a third party by reason of any of the occurrences described in this Subsection 15.6, Seller shall at its own expense: (i) resist and defend such action suit or proceeding or cause the same to be resisted and defended by counsel designated by Seller and reasonably approved by the City; and (ii) if any such action, suit or proceeding results in a final judgment against the indemnified party, Seller promptly shall satisfy and discharge such judgment or shall cause such judgment to be promptly satisfied and discharged. Except as explicitly provided in this Agreement, the City does not assume any liability, obligation, or responsibility of the Seller arising from or in connection with the Property. This includes, without limitation, any financial obligation, contractual commitment, or legal responsibility. The Seller shall remain solely responsible for all liabilities and obligations related to the Property arising or accruing before the Close of Escrow, including but not limited to unpaid property taxes, utility charges, assessments, and any liens or encumbrances. The City shall not be liable for any such pre-closing liabilities, nor shall the City be required to cure any such issues. Seller agrees to indemnify, defend, and hold harmless the City from and against any claims, demands, liabilities, costs, or expenses (including attorneys' fees) arising from or

related to any and all obligations, liabilities, or debts pertaining to the Property that accrued or were incurred by Seller prior to the Close of Escrow. The provisions of this Subsection 15.6 shall survive Close of Escrow, any early termination of this Agreement, and execution, delivery, and recordation of the Deed.

15.7. Amendments and Interpretation, No Oral Modification. This Agreement may not be changed, modified, or rescinded, except by a formal writing executed by both Parties. From time to time, Seller and City (acting through its City Manager or the City Manager's designee) may, by mutual written agreement, refine, amend, revise, change, or correct any part of this Agreement as the City and Seller deem necessary or preferable.

15.8. Severability. If any term, condition, covenant, stipulation, agreement, or provision in this Agreement is held to be invalid or unenforceable for any reason, the invalidity of any such term, condition, covenant, stipulation, agreement, or provision shall in no way affect any other term, condition, covenant, stipulation, agreement, or provision of this Agreement.

15.9. No Partnership. This Agreement shall not be construed as creating a joint venture, partnership, or any other joint arrangement between Seller and City.

15.10. Further Instruments and Documents. Each Party hereto shall, promptly upon the request of the other Party, acknowledge and deliver to the other Party any and all further instruments reasonably requested or appropriate to evidence or give effect to the provisions and intent of this Agreement.

15.11. Payment and Proration. (i) Seller shall pay, in full and at Closing, any existing improvement lien assessments on or relating to the Property unless otherwise agreed by the parties; and (ii) Escrow Agent shall pro-rate taxes on the basis of the latest available tax statement.

15.12. Time is of the Essence. Time is hereby declared to be of the essence for the performance of all conditions and obligations under this Agreement.

15.13. Waiver. Failure of any party to exercise any right, remedy, or option arising out of a breach of this Agreement shall not be deemed a waiver of any right, remedy, or option with respect to any subsequent or different breach, or the continuance of any existing breach.

15.14. Notices. Notices hereunder (each, a "**Notice**") shall be given in writing delivered to the other Party or other applicable person or entity, or mailed by registered or certified mail, return receipt requested, postage prepaid, or by FedEx or other reliable overnight courier service that confirms delivery. With respect to the Parties, a Notice shall be addressed to a Party as follows:

To City:

Henry Darwin, City Manager
City of Peoria
8401 West Monroe Street
Peoria, Arizona 85345

With a copy to:

Emily Jurmu, City Attorney
City's Counsel: City of Peoria
8401 West Monroe Street
Peoria, Arizona 85345

To Seller:

Monte Lee Ryan and Candace E. Ryan
8443 West Washington Street
Peoria, Arizona 85345

Service of any Notice by mail in accordance with the foregoing shall be deemed to be complete three (3) Working Days (excluding Friday, Saturday, Sunday, and legal holidays) after the Notice is deposited in the United States mail. Service of any Notice by overnight courier in accordance with the foregoing shall be deemed to be complete upon receipt or refusal to receive.

15.15. Integration Clause. This Agreement including without limitation its exhibits and attachments, constitutes the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all other written or verbal agreements between the Parties with respect to the Project.

15.16. Construction/Interpretation. Whenever the context of this Agreement requires, the singular shall include the plural, and the masculine shall include the feminine. The captions and section headings used in this Agreement are for convenience and reference only and are not intended to define, limit, or describe the scope or intent of any provision of this Agreement. The term "person" shall include an individual, corporation, partnership, trust, estate, or any other entity. Both Parties have participated in the drafting of this Agreement, and this Agreement was negotiated on the basis that it shall be construed according to its plain meaning and neither for nor against either Party, regardless of their respective roles in preparing this Agreement. The terms of this Agreement were established in light of the plain meaning of this Agreement and this Agreement shall therefore be interpreted according to its plain meaning and without regard to rules of interpretation, if any, that might otherwise favor Seller or City.

15.17. Recitals. The Recitals set forth on Page 1 of this Agreement are incorporated herein as though fully set forth herein.

15.18. Section Headings. The section headings contained herein are for convenience in reference and are not intended to define or limit the scope of any provision of the Agreement.

15.19. No Third-Party Beneficiaries. No person or entity shall be a third-party beneficiary to the Agreement nor have any right or cause of action hereunder. City shall have no liability to third parties for any approval of plans, Seller's negligence, Seller's failure to comply with the provisions of this Agreement, or otherwise as a result of the existence of this Agreement.

15.20. Exhibits. All exhibits attached hereto as specified herein are hereby incorporated into and made an integral part of this Agreement for all purposes.

15.21. Days. If the last day of any time period stated in this Agreement or the date on which any obligations to be performed under this Agreement falls on a Friday, Saturday, Sunday or legal holiday, then the duration of such time period or the date of performance, as applicable, shall be extended so that it shall end on the next succeeding day which is not a Friday, Saturday, Sunday or legal holiday.

15.22. Attorneys' Fees. If legal action is brought by a Party because of a breach of this Agreement or to enforce a provision of this Agreement, the prevailing Party is entitled to reasonable attorney fees and costs as determined by the court or other decision maker.

15.23. Choice of Law. This Agreement shall be deemed to be made under, shall be construed in accordance with, and shall be governed by the laws of the State of Arizona.

15.24. Venue & Jurisdiction. Legal actions regarding and related to this Agreement shall be instituted in the Superior Court of the County of Maricopa, State of Arizona, or the Federal District Court in the District of Arizona sitting in Maricopa County. City and Seller agree to the exclusive jurisdiction of such courts. Claims by Seller shall comply with time periods and all other requirements of City's claims procedures from time to time.

15.25. Waiver of Jury Trial. The Parties expressly waive trial by jury in any action, proceeding or counterclaim brought by either of them against the other, on any matter whatsoever arising out of or any way connected with this Agreement or their relationship arising hereunder.

15.26. No Liability of City Officials. Notwithstanding any other language in this Agreement, no City Council Member, officer, director, trustee, partner, principal, member, employee, agent, affiliate, official, representative, agent, attorney, or employee of the City shall be personally liable to Seller, or to any successor in interest to Seller, in any way whatsoever including without limitation in the event of Default by the City, for any amount that may become due to Seller or its successors, or with respect to any obligation of the City under the terms of the Agreements.

15.27. Counterparts; Termination. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall be deemed to be one and the same instrument. In the event of any termination of this Agreement, the Lease shall be terminated concurrently, and the Parties shall have no obligations to each other except for any obligations that are stated to survive termination of this Agreement or the Lease.

15.28. Arizona Law Provisions. To the extent required by Arizona State law:

15.28.1. No member, official, or employee of City shall have any direct or indirect interest in this Agreement, nor participate in any decision relating to this Agreement, that is prohibited by law. This Agreement shall be subject to cancellation pursuant to the provisions of A.R.S. § 38-511 relating to conflicts of interest.

15.28.2. Seller certifies that it is not currently engaged in, and agrees for the duration of this Agreement that it will not engage in a "boycott," as that term is defined in § 35-393, Arizona Revised Statutes, of Israel.

15.28.3. To the extent applicable under A.R.S. § 41-4401, Seller warrants compliance with all federal immigration laws and regulations that relate to their employees and contractors and their compliance with the E-Verify requirements under A.R.S. § 23-214(A). The failure by Seller to comply with such warranty shall be deemed a material breach of this Agreement and may result in the termination of this Agreement by the City.

15.28.4. To the extent applicable under A.R.S. § 35-394, Seller hereby certifies it does not currently, and for the duration of this Agreement shall not use: (a) the forced labor of ethnic Uyghurs in the People's Republic of China, (b) any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China, and (c) 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.

[Signatures Appear on Following Pages]

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates set forth below.

BUYER**:**

CITY OF PEORIA, an Arizona municipal corporation

Date: _____ By: _____
Henry Darwin, City Manager

ATTEST:

By:_____
Agnes Goodwine, City Clerk

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY

By:_____
Emily Jurmu, City Attorney

LCON_____

SELLER**:**

MONTE LEE RYAN, husband

By: _____

Date: _____ Name:

ACKNOWLEDGMENT

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this _____ day of _____, 2026, before me, a Notary Public, personally appeared Monte Lee Ryan, husband, known to me or satisfactorily proven to be the person whose name is subscribed to this instrument and acknowledged that they have executed the same. If this person's name is subscribed in a representative capacity, it is for the seller named and in the capacity indicated.

_____
Notary Public

[Seal]

SELLER**:**

CANDACE E. RYAN, wife

By: _____

Date: _____ Name:

ACKNOWLEDGMENT

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this _____ day of _____, 2026, before me, a Notary Public, personally appeared Candace E. Ryan, wife, known to me or satisfactorily proven to be the person whose name is subscribed to this instrument and acknowledged that they have executed the same. If this person's name is subscribed in a representative capacity, it is for the seller named and in the capacity indicated.

_____
Notary Public

[Seal]

EXHIBIT A

Legal Description of the Property

For APN/Parcel ID(s): 142-41-050

Lot 5, of PEORIA, according to the plat of record in the office of the Maricopa County Recorder, in Book 3 of Maps, Page 62.

DATE OF REPORT

December 6, 2025

DATE OF VALUE

December 4, 2025

AN APPRAISAL REPORT OF

A 7,000 Square Foot Vacant Lot Located
On The South Side Of Washington Street,
200 Feet West Of 84th Avenue,
Peoria, Arizona

PREPARED FOR

Dina Mathias
Program Manager, Economic Development Services
City Of Peoria
9875 North 85th Avenue
Peoria, Arizona 85345

PREPARED BY

Karl Baltutat, MAI
Certified General Real Estate Appraiser #30044
Karl Baltutat Valuation Services, LLC
15909 South 11th Way
Phoenix, Arizona 85048
KBVS Job No. 25-547

December 6, 2025

KARL BALTUTAT
VALUATION SERVICES, LLC

Dina Mathias
Program Manager
Economic Development Services
City of Peoria
9875 North 85th Avenue
Peoria, Arizona 85345

Re: A 7,000 square foot vacant lot located on the south side of Washington Street, 200 feet west of 84th Avenue, Peoria, Arizona

Dear Ms. Mathias:

At your request, an Appraisal Report has been prepared to develop an opinion of the market value of the fee simple interest in the above referenced property. The client and intended user of this appraisal is the City of Peoria. The intended use of this report is to assist the client/intended user in possible negotiations to purchase the subject property. The analyses, opinions, and conclusions were developed, and this report has been prepared in conformance with my interpretation of the guidelines and recommendations set forth in the 2024-2025 edition of the Uniform Standards of Professional Appraisal Practice, and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. The appraised property was inspected on December 4, 2025, which represents the effective date of valuation.

After considering all facts available, subject to the underlying assumptions and limiting conditions included, it has been concluded, the fee simple interest in the subject property, had a market value, as of December 4, 2025, of:

ONE HUNDRED SIXTY-ONE THOUSAND DOLLARS
($161,000)

Sincerely,

Karl Baltutat

Karl Baltutat, MAI
State of Arizona Certified
General Real Estate Appraiser #30044

TABLE OF CONTENTS

PREFACE

EXECUTIVE SUMMARY 1

SCOPE OF WORK 2

UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS 7

CERTIFICATION 9

INTRODUCTION

MARICOPA COUNTY 12

NEIGHBORHOOD 23

PROPERTY ANALYSIS 29

HIGHEST AND BEST USE 36

VALUATION ANALYSIS

SALES COMPARISON APPROACH 45

ADDENDA

EXHIBIT A - OLD TOWN MIXED-USE DISTRICTS ZONING

EXHIBIT B - OLD TOWN PEORIA CONCEPTUAL DESIGN

EXHIBIT C - QUALIFICATIONS AND STATE CERTIFICATIONS

PREFACE

EXECUTIVE SUMMARY

PROPERTY IDENTIFICATION	A 7,000 square foot vacant lot located on the south side of Washington Street, 200 feet west of 84th Avenue, Peoria, Arizona
ASSESSOR'S PARCEL NO.	142-41-050
OWNER OF RECORD	Monte Lee Ryan and Candice E. Ryan
DATE OF REPORT	December 6, 2025
DATE OF INSPECTION/ EFFECTIVE DATE	December 4, 2025
VALUE(S) DEVELOPED	Market value
INTEREST APPRAISED	Fee simple interest
CLIENT/INTENDED USER/ INTENDED USE	The client and intended user of this appraisal is the City of Peoria. The intended use of this report is to assist the client/intended user in possible negotiations to purchase the subject property.
ZONING	CCM, Commercial Core Mixed-Use, Peoria
HIGHEST AND BEST USE	Hold as an investment for future commercial and/or residential oriented development
VALUE OPINION	***$161,000***
ESTIMATED MARKETING/ EXPOSURE PERIODS	Six months, or less

SCOPE OF WORK

PROPERTY IDENTIFICATION

The subject property involves a 7,000 square foot vacant lot located on the south side of Washington Street, 200 feet west of 84th Avenue, Peoria, Arizona. The subject property is legally described as:

> *Lot 5, of PEORIA, according to the plat of record in the office of the Maricopa County Recorder, in Book 3 of Maps, Page 62.*

The subject property may also be identified as Maricopa County Assessor's tax parcel numbers 142-41-050. On the following page is an aerial photo from the Maricopa County Assessor's office, showing a zoomed-in view of the subject property, and an aerial photo from Google Earth, showing a zoomed-out view of the subject property within the surrounding area.

TYPE OF APPRAISAL/PROPERTY RIGHTS/DEFINITIONS OF VALUE

This Appraisal Report has been prepared to develop an opinion of the market value of the fee simple interest in the subject property. The following terminology details the type of appraisal prepared, the property rights being appraised, and the opinion of value to be developed.

Appraisal

Appraisal is defined as, "The act or process of developing an opinion of value; an opinion of value. Of or pertaining to appraising and related functions such as appraisal practice or appraisal services."[1]

Appraiser

Appraiser is defined as, "One who is expected to perform valuation services competently and in a manner that is independent, impartial, and objective."[2]

---

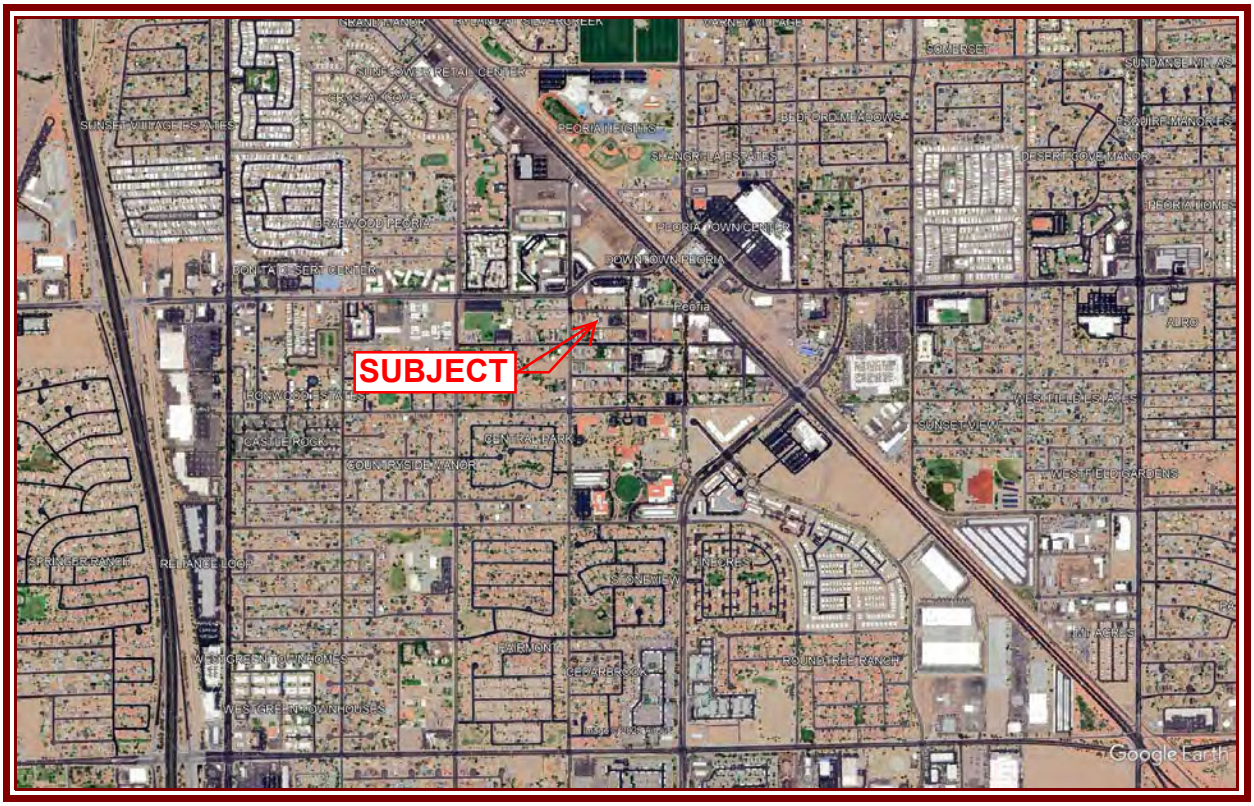
[1] *The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice, 2024-2025 Edition, p. 3*

[2] *The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice, 2024-2025 Edition, p.3*

MARICOPA COUNTY ASSESSOR AERIAL



GOOGLE EARTH AERIAL - ZOOMED OUT VIEW



Extraordinary Assumption

"An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis, which if found to be false, could alter the appraiser's opinions or conclusions. Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."[3]

Fee Simple Estate

Fee simple estate means "absolute ownership unencumbered by any other interest or estate, subject only to the limitations of imposed by the governmental powers of taxation, eminent domain, police power, and escheat."[4]

Hypothetical Condition

"A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."[5]

Market Value

Market Value means, "the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements which the property would bring if exposed for sale in the open market, with reasonable time allowed in which to find a purchaser, buying with knowledge of all of the uses and purposes to which it was adapted and for which it was capable."[6]

CLIENT/INTENDED USER/INTENDED USE

The client and intended user of this appraisal is the City of Peoria. The intended use of this report is to assist the client/intended user in possible negotiations to purchase the subject property.

---

[3] *The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice, 2024-2025 Edition, p.4*

[4] *Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th ed., p. 73*

[5] *The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice, 2024-2025 Edition, p. 4*

[6] *Arizona Revised Statute §28-7091*

DATE OF INSPECTION/EFFECTIVE DATE OF VALUE

The subject property was inspected on December 4, 2025, which represents the effective date of valuation.

ASSIGNMENT CONDITIONS

The analyses, opinions, and conclusions were developed, and this report has been prepared in conformance with, my interpretation of the guidelines and recommendations set forth in the 2024-2025 edition of the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

DATA CONSIDERED

Various data sources were utilized such as, U.S. Department of Commerce and Bureau of Census, Arizona Department of Economic Security, ABC Demographics, Realty Rates, Arizona State University Center for Real Estate Theory, Phoenix Blue Chip Forecast, Co-Star Realty Group, Vizzda, Apartment Insights, Annual and Quarterly studies from several major brokerages (CBRE, Cushman & Wakefield, Colliers International, Marcus & Millichap), Arizona Multiple Listing Service, RL Brown, Federal Emergency Management Agency (FEMA), and government offices of the State of Arizona, Maricopa and Pinal counties and local municipalities. These sources provided pertinent information pertaining to demographic, economic, governmental, and environmental characteristics of the region and the neighborhood in which the subject is located. Additionally, these sources provided relevant information regarding historical and projected supply, demand, and absorption trends affecting the metropolitan Phoenix real estate market and the subject's submarket. All market data were confirmed and information relating to the real estate market was gathered via examination of public records, as well as interviews with market participants, such as buyers, sellers, and real estate agents.

The description of the subject property is based on inspection of the property and a review of public records. Within the inspection and research conducted, attempts were made to become familiar with the general neighborhood, and any future planned uses or developments which could have an impact on the subject property and the immediate area.

VALUATION ANALYSIS

Given the subject involves vacant land, only the Sales Comparison Approach to value has been employed.

HISTORY OF THE SUBJECT PROPERTY

Standards Rule 1-5 of the Uniform Standards of Professional Appraisal Practice (USPAP) states: “In developing a real estate appraisal, when the value opinion to be developed is market value, an appraiser must, if such information is available to the appraiser in the normal course of business:

> *(a) analyze all agreements of sale, options, or listings of the subject property current as of the effective date of the appraisal; and*
>
> *(b) analyze all sales of the subject property that occurred within the three (3) years prior to the effective date of the appraisal.”*

The subject has been owned for over three years by current ownership (Monte Lee Ryan and Candice E. Ryan). Based on a review of Co-Star Realty and Arizona MLS, as well as observations during inspection where a listing sign was not observed on the property, the subject does not appear to be currently listed for sale.

UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

1. Title to the property is assumed to be good and merchantable.

2. The legal description utilized in this report is assumed to be correct.

3. No responsibility is assumed for legal matters affecting the properties, such as title defects, liens, overlapping boundaries, etc.

4. Responsible ownership and competent management exists for the property.

5. Full compliance with all applicable federal, state, and local environmental regulations and laws, and with all applicable zoning and use regulations, is assumed unless non-compliance or non-conformity is stated, defined, and considered in the appraisal report.

6. No liability is assumed on account of inaccuracy or errors in any information furnished by others contacted at the site or elsewhere and which were used in making this appraisal.

7. I have not made a survey of the property analyzed for purposes of this appraisal.

8. There are no hidden or unapparent conditions of the property, subsoil, hydrology, chemical contamination or structures, which would render it more or less valuable. Hidden defects within materials of the structure, or in areas unaccessible at the time of inspection, are not the responsibility of the appraiser.

9. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser, however, is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser suggesting the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. The presence, if any, of potentially hazardous materials may affect the value of the property. The opinion of value is predicated on the assumption there is no such material on or in the property which would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process. Should the client have concerns over the existence of hazardous waste substances on the property, I consider it imperative to retain the services of a qualified, independent engineer or contractor to determine the existence and extent of any hazardous materials, as well as the cost associated with any required or desirable treatment/removal thereof.

10. The writer of the report will not be required to give testimony or appear in court because of having made this appraisal, with reference to the property in question, unless arrangements have been previously made.

11. The Client is the party or parties who engage an appraiser (by employment or contract) in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment.

12. The opinion of value contained herein applies as of the date of this appraisal only.

EXTRAORDINARY ASSUMPTIONS/HYPOTHETICAL CONDITIONS

- None

CERTIFICATION

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.

2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.

3. I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.

4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.

6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

7. The analyses, opinions, and conclusions were developed, and this report has been prepared in conformance with, my interpretation of the guidelines and recommendations set forth in the 2024-2025 edition of the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

8. Use of the report is subject to the professional requirements of the Appraisal Institute relating to review by its duly authorized representatives.

9. I have currently completed the requirements under the continuing education program of the Appraisal Institute.

10. I have made a personal inspection of the subject property.

11. No one provided professional assistance to the person signing this report.

12. I have the appropriate knowledge, education and experience to complete this appraisal assignment in a competent manner and have appraised properties of similar type. The reader is referred to the appraiser's Qualifications in the Addenda.

13. I have performed no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Karl Baltutat

Karl Baltutat, MAI
State of Arizona Certified
General Real Estate Appraiser #30044

INTRODUCTION

MARICOPA COUNTY

The subject is located in Maricopa County, and is within metropolitan Phoenix, which is a combination of Maricopa and Pinal counties. Since real estate is fixed in location, it is important to analyze all forces affecting its value and marketability including social, economic, governmental, and environmental. Potential demand for real estate is a product of the growth and stability of its environs. For this basic reason, a synopsis of Maricopa County is considered an important part of this analysis. On the following page is a map of metropolitan Phoenix.

The following table shows the estimated population from 2005 through 2024 for metropolitan Phoenix, along with projected population growth for 2025 and 2026, according to information published in the Phoenix Blue Chip Economic Forecast (Third Quarter 2025). Positive population projections are signs of economic vitality.

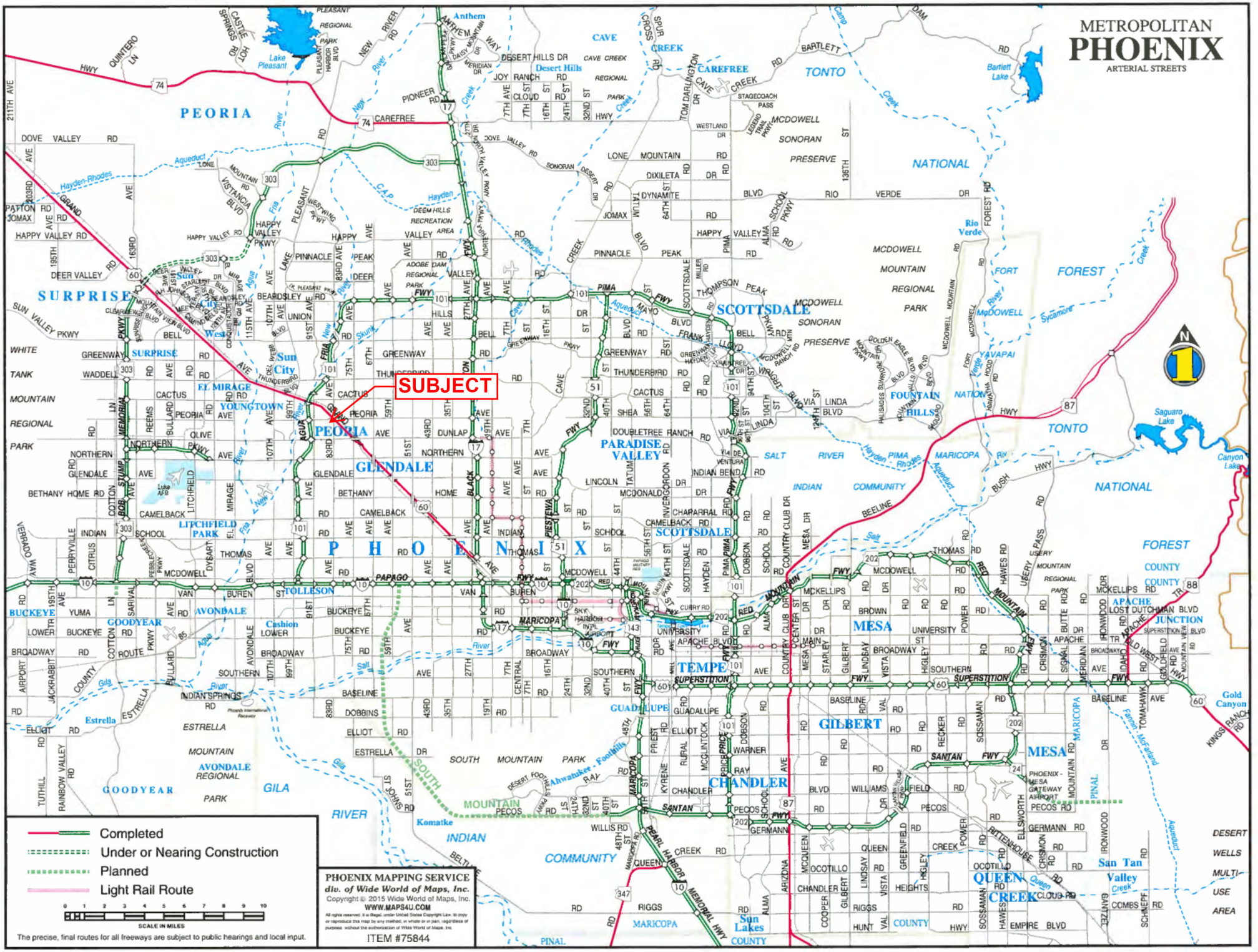
Population

Year	Metro Phoenix ($ Millions)	Annual % Change
2005	3,885	-
2010	4,211	1.6%
2015	4,575	2.9%
2020	4,860	1.2%
2021	4,949	1.8%
2022	5,029	1.6%
2023	5,102	1.5%
2024	5,187	1.7%
Projection 2025		*1.6%*
Projection 2026		*1.5%*

SOURCE: Phoenix Blue Chip Economic Forecast

INCOME

The following table shows the estimated personal income from 2005 through 2024 for metropolitan Phoenix, along with projected personal income growth for 2025 and 2026, according to information published in the Phoenix Blue Chip Economic Forecast (Third Quarter 2025).


METROPOLITAN
PHOENIX
ARTERIAL STREETS
SUBJECT
PEORIA
SURPRISE
GLENDALE
PHOENIX
SCOTTSDALE
PARADISE VALLEY
FOUNTAIN HILLS
TEMPE
MESA
GILBERT
CHANDLER
QUEEN CREEK
San Tan Valley
SUN CITY
SUN CITY WEST
EL MIRAGE
YOUNGTOWN
LITCHFIELD PARK
AVONDALE
GOODYEAR
BUCKEYE
TOLLESON
CAREFREE
CAVE CREEK
ANTHEM
Desert Hills
TONTO NATIONAL FOREST
MCDOWELL MOUNTAIN REGIONAL PARK
SONORAN PRESERVE
SALT RIVER INDIAN COMMUNITY
GILA RIVER INDIAN COMMUNITY
SOUTH MOUNTAIN PARK
AVONDALE REGIONAL PARK
ESTRELLA MOUNTAIN REGIONAL PARK
Lake Pleasant
Bartlett Lake
Saguaro Lake
Canyon Lake
Apache Junction
Sun Lakes
Komatke
Ahwatukee Foothills
Phoenix Mapping Service
div. of Wide World of Maps, Inc.
Copyright © 2015 Wide World of Maps, Inc.
WWW.MAPS4U.COM
ITEM #75844
Completed
Under or Nearing Construction
Planned
Light Rail Route
SCALE IN MILES
The precise, final routes for all freeways are subject to public hearings and local input.

Personal Income

Year	Metro Phoenix ($ Millions)	Annual % Change
2005	132,292	-
2010	146,616	2.1%
2015	190,026	5.3%
2020	267,282	7.1%
2021	288,401	7.9%
2022	301,956	4.7%
2023	326,919	5.4%
2024	355,659	5.7%
Projection 2025		*5.3%*
Projection 2026		*5.5%*

SOURCE: Phoenix Blue Chip Economic Forecast

RETAIL SALES

The following table shows total retail sales from 2005 through 2024 for metropolitan Phoenix, along with projected retail sales growth for 2025 and 2026, according to information published in the Phoenix Blue Chip Economic Forecast (Third Quarter 2025).

Total Retail Sales

Year	Greater Phoenix (In Millions)	Percent Change
2005	$35,466	-
2010	$29,864	-3.4%
2015	$43,482	7.8%
2020	$56,923	5.5%
2021	$68,437	20.2%
2022	$73,904	8.0%
2023	$76,008	2.8%
2024	$85,814	2.3%
2025 Projection		*3.5%*
2026 Projection		*3.5%*

SOURCE: Phoenix Blue Chip Economic Forecast

EMPLOYMENT

The economic base of the Phoenix-Mesa MSA (Maricopa and Pinal counties) is reasonably diversified and is normally able to absorb changes in the economy due to its blend of manufacturing, trade, service and government industries. The following table lists non-agricultural employment in the Phoenix-Mesa MSA over the past four years. The figures shown are annual averages. The Phoenix Blue Chip Economic Forecast (Third Quarter 2025) projects an increase in employment of 1.5% and 1.8% in 2025 and 2026, respectively.

Non-Agricultural Employment - Phoenix-Mesa MSA

Industry	2021	2022	% Change	2023	% Change	2024	% Change
Mining/Construction	137,900	154,900	12.3%	162,400	4.8%	175,100	7.8%
Manufacturing	136,100	147,300	8.2%	149,300	1.4%	147,400	-1.3%
TTU[7]	440,200	453,800	3.1%	453,900	0.0%	480,100	5.8%
Information	36,800	43,100	17.1%	41,600	-3.5%	40,800	-1.9%
Financial[8]	206,000	218,200	5.9%	220,700	1.2%	212,600	-3.7%
Services[9]	1,008,400	1,063,200	5.4%	1,096,600	3.1%	1,140,200	4.0%
Government	239,100	238,700	-0.2%	244,700	2.5%	258,300	5.6%
Total	***2,204,300***	***2,319,200***	***5.2%***	***2,369,200***	***2.2%***	***2,454,500***	***3.6%***

SOURCE: Arizona Commerce Authority

UNEMPLOYMENT

Historical unemployment figures for the Phoenix-Mesa MSA are summarized in the following chart. As shown, the Phoenix-Mesa MSA area has traditionally followed national trends in unemployment in terms of direction, but not with the same severity. Notably, due to the adverse impact of the Covid-19 pandemic, unemployment in the Phoenix-Mesa MSA increased from 3.8% in February 2020 to a high of 12.5% in April 2020.

[7] *Trade, Transportation and Utilities*

[8] *Finance, Insurance and Real Estate*

[9] *Professional, Education, Health, Hospitality and Other Services*

Unemployment Rates

Year	Phoenix-Mesa MSA	Arizona	United States
1995	3.1%	5.1%	5.6%
2000	2.7%	3.9%	4.0%
2005	4.1%	4.7%	5.1%
2010	8.8%	9.6%	9.6%
2015	5.2%	6.1%	5.3%
2020	7.4%	7.8%	8.1%
2021	4.6%	4.9%	5.4%
2022	3.1%	3.6%	3.6%
2023	3.5%	3.9%	3.7%
2024	3.2%	3.6%	4.0%
August 2025	*3.8%*	*4.1%*	*4.3%*

SOURCE: Arizona Commerce Authority

REAL ESTATE

Residential

Following the great recession in the late 2000s, there was a mostly steady annual increase in single-family building permits in metro Phoenix up until 2021, when a peak of 37,782 permits was reached, however, due to a rapid rise in interest rates commencing in Second Quarter 2022, annual permitting has subsequently declined. The Federal Reserve discount rate increased to 5.50 basis points in mid 2023, and was reduced three times in September, November and December 2024 to 4.5 basis points, with a fourth reduction of 0.25 basis points in September 2025 to 4.25 basis points, with most market analysts anticipating further reductions in the discount rate as inflationary pressures are anticipated to continue to ease throughout the remainder of 2025.

Since 2010, multi-family permitting has mostly been rising each year, with some fluctuations. However, the increases have been much greater over the past few years, as declining affordability in the single-family sector has once again created upward pressure on rental rates and occupancy levels, as many potential home buyers have been priced out of the market. Due to the dramatic increase in new construction, there has been some increases in vacancy rates and a stabilization and/or slight decline in rental rates over the past year, with a reduction in new construction. Regardless, the multi-family sector is expected to remain moderately strong into the foreseeable future, as home mortgage interest rates are anticipated to remain higher than typical over the next few years, while the single-family sector also continues to struggle to meet demand for more affordable housing.

Below is a chart showing the annual single-family and multi-family residential permitting in metropolitan Phoenix (Maricopa and Pinal counties) since 2010.

Metropolitan Phoenix - Historical Building Permits

Year	Single-Family†	% Change♦	Multi-Family‡	% Change♦	Total	% Change♦
2010	7,351	N/A	844	N/A	8,195	N/A
2011	7,440	1.2%	1,569	85.9%	9,009	9.9%
2012	11,596	55.9%	3,665	133.6%	15,261	69.4%
2013	12,837	10.7%	4,206	14.8%	17,043	11.7%
2014	11,836	-7.8%	8,439	100.6%	20,275	19.0%
2015	17,263	45.9%	5,683	-32.7%	22,946	13.2%
2016	19,098	10.6%	9,444	66.2%	28,542	24.4%
2017	21,055	10.3%	8,598	-9.0%	29,653	3.9%
2018	24,211	15.0%	7,132	-17.1%	31,343	5.7%
2019	25,767	6.4%	9,633	35.1%	35,400	12.9%
2020	32,589	26.5%	14,029	45.6%	46,618	31.7%
2021	37,782	15.9%	15,870	13.1%	53,652	15.1%
2022	28,621	-24.2%	18,748	18.1%	47,369	-11.7%
2023	26,705	-6.7%	18,932	1.0%	45,637	-4.2%
2024	31,938	+19.6%	13,577	-28.3%	45,515	-0.3%
8-2025	*17,387*	*N/A*	*7,907*	*N/A*	*25,294*	*N/A*

♢ *Includes Maricopa and Pinal counties*
♦ *Percent change from previous year*
† Includes SF detached & attached units in 2-4-plex buildings (SF and some TH/Condo)
‡ Includes attached units in 5+ unit buildings (multi-family and some TH/Condo)

Office/Industrial/Retail

Summarized in the following table are Third Quarter 2025 statistics for the metropolitan Phoenix office, industrial, and retail markets, as provided by Co-Star Realty Group.

Category	# Buildings	Inventory (Sq. Ft.)	Vacant (Sq. Ft.)	% Vacant	Average Rent/SF	U.C. (Sq. Ft.)	Past 12 Mo. Absorption
Office	9,025	194,773,959	31,553,060	16.2%	$30.61	859,528	1,627,449
Industrial	12,141	507,785,991	62,893,755	12.4%	$13.67	22,099,720	14,145,215
Retail	17,006	244,366,326	11,440,281	4.7%	$19.97	2,585,329	1,412,841

Office:

The inventory of office space has increased by 17 million square feet over the past decade. Over the past five years, near 4.3 million square feet of new office space has been added, with the vacancy rate over this same time period gradually increasing from near 12% to its current rate of 16.2%, which is mostly reflective of the adverse impact of the Covid-19 pandemic. Since mid 2020 at the onset of the pandemic, there has been negative absorption of near 5.0 million square feet of office space, however, after mostly negative quarterly absorption from mid 2020 thru third quarter 2024, there has been four consecutive quarters of positive absorption. Over the past decade, office rental rates been gradually increasing from $21.62 per square foot to $30.61 per square foot as of Third Quarter 2025. Near 860,000 square feet of office space was under construction as of Third Quarter 2025, with another 15.5 million square feet of office space being planned. Co-Star is forecasting vacancy to remain relatively flat with a slight drop of less than 1% over the next five years. Over the same time period, market asking rents are forecast to gradually increase by near $5.00 per square foot.

Industrial:

The inventory of industrial space has increased by near 172 million square feet over the past decade, with average vacancy rates gradually declining from near 10% to between 4% and 5% from mid 2021 to mid 2023, however, due to significant levels of new construction (75 million square feet since mid 2023) exceeding relatively strong absorption (near 32.6 million square feet), the vacancy rate has been increasing to its current level of 12.4% as of Third Quarter 2025. Since the onset of the Covid-19 pandemic, there has been significant positive absorption of near 99 million square feet of industrial space, with industrial rental rates increasing by near 75% from near $7.75 per square foot to just below $14 per square foot as of Third Quarter 2025. Given extremely strong demand over the past several years, a significant amount of new industrial space (just over 22 million square) was under construction as of Third Quarter 2025, with another near 103 million square feet of industrial space being planned. Over the next five years, Co-Star Realty is forecasting vacancy to gradually decrease to near 10% and market asking rents to gradually increase by near $4.00 per square foot.

Retail:

The inventory of retail space has increased by near 14.5 million square feet over the past decade, with the average vacancy rate mostly steadily declining from near 8.5% to just below 5% over the past three years. Over the past decade, there has been overall positive absorption of over 22 million square feet of retail space, or near 2.2 million square feet per year, with absorption since the onset of the Covid-19 pandemic totaling approximately 11.2 million square feet, which is very similar to the overall 10 year annual average absorption rate. Retail rental rates have been gradually increasing over the past decade from $14 per square foot to near $20.00 per square foot as of Third Quarter 2025. Just below 2.6 million square feet of retail space was under construction as of Third Quarter 2025, with another

near 15 million square feet of retail space being planned. Over the next five years, Co-Star Realty is forecasting vacancy to increase slightly by near 0.5%, while the average market asking rental rate is projected to steadily increase by near $4.50 per square foot.

CULTURAL/RECREATION

Metropolitan Phoenix is home to several professional sports teams, including: the Phoenix Suns (men's basketball); the Arizona Cardinals (football); the Arizona Coyotes (hockey); the Arizona Diamondbacks (baseball); and the Phoenix Mercury (women's basketball). There are also a number of minor league and semi-pro sports team throughout the state, along with several college sports programs, including Arizona State University, University of Arizona, Grand Canyon University and Northern Arizona University. Arizona periodically hosts several major sporting events, including the NFL Superbowl, College Football Playoffs/Championship, several college football bowl games, College Basketball March Madness games. Due to the mild climate during the spring, Arizona is a popular location for Major League Baseball spring training where several baseball teams participate in the Cactus League, including the Chicago Cubs, Chicago Whitesox, Cincinnati Reds, Cleveland Guardians, Kansas City Royals, Los Angeles Angels, LA Dodgers, Milwaukee Brewers, Oakland Athletics, San Diego Padres, San Francisco Giants, Seattle Mariners and Texas Rangers. Other annual sporting events include, the Phoenix Open professional golf tournament, NASCAR and Indy races at the Phoenix International Raceway, horse racing at Turf Paradise.

In addition, the Phoenix region offers ample cultural opportunities including numerous museums and theaters, symphony/pop concerts, ballet, opera, the Phoenix Zoo and Desert Botanical Gardens, restaurants, etc. Due to the warm climate, the area is heavily oriented toward outdoor activities, such as golf, tennis, jogging, bicycling, hiking, swimming, softball, volleyball, and basketball. The region has an excellent park system, which is ranked as one of the largest in the nation. Located within one to two hour drive times from this region are several lakes and streams for boating and fishing, and mountainous areas for hiking, camping and snow skiing.

EDUCATION/HEALTH

Metropolitan Phoenix is well served by numerous educational facilities from elementary through doctoral degree programs. The Phoenix region is served by two, four-year universities including Arizona State University (ASU), which has four campus locations, and Grand Canyon University. ASU had a Fall 2024 total enrollment at its four campuses of near 181,000, making it one of the largest in the United States. The ASU Main Campus is located in the city of Tempe, with three smaller ASU campuses including: ASU West Campus in the northwest valley; the Polytechnic Campus in the southeast valley; and the ASU Downtown Phoenix campus. Grand Canyon University is located in west Phoenix. In addition, there are 10 Maricopa Community Colleges serving the metropolitan area.

Additional educational alternatives are provided by numerous technical trade schools. There are adequate medical facilities represented by numerous regional hospitals, the Mayo Clinic, several 24-hour outpatient medical centers, and a myriad of private practices throughout the entire region.

PHYSICAL/ENVIRONMENTAL FACTORS

The Phoenix area is characterized by a dry arid climate with a wide range between minimum and maximum temperatures. June, July and August are the hottest months, with average maximum temperatures ranging from 102°F to 104°F, while December, January and February are the coldest months, with average minimum temperatures ranging from 41°F to 43°F. The average annual daily high temperature is 72°F, with near 300 days of sunshine per year. Annual precipitation averages 7.5 inches. Topography of the general area ranges from near level in the valley floor to steeply sloping in the scattered, surrounding mountains, with a general elevation of 1,100 feet above sea level in the lowest elevations and over 4,008 feet above sea level in the highest elevations. Climatic conditions have been an important factor in attracting many permanent residents, as well as temporary visitors to the area.

Much of the region had previously been utilized as agricultural land, which quickly gave way to new development along the fringes of the metropolitan area in the late 1990s to mid 2000s, however, absorption of agricultural land has slowed significantly over the past few years, due to the depressed housing market. Due to the level topography and soil conditions, development is relatively uncomplicated, without significant site preparation costs. For these reasons, infrastructure development has been relatively systematic with most major arterial roadways running north/south, or east/west in a grid system. The availability of water resources is important to continued population and economic growth of the area. Water to Phoenix is provided from various sources including numerous underground wells, the Salt River Project, and the Central Arizona Project, which is comprised of several hundred miles of canals diverting water from the Colorado River. The present water supply is adequate to serve the needs of the region; *however, the region has been enduring an extended drought since the mid 1990s.* As a result, storage reservoirs have been well below capacity during this extended time period, which prompted many government planners to examine the future capacity of the water supply. Additionally, issues of water conservation are generating increased publicity and water usage regulations have begun to impact new single-family residential in areas where there is an unproven 100-year assured water supply.

TRANSPORTATION

Due to the location of metropolitan Phoenix, it has become a regional transportation hub for the Southwest. As a result, it is served by several major transportation linkages including highway, air, and rail. Interstate Highways 10 and 17, U.S. Highway 60, along

with State Highways 85, 87 and 88, connect the metropolitan Phoenix area with other cities in Arizona, as well as several major metropolitan areas in the west and mid-western United States. Due to the lack of a complete freeway system, much of the everyday traffic has been carried by major, section-line arterial roadways, which have reached or are approaching maximum capacity. The gradual completion of the planned freeways, such as the Loop 101 Freeway, State Route 51, the Loop 202 Freeway, the Loop 303 Freeway, and State Route 24 is slowly alleviating traffic congestion in several areas of the metropolitan area. However, surface street transportation is likely to remain a problem, particularly if future population growth takes place at it's historically healthy pace.

Public transportation in the metropolitan Phoenix area has historically been limited to municipal bus transit systems. Mass transit service is generally poor due to the decentralization of retail and employment centers, rapid population growth and the sprawling nature of the metropolitan area. The metropolitan Phoenix area is well served by other forms of transportation including bus lines, various interstate truck lines, three railroads (Santa Fe, Southern Pacific, and Amtrak), and nine airports, including the Sky Harbor International Airport (Arizona's largest). Historical passenger traffic counts at Sky Harbor Airport are summarized in the following table; *the significant decline in 2020 is directly related to the Covid-19 pandemic, with considerable improvement in the next three years, including a record high in 2023.*

Year	1970	1980	1990	2000	2005	2010	2015	2020	2021	2022	2023	2024
No. Of Passengers (In Millions)	2.9	6.6	21.7	36.0	41.2	38.6	44.0	21.9	38.8	44.4	48.9	52.3

Passenger traffic for Sky Harbor has mostly steadily increased over the pave five decades. Other airports include Phoenix-Mesa Gateway, Luke Air Force Base, and the municipal facilities of Mesa, Scottsdale, Chandler, Glendale, Goodyear, Deer Valley, and Buckeye.

A relatively new form of mass transit system for metropolitan Phoenix involves a light rail passenger system, which commenced development in 2005, with the first 20-mile segment extending from Phoenix Spectrum Mall, south along 19th Avenue to Camelback Road, east to Central Avenue, south to Washington Street in downtown Phoenix, east through the city of Tempe/Arizona State University, east along Apache Trail to Dobson Road in Mesa. This initial segment was completed in 2008, with another six miles added to the system in 2016, involving extensions into downtown Mesa and to northwest Phoenix. In 2019, another 1.9 miles was added to extend service further east into Mesa. Another northwest extension was completed in January 2024, adding 1.6 miles to connect to the Metrocenter area. Finally, work is currently underway to extend the light rail five miles south of downtown Phoenix, along the alignment of Central Avenue, to Baseline Road. This extension of the light rail system was completed in mid 2025. Two other projects planned for near term construction including extending the light rail from downtown Phoenix to 79th Avenue,

mostly along the alignment of Interstate 10. Additional studies are currently underway regarding other potential extensions of the light rail system.

GOVERNMENT

Real estate tax rates in the metropolitan Phoenix area are reasonable in comparison to other areas and provide incentive for relocation. Liberal zoning requirements have not created any unusual detriments to development. However, some development plans for large, in-fill parcels have met with strong opposition from neighborhood groups. The zoning requirements have promoted the development of compatible land uses, which has contributed to enhancing property values. Adequate utilities, police and fire protection are provided within the region.

SUMMARY AND CONCLUSIONS

The area's favorable location in the Sunbelt, cultural and recreational amenities, and relatively affordable housing, along with its economic advantages and potential, are expected to result in above average population growth in comparison to the nation. Continued diversification of employment is the key to the economy of the Phoenix area, however, the most recent recession suggests that metro Phoenix may be overly dependant upon growth in population and households. While the economy is in a transition from basic manufacturing to a more service-oriented base, Phoenix retains significant amounts of high technology and finance jobs. The availability of developable land, an educated and young work force, improving transportation system, adequate support services, steady population growth, and modern infrastructure are positive factors impacting the real estate market. Overall, relatively strong quality of life factors (e.g., climate, culture, sports, recreation) and moderate levels of employment growth, should continue to attract new population and business to the area over the long term.

NEIGHBORHOOD

The subject is located in Old Town Peoria, Arizona. For further reference, the subject property is located near 13 miles northwest of downtown Phoenix. The neighborhood boundaries are generally described as Thunderbird Road on the north, 99th Avenue on the west, Northern Avenue on the south, and 67th Avenue on the east. The neighborhood is estimated to be near 80% developed with mostly residential oriented uses, followed by a wide variety of commercial uses, with most of the undeveloped land currently under agricultural use. A map illustrating the subject's location within the neighborhood boundaries is shown on the next page.

DEVELOPMENT

Residential

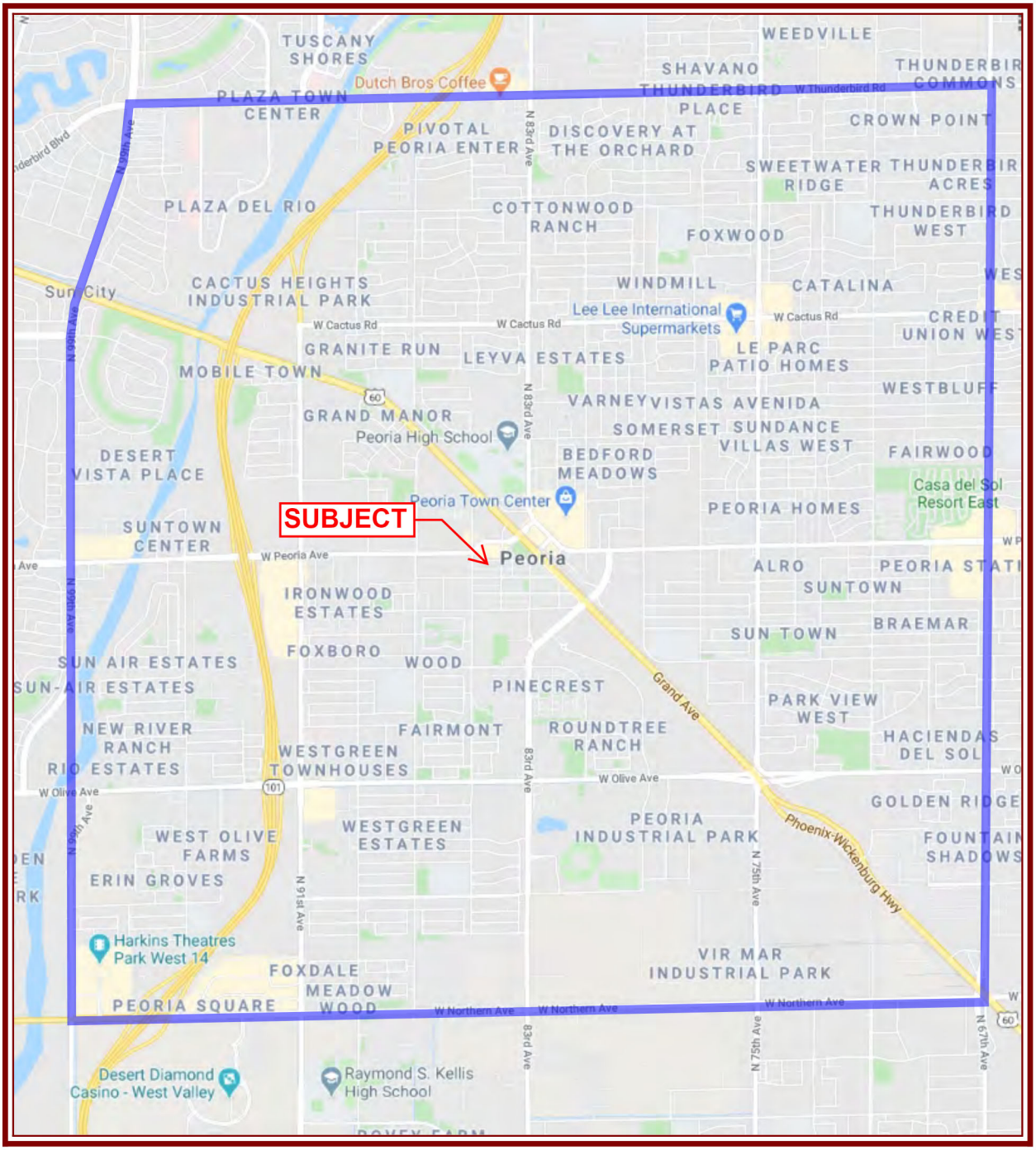
Single-family residential tract home subdivisions comprise the majority of land uses in the neighborhood, with development spanning a relatively wide time frame from the 1940s to present day, and involving fair to good quality housing, including a few pockets of higher priced single-family residential housing located in small, custom home lot developments (some with horse privileges). Notably, the majority of the oldest housing in the neighborhood is located within, or in close proximity to, Old Town Peoria. Due to the relatively limited remaining land supply zoned/designated for residential oriented development, there currently are no active subdivisions within the neighborhood, nor are there any known projects planned for near term development. The neighborhood also includes numerous apartment, which have been built over the past several decades and ranging from fair quality to luxury oriented. In contrast to single-family residential, there has been a relatively considerable amount of new multi-family development, with five project constructed over the past two years, totaling 1,265 units. Currently, there is another project totaling 160 apartment units, which is currently under construction. Lastly, there are several older mobile home parks, with townhome/condominium development being the least prevalent within the neighborhood.

RESIDENTIAL SUPPORT FACILITIES

Shopping

The neighborhood is adequately served by existing retail oriented development consisting of neighborhood shopping centers, strip retail centers, free-standing stores, community shopping centers, and gas station/convenience stores. The nearest regional mall is Arrowhead Regional Mall, at the northwest corner of Bell Road and 75th Avenue, which

NEIGHBORHOOD MAP



includes a high concentration of additional retail shopping centers, involving mostly power centers, located adjacent or very close to the mall.

Schools

The subject neighborhood is adequately served by the Peoria and Glendale elementary and high school districts. The nearest colleges include, Glendale Community College (northwest corner of 59th and Olive avenues), and Grand Canyon University (northeast corner of Camelback Road and 35th Avenue).

Medical

Nearest major medical services include Maryvale Samaritan Hospital (northwest corner of Campbell and 51st avenues), Thunderbird Samaritan Hospital (southeast corner of 59th Avenue and Thunderbird Road), and the Banner Estrella Medical Center (southwest corner of 91st Avenue and Thomas Road). Additionally, Dignity Health recently opened the St. Joseph Westgate Medical Center, a 24-bed facility, along the west side of 99th Avenue, north of Glendale Avenue. Finally, a new 127,000 square foot, Valleywise Comprehensive Health Center, has recently been constructed at the southeast corner of Cotton Crossing and Grand Avenue.

Recreation

Recreational amenities within, or near the neighborhood, include several small to large municipal parks (Rio Vista and Pioneer) and golf courses. Just south of the neighborhood is the Westgate City Center, situated at the southeast corner of the Loop 101 Freeway and Northern Avenue, which includes the Gila River multi-purpose arena that recently served as home to the Phoenix Coyotes, and the University of Phoenix stadium multi-purpose facility serving as home to the Arizona Cardinals. Additionally, the Desert Diamond Casino has recently been constructed, just east of the southeast corner of Northern Avenue and the Loop 101 Freeway.

Located just north of the neighborhood is the approximate 250-acre Peoria Sports Complex, which includes a Cactus League spring training facility (San Diego Padres and Seattle Mariners professional baseball teams), along with other recreational and entertainment events occurring at the complex throughout the year. The Peoria Sports Complex is part of the larger P83 Entertainment District, which includes other developments such as the AZ Ice skating facility, several restaurants, retail, hotels and a movie theater.

EMPLOYMENT

Employment opportunities within the neighborhood are provided by a wide variety of employers, including a considerable amount of retail, hotel, office and medical uses within

the Loop 101 Freeway corridor (i.e., Westgate City Center, District at Zanjero, Agua Fria Towne Center, Parke West, City of Peoria municipal offices, Arrowhead regional mall), entertainment venues (Gila River arena, University of Phoenix stadium, multi-plex movie theaters, Peoria Sports Complex), and industrial uses (Glendale Airpark and Grand Avenue corridor). Other large employment centers are located along Interstates 10 and 17, located several miles south and east, respectively, of the neighborhood.

TRANSPORTATION

Primary north/south access within the neighborhood is provided by the section line arterial roadways of 67th, 75th, 83rd, 91st and 99th avenues, while primary east/west access within the neighborhood is provided by the section line arterial roadways of Glendale, Northern, Olive and Peoria avenues, and Cactus and Thunderbird roads. Grand Avenue (U.S. Highway 60) also serves as a primary arterial in the neighborhood, extending in a northwest/southeast direction between the far northwest valley (Wickenburg) and central Phoenix.

The Loop 101 Freeway extends north from Interstate 10, generally between the alignments of 83rd and 99th avenues, then turns east along the alignment of Beardsley Road to a full interchange with Interstate 17. The Loop 101 Freeway continues eastward through north Phoenix and Scottsdale, where it turns south and extends to interchanges with the Red Mountain, Superstition and the San Tan freeways. The Loop 101 Freeway has had a positive impact on the subject neighborhood and the entire west/northwest valley by enhancing accessability to other metropolitan Phoenix locations. Of significance, there are full diamond interchanges at all of the east/west section line arterial roadways in the neighborhood, with the exception of Cactus Road.

OLD TOWN PEORIA

Old Town Peoria is a near four square mile area bound by Olive Avenue, 75th Avenue, Cactus Road and the Loop 101 Freeway, that is divided into five districts. The Old Town area is the historic townsite area at 83rd and Peoria Avenues and is the heart of the City of Peoria. This original residential, commercial and civic area of the community contains many historic structures and is the current location of the civic operations of municipal government including City Hall, Police Station, Main Library, Community Center, Performing Arts Center and other municipal uses and services. The character of this area is a vibrant, walkable, mixed use area for civic, historic, residential, commercial and employment uses. Due to the older age, outdated designs, declining physical condition, and poor occupancy of many properties in this area, the City of Peoria has been encouraging redevelopment/rehabilitation activity of older properties in this area, by establishing a revitalization plan and a specific area plan for Old Town Peoria. These plans provide specific action plans for future development of the historic core area that supports new and existing businesses and economic growth, pedestrian friendly urban

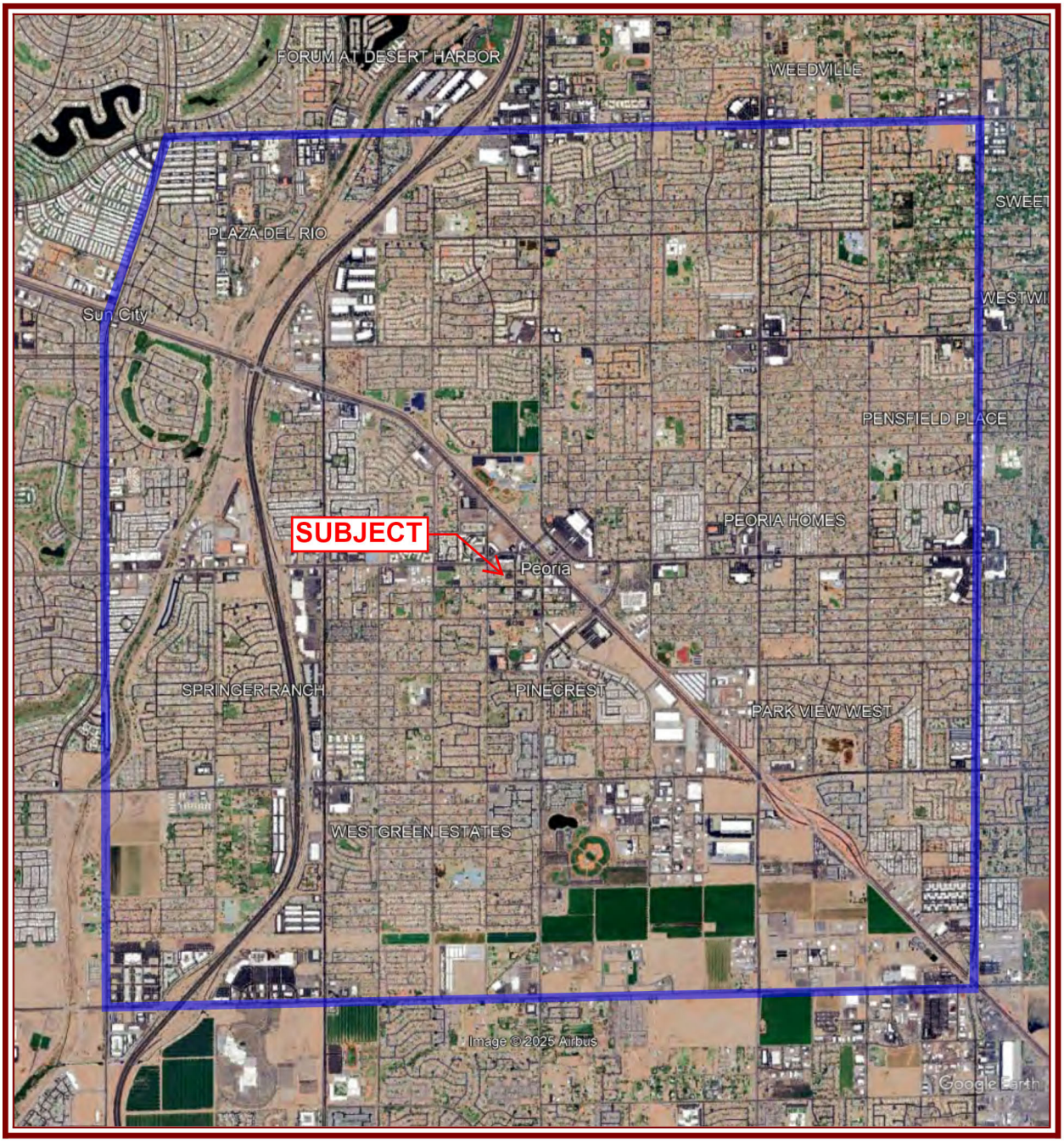
designs, integrating new residential development, while preserving existing residential neighborhoods. The City of Peoria has also been acquiring some of the properties, with older dilapidated improvements that are not ideally suited for rehabilitation, in order to demolish the improvements, with the intent to eventually make these properties available for redevelopment. Additionally, the City has been gradually making improvements to this area, such as beautification of several existing roadways, realignment and construction of new roadways to improve circulation, reconstruction of Osuna Park, development of a Performing Arts Center, and construction of a new fire station and a large municipal office complex. In addition to the various improvements to the area by the City of Peoria, there has been some relatively recent new development and redevelopment activity involving private properties in Old Town Peoria.

Located at the south corner of Grand Avenue and Cotton Crossing is Peoria Place, a mixed-use project being development on 126, which includes the aforementioned Valleywise Comprehensive Health Center (2019), along with three distribution buildings (2023), and three apartment projects (near completion).

SUMMARY

In summary, the subject is located in a near fully built-out Peoria neighborhood, characterized by a wide variety of older to newer residential and commercial development. Access to employment, shopping, schools and other residential support facilities is considered good. On the following page is an aerial photograph showing the location of the subject within the neighborhood (outlined in blue).

NEIGHBORHOOD AERIAL



PROPERTY ANALYSIS

SITE DATA

The subject site is located on the south side of Washington Street, 200 feet west of 84th Avenue, in Peoria. The site has a rectangular configuration, with 50 feet of frontage along Washington Street, a depth of 140, and a total land area of 7,000 square feet, per Maricopa County Assessor records. On the following page is a Maricopa County plat map, with the subject highlighted in yellow. Washington Street is asphalt paved for three lanes (one eastbound/one westbound/one center turn), and is improved with concrete curbs, gutters and setback decorative sidewalks, landscaping and streetlights. Additionally, in the immediate area, Washington Street is also asphalt paved for angle street parking. In the area of the subject, Washington Street extends from 85th Avenue, to the Grand Avenue frontage road. Extending along the southern boundary of the subject property is an alleyway, which is asphalt paved and provides access to the subject site. The generally level site is at grade with adjacent properties, roadway and alley. The site is not located within a special flood hazard area (Zone X; Flood Panel Number 04013C1705M; effective September 18, 2020) and flood insurance is not required; *a copy of the flood map is shown on the second following page.* All customary utilities are available to the property including electricity, water, sewer, telephone and natural gas. The City of Peoria provides police and fire protection, and trash collection for residential uses. No adverse soil conditions were observed or are known to exist. During inspection of the property, no apparent signs of environmental contamination or hazardous waste storage were observed. No title report or ALTA Survey was available to review by the appraiser. Based on inspection and review of public records, the property does not appear to be adversely impacted by any easements, encroachments, restrictions, covenants or conditions. Surrounding land uses include several small vacant lots, a few small commercial buildings, several mostly older (1920s to 1950s) single-family residences, a couple of small churches, and a City of Peoria park and ride lot. Following the flood map are photographs of the subject property.

ZONING

The subject property is located in the Old Town Mixed-Use District, which is intended to facilitate the revitalization of Old Town Peoria by encouraging a mixture of appropriate uses to be established within the same development or on the same lot. The design for the mixtures of uses intends to promote pedestrian activities and to create economic niches in the Old Town area. The Old Town Mixed-Use Districts are designed to direct development in the Peoria central core area by allowing complimentary mixtures of commercial, specialized retail, office, and various types of residential developments. Development standards are modified to enhance the urban setting and to encourage private investment. The Old Town Mixed-Use Districts encompass an area within the original town plat of Peoria with Grand Ave to the east, Monroe Street to the south, 85th Avenue to the west and Peoria Ave to the north. The Old Town Mixed-Use Districts are compose of three zoning districts: Core Commercial Mixed-Use (CCM), Core Residential

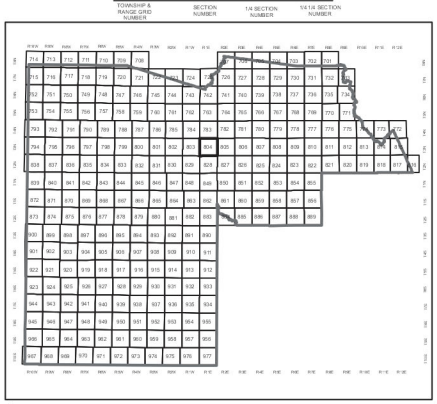
MARICOPA COUNTY

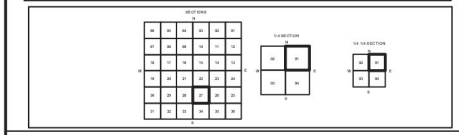
STATE OF ARIZONA

PT. SECTION 27 T03N R01E

804 - 27 - 01 - 01

TOWNSHIP & RANGE GRID NUMBER | SECTION NUMBER | 1/4 SECTION NUMBER | 1/4 1/4 SECTION NUMBER





Parcels updated within this map



0 45 90 180 270 360 Feet

N

MARICOPA COUNTY
ASSESSOR'S OFFICE
301 W. Jefferson Street
Phoenix, AZ 85003

Date: 06/18/2020

https://mcassessor.maricopa.gov

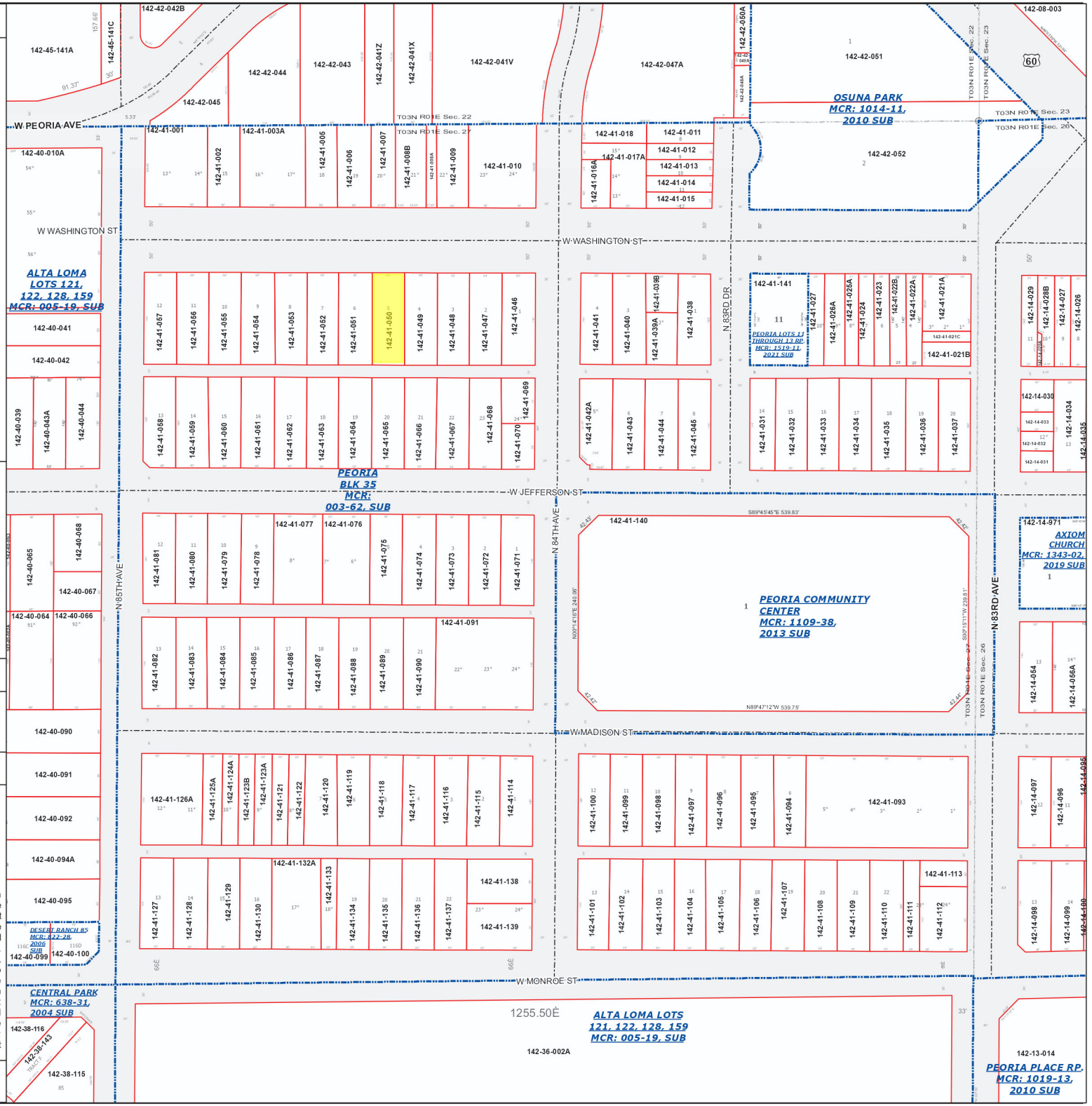
LEGEND: Parcels, Lots, Section Corners, Subdivisions, Sections, Centerlines

Disclaimer - Indemnification

CAUTION! USERS SHOULD INDEPENDENTLY RESEARCH AND VERIFY INFORMATION WITHIN THIS DATASET OR MAP BEFORE RELYING ON IT.

The Assessor's Office has compiled information within this dataset or map that it uses to identify, classify, and value real and personal property. Please contact the Assessor's Office at 602 506-3406 if you believe any information is incomplete, out-of date, or incorrect so that appropriate corrections can be addressed. Please note that a statutory process is also available to correct errors pursuant to Arizona Revised Statutes 42-16254.

The Assessor does not guarantee that any information contained within this dataset or map is accurate, complete or current. In many instances, the Assessor has gathered information from independent sources and made it available within this dataset or map, and the original information may have contained errors and omissions. Errors and omissions may have occurred in the process of gathering, interpreting, and reporting the information. Information within this dataset or map is not updated "real time." In addition, Users are cautioned that the process used within this dataset or map to illustrate the boundaries of adjacent parcels is not always consistent with the recorded documents for such parcels. The parcel boundaries depicted within this dataset or maps are for illustrative purposes only, and the exact relationship of adjacent parcels should be independently researched and verified. The information provided within this dataset or map is not the equivalent of a title report or a real estate survey. Users should independently research, investigate, and verify all information before relying on it or using it in the preparation of legal documents.



National Flood Hazard Layer FIRMette

FEMA

112°14'45"W 33°35'4"N



0 250 500 1,000 1,500 2,000 Feet

1:6,000

112°14'8"W 33°34'34"N

Basemap Imagery Source: USGS National Map 2023

Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

SPECIAL FLOOD HAZARD AREAS
- Without Base Flood Elevation (BFE) *Zone A, V, A99*
- With BFE or Depth *Zone AE, AO, AH, VE, AR*
- Regulatory Floodway

OTHER AREAS OF FLOOD HAZARD
- 0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile *Zone X*
- Future Conditions 1% Annual Chance Flood Hazard *Zone X*
- Area with Reduced Flood Risk due to Levee. See Notes. *Zone X*
- Area with Flood Risk due to Levee *Zone D*

OTHER AREAS
- NO SCREEN Area of Minimal Flood Hazard *Zone X*
- Effective LOMRs
- Area of Undetermined Flood Hazard *Zone D*

GENERAL STRUCTURES
- Channel, Culvert, or Storm Sewer
- Levee, Dike, or Floodwall

OTHER FEATURES
- 20.2 Cross Sections with 1% Annual Chance
- 17.5 Water Surface Elevation
- Coastal Transect
- Base Flood Elevation Line (BFE)
- Limit of Study
- Jurisdiction Boundary
- Coastal Transect Baseline
- Profile Baseline
- Hydrographic Feature

MAP PANELS
- Digital Data Available
- No Digital Data Available
- Unmapped

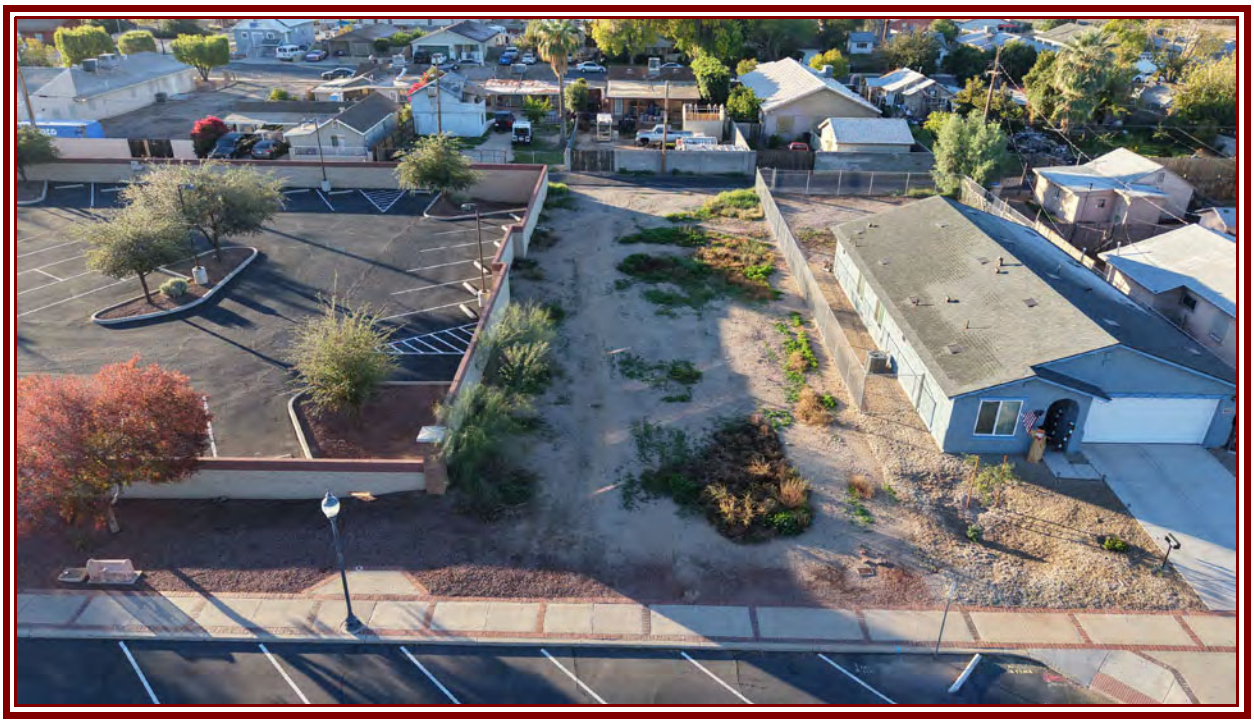
N

The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

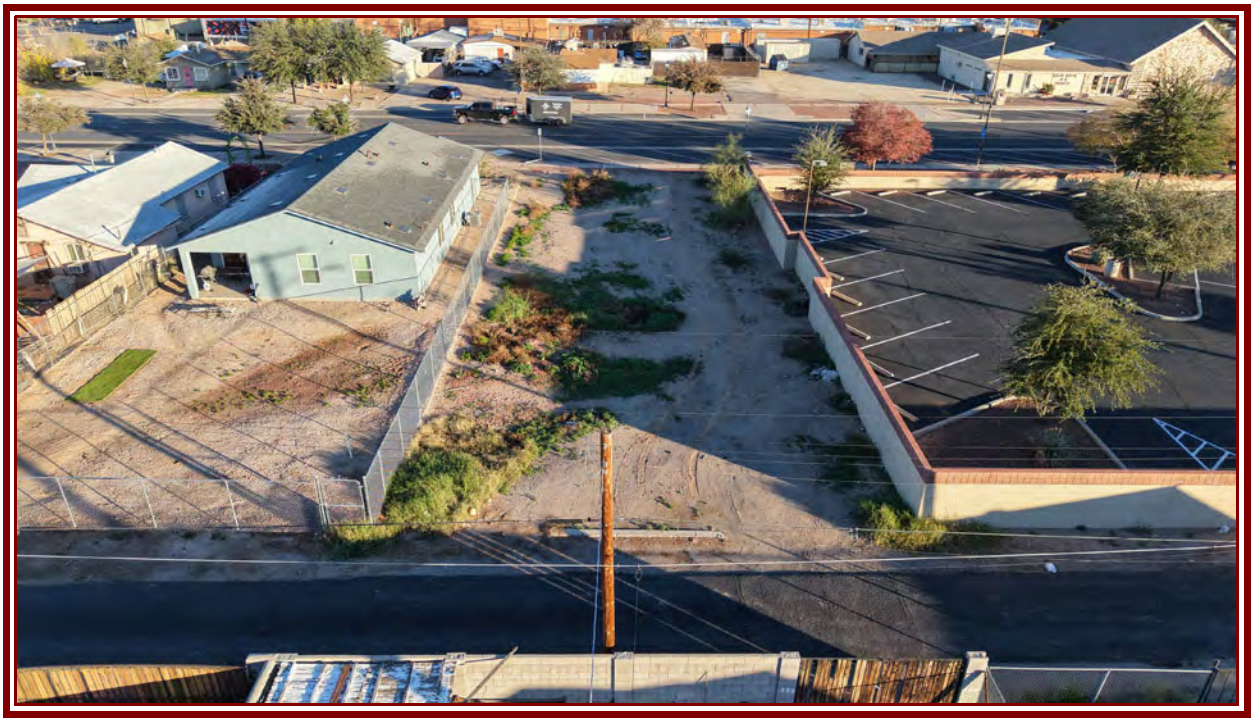
This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 12/2/2025 at 9:45 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.



South View Of Subject Looking Across Washington Street



North View Of Subject Looking Across Alley



East View Along Washington Street - Subject Is To The Right



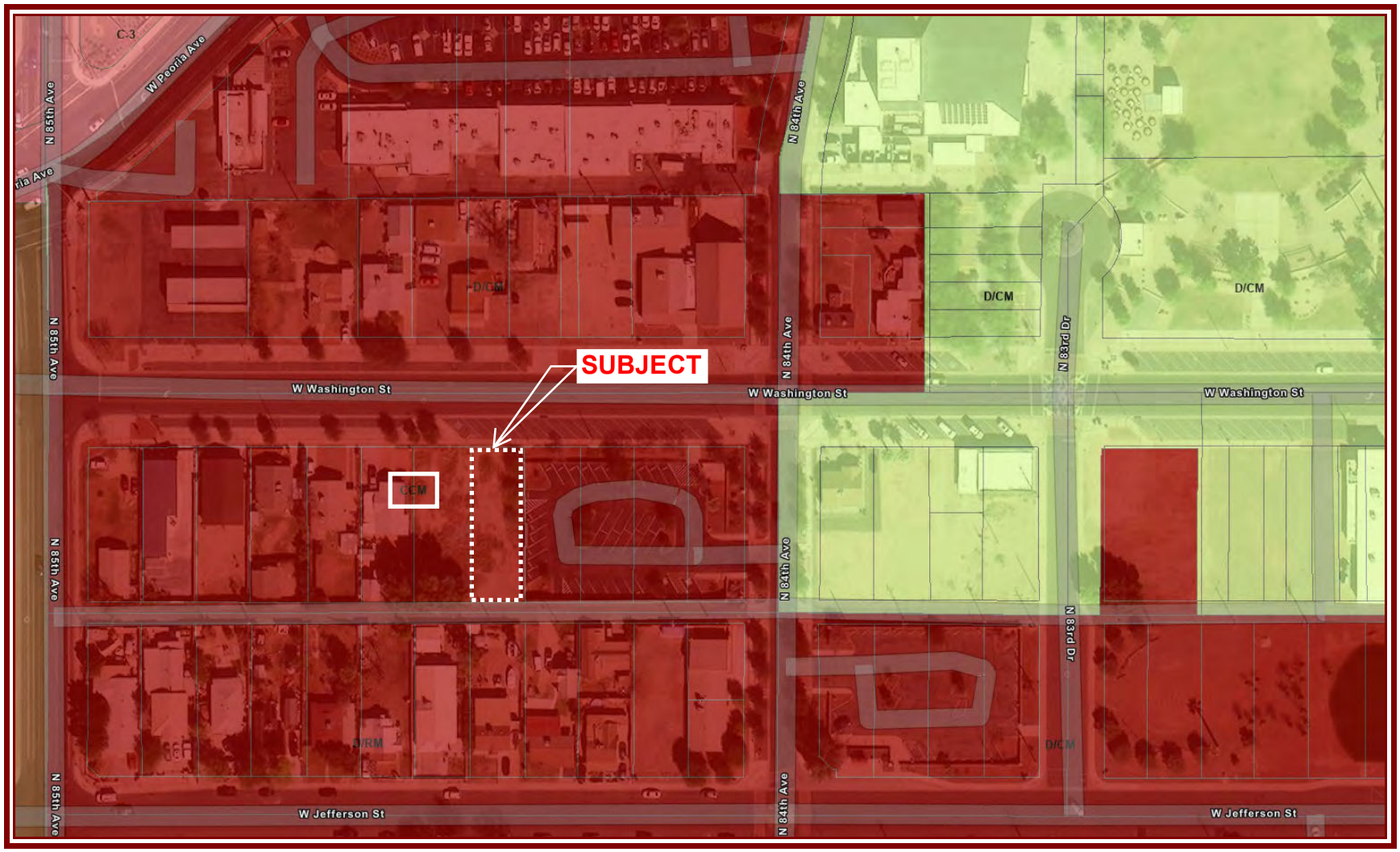
West View Along Washington Street - Subject Is To The Left

Mixed-Use (CRM), and Park/Open Space (PO). The subject property is situated within an area zoned Core Commercial Mixed-Use, which is a district designation that allows for retail and service businesses mixed with residential, cultural, educational, community, recreational, and entertainment uses. Architecturally enhanced parking structure, street level office, business, or community uses that create a pedestrian friendly environment are strongly encouraged. Included in the Addenda as Exhibit A is the Special Districts and Designations section of the City of Peoria Zoning Ordinance, which provides additional details regarding current zoning. Some of the permitted uses under the CCM zoning district include, multi-family residential, professional and medical offices, restaurant and bars, entertainment and recreation, general retail, art galleries, group homes, churches, hotels and motels, retail/showroom, and various personal services. Notably, there are no minimum parking or on-site landscaping requirements in the Old Town Mixed-Use Districts. Some of the development standards for the CCM zoning district include: zero rear, side, interior, and front minimum building setbacks; front building maximum setback of 10 feet; maximum building height of 60 feet; and landscape buffer abutting residential zone of 10 feet. On the next page is a copy of the City of Peoria zoning map, showing the location of the subject property.

REAL ESTATE TAXES/SPECIAL ASSESSMENTS

The subject is assessed under Maricopa County Assessor tax parcel number 142-41-050. This tax parcel have been assigned 2023, 2024, 2025 and 2026 Full Cash Values of $85,100, $88,200, $97,100 and $98,600, respectively, with 2025 real estate taxes of $291. According to the Maricopa County Treasurer's Office, there are no delinquent real estate taxes or special assessments owed on the tax parcel.

ZONING MAP


C-3
W Peoria Ave
N 85th Ave
N 84th Ave
N 83rd Dr
D/CM
SUBJECT
W Washington St
W Jefferson St
D/RM

HIGHEST AND BEST USE

Highest and best use is defined as that reasonable and probable use that will support the highest present value, as defined, as of the effective date of the appraisal. Alternatively, that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible and which results in the highest land value. To derive conclusions regarding the highest and best use of the subject property four criteria must be considered: 1) legally permissible; 2) physically possible; 3) financially feasible; and 4) maximally productive.

LEGALLY PERMISSIBLE

As discussed, the subject is zoned CCM, Core Commercial Mixed-Use, which is a designation that allows for retail and service businesses mixed with residential, cultural, educational, community, recreational, and entertainment uses. Some of the permitted uses under the CCM zoning district include, multi-family residential, professional and medical offices, restaurant and bars, entertainment and recreation, general retail, art galleries, group homes, churches, hotels and motels, retail/showroom, and various personal services. Based on physical inspection of the property and review of public records, the subject does not appear to be adversely impacted by any atypical easements, encroachments, restrictions, conditions or covenants.

PHYSICALLY POSSIBLE

The subject contains 7,000 square feet, with a rectangular configuration, level topography, frontage along a collector roadway and an alleyway, and all customary utilities available. No hazardous waste contamination or adverse soil conditions were observed, or are known to exist, and the subject is not located in a special flood hazard area. Surrounding land uses include several small vacant lots, a few small commercial buildings, several mostly older (1920s to 1950s) single-family residences, a couple of small churches, and a City of Peoria park and ride lot.

FINANCIALLY FEASIBLE AND MAXIMALLY PRODUCTIVE

Based on the physical and location attributes, and zoning, the subject would appear to have greatest potential for small scale development of office, a variety of retail oriented uses (e.g., general retail, personal services, bars, restaurants), and/or multi-family. The timing for development of these uses are mostly tied to current economic and real estate market conditions.

Employment/Economy

Due to the Covid-19 pandemic, employment declined by 1.6% in 2020, but was followed by an annual increases of 3.3%, 5.2%, 2.2% and 3.6% in 2021, 2022, 2023 and 2024, respectively. The Phoenix Blue Chip Economic Forecast (Third Quarter 2025) projects an increase in employment of 1.5% and 1.8% in 2025 and 2026, respectively. Also due to the adverse impact of the Covid-19 pandemic, unemployment in the Phoenix-Mesa MSA increased from 3.0% in February 2020 to a high of 12.5% in April 2020, but has been slowly declining back to the 3% range over the past year. Some of the strengths of the metropolitan Phoenix market include a diversified and growing workforce, with strong job growth across most sectors. However, weaknesses include high interest rates, coupled with other inflationary concerns, which are decreasing disposable income, and adversely impacting affordability and new development in virtually all sectors.

Neighborhood Demographics

On the next page is a summary of basic demographics, per Co-Star Realty, within three, five and ten mile radii of the approximate center of the neighborhood (Peoria and 83rd avenues). As shown, population and households are forecast to increase by near 8% over the next five years, within the three and five mile radii of the subject, or by near 1.6% per annum. The total population and households within a three mile radius in 2024 were 124,150 and 47,960, respectively. Median household income levels within the three and five mile radii study area are near $62,000 and $60,000, respectively, which are well below the median household income in Maricopa County of near $81,000. The lower household income is due mostly to the study area including several RV and mobile home parks, as well as housing within age-restricted master planned communities (i.e., Sun City, Desert Harbor, Plaza Del Rio).

Metropolitan Phoenix - Office/Retail

Summarized in the following table are Third Quarter 2025 statistics for the metropolitan Phoenix office and retail markets, as provided by Co-Star Realty Group.

Category	# Buildings	Inventory (Sq. Ft.)	Vacant (Sq. Ft.)	% Vacant	Average Rent/SF	U.C. (Sq. Ft.)	Past 12 Mo. Absorption
Office	9,025	194,773,959	31,553,060	16.2%	$30.61	859,528	1,627,449
Retail	17,006	244,366,326	11,440,281	4.7%	$19.97	2,585,329	1,412,841

Metro Office:

The inventory of office space has increased by 17 million square feet over the past decade. Over the past five years, near 4.3 million square feet of new office space has been added,

CO-STAR REALTY DEMOGRAPHICS

Radius	3 Mile		5 Mile		10 Mile	
Population						
2029 Projection	134,429		367,345		1,425,732	
2024 Estimate	124,150		339,439		1,319,458	
2020 Census	120,850		331,510		1,297,846	
Growth 2024 - 2029	8.28%		8.22%		8.05%	
Growth 2020 - 2024	2.73%		2.39%		1.67%	
2024 Population by Hispanic Origin	40,558		123,962		566,557	
2024 Population	124,150		339,439		1,319,458	
White	72,214	58.17%	186,254	54.87%	642,051	48.66%
Black	7,811	6.29%	21,975	6.47%	90,238	6.84%
Am. Indian & Alaskan	1,999	1.61%	5,564	1.64%	24,788	1.88%
Asian	4,829	3.89%	12,697	3.74%	50,111	3.80%
Hawaiian & Pacific Island	185	0.15%	556	0.16%	2,408	0.18%
Other	37,111	29.89%	112,392	33.11%	509,862	38.64%
U.S. Armed Forces	323		579		3,255	
Households						
2029 Projection	51,996		139,349		500,952	
2024 Estimate	47,960		128,540		462,603	
2020 Census	46,911		125,796		455,548	
Growth 2024 - 2029	8.42%		8.41%		8.29%	
Growth 2020 - 2024	2.24%		2.18%		1.55%	
Owner Occupied	30,492	63.58%	79,052	61.50%	274,850	59.41%
Renter Occupied	17,468	36.42%	49,488	38.50%	187,754	40.59%
2024 Households by HH Income	47,961		128,541		462,603	
Income: <$25,000	7,884	16.44%	22,912	17.82%	75,370	16.29%
Income: $25,000 - $50,000	11,721	24.44%	30,788	23.95%	106,768	23.08%
Income: $50,000 - $75,000	9,047	18.86%	24,848	19.33%	88,317	19.09%
Income: $75,000 - $100,000	6,062	12.64%	17,023	13.24%	62,117	13.43%
Income: $100,000 - $125,000	5,335	11.12%	13,290	10.34%	48,924	10.58%
Income: $125,000 - $150,000	3,457	7.21%	8,162	6.35%	30,079	6.50%
Income: $150,000 - $200,000	2,259	4.71%	6,663	5.18%	27,008	5.84%
Income: $200,000+	2,196	4.58%	4,855	3.78%	24,020	5.19%
2024 Avg Household Income	$79,259		$76,300		$81,702	
2024 Med Household Income	$61,885		$60,018		$63,418	

with the vacancy rate over this same time period gradually increasing from near 12% to its current rate of 16.2%, which is mostly reflective of the adverse impact of the Covid-19 pandemic. Since mid 2020 at the onset of the pandemic, there has been negative absorption of near 5.0 million square feet of office space, however, after mostly negative quarterly absorption from mid 2020 thru third quarter 2024, there has been four consecutive quarters of positive absorption. Over the past decade, office rental rates been gradually increasing from $21.62 per square foot to $30.61 per square foot as of Third Quarter 2025. Near 860,000 square feet of office space was under construction as of Third Quarter 2025, with another 15.5 million square feet of office space being planned. Co-Star is forecasting vacancy to remain relatively flat with a slight drop of less than 1% over the next five years. Over the same time period, market asking rents are forecast to gradually increase by near $5.00 per square foot.

Metro Retail:

The inventory of retail space has increased by near 14.5 million square feet over the past decade, with the average vacancy rate mostly steadily declining from near 8.5% to just below 5% over the past three years. Over the past decade, there has been overall positive absorption of over 22 million square feet of retail space, or near 2.2 million square feet per year, with absorption since the onset of the Covid-19 pandemic totaling approximately 11.2 million square feet, which is very similar to the overall 10 year annual average absorption rate. Retail rental rates have been gradually increasing over the past decade from $14 per square foot to near $20.00 per square foot as of Third Quarter 2025. Just below 2.6 million square feet of retail space was under construction as of Third Quarter 2025, with another near 15 million square feet of retail space being planned. Over the next five years, Co-Star Realty is forecasting vacancy to increase slightly by near 0.5%, while the average market asking rental rate is projected to steadily increase by near $4.50 per square foot.

Neighborhood Office/Retail

Neighborhood Office:

According to Co-Star Realty, there is near 1.1 million square feet of office space in the neighborhood, of which, near 3.6% was vacant as of the end of Third Quarter 2025, with no new office space being under construction. However, a 20,000 square foot office building is proposed for development. Over the past five years, there has been no new office space constructed in the neighborhood, with near 25,000 square feet of office space being demolished in 2021, resulting in a slight decrease in the vacancy rate from just over 5% to below 4%. Over this same time period, average rental rates have increased from near $25 per square foot per annum, to approximately $28.50 per square foot in Third Quarter 2025. Over the next five years, Co-Star Realty is forecasting office vacancy to decrease slightly over the next year and remain between 2% to 3%, while asking rental rates are projected to steadily increase by near $6.50 per square foot per annum.

Neighborhood - Retail:

According to Co-Star Realty, there is near 4.2 million square feet of retail space in the neighborhood, of which, 6.6% was vacant as of Third Quarter 2025, with near 35,000 square feet of new retail construction over the past five years, being exceeded by approximately 120,000 square feet of retail building demolitions, which has resulted in a decline in inventory of near 85,000 square feet. There currently is no new retail space under construction, however, approximately 242,000 square feet of retail space is planned for near term development. Over the past five years, there has been near 125,000 square feet of absorption of retail space, which combined with the aforementioned new construction and demolition, has resulted in the vacancy rate declining from just over 11% to between 6% and 7% over the past three years. Over the past five years, asking rental rates have fluctuated from a low of just over $12 per square foot per annum inn 2022, to over $17.00 per square foot in 2024, with the average rental rate as of Third Quarter 2025 being $15.18 per square foot. Over the next five years, Co-Star Realty is forecasting retail vacancy to gradually increase to near 8% along with a steady increase in rental rates by near $4.00 per square foot per annum.

Multi-Family Residential - Metropolitan Phoenix

The vast majority of new multi-family construction activity over the past decade has occurred within the upper-end apartment segment. Due to high occupancy rates, increasing rental rates, and growth in both employment and population over the past, a considerable number of new apartment projects have been constructed, as evidenced by 14,029, 15,870, 18,748, 18,932 and 13,577 permits in 2020, 2021, 2022, 2023 and 2024 respectively; *the year-to-date (August) total number of permits is 7,907, suggesting an annualized total of near 11,861 permits, which would represent a near 13% decline from the 2024 total.* According to the Greater Phoenix Blue Chip forecast (Third Quarter 2025), multi-family permits are projected to total 11,167, 12,833 and 12,006 in 2025, 2026 and 2027, respectively, however, absorption is projected to exceed permits in each of these years (12,833, 12,006 and 11,619), resulting in a decline in vacancy from 8.4% at the end of 2025, to 7.2% at the end of 2027.

The following is a summary of the metro Phoenix apartment market, which pertains to projects of 50+ units, since 2020, according to Co-Star Realty. As shown, new construction has consistently exceed absorption of units, resulting in a gradual increase in the vacancy rate, which eventually has led to market rents beginning to decline over the past two years.

METRO PHOENIX APARTMENT MARKET (50+ UNITS)

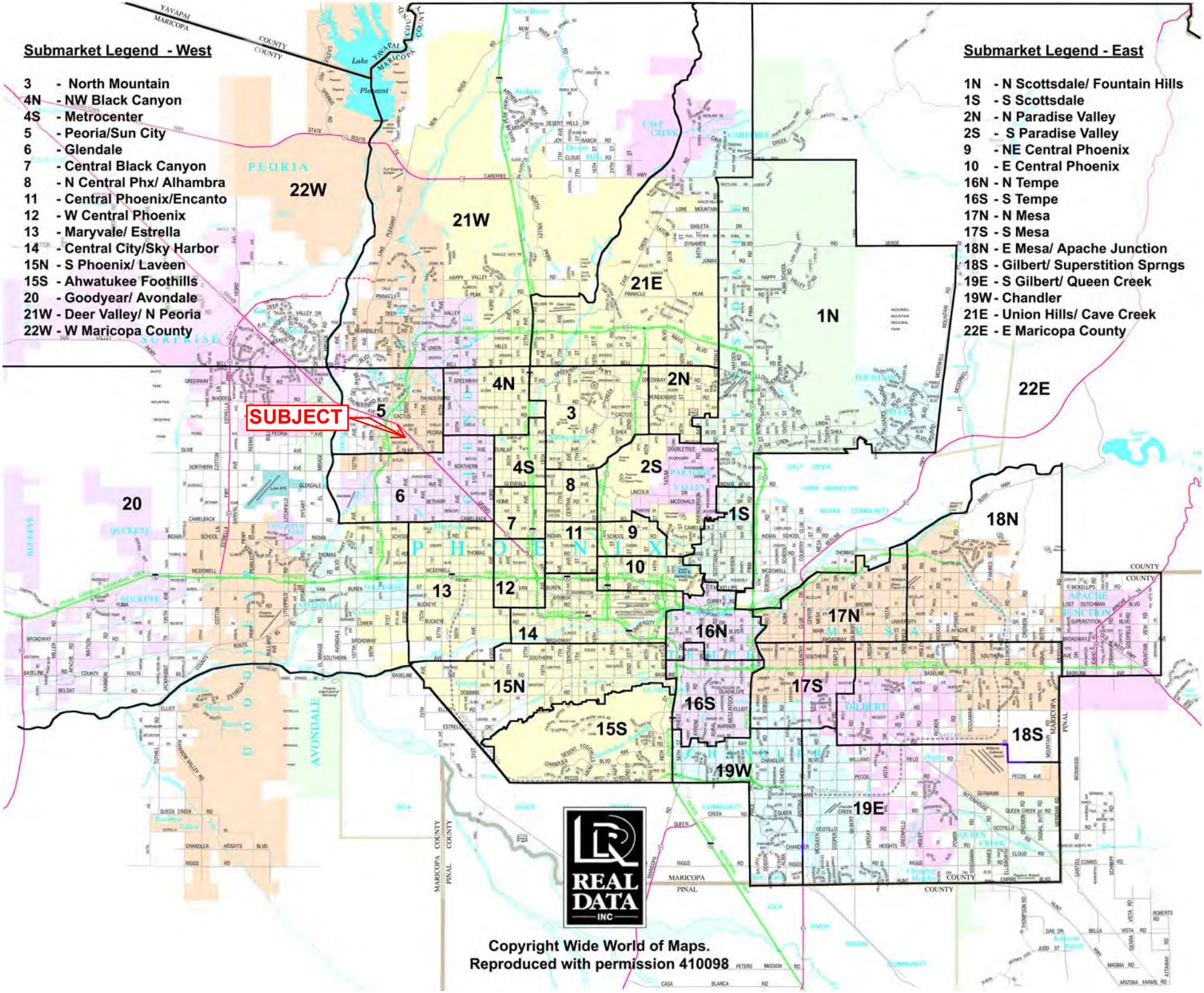
Year	Constructed Units	Absorption Units	Year-End Vacancy	Year-End Rent/SF
2020	11,341	10,553	5.9%	$1.60
2021	14,796	12,154	5.9%	$1.85
2022	20,618	2,149	6.4%	$1.87
2023	25,684	9,772	10.4%	$1.84
2024	30,196	19,042	11.8%	$1.81
YTD 2005 (3 Qtr.)	*18,930*	*14,119*	*12.2%*	*$1.77*

Multi-Family Residential - Apartment Insights Submarket 5 (Peoria/Sun City):

According to Apartment Insights, the Subject Larger Parcel is located in Submarket 5 (Peoria/Sun City). On the following page is a submarket map of metropolitan Phoenix, showing the subject's location in Submarket 5. The following are highlights from the Third Quarter 2025 Statistics/Trends Summary, for metropolitan Phoenix 100+ Apartment Properties, published by Apartment Insights: the inventory in Submarket 5 was 7,127 units, which represents near 1.9% of total metropolitan Phoenix inventory of 378,051 units; 1,514 units have been constructed in Submarket 5 since 2020, representing 1.7% of total units constructed in metropolitan Phoenix of 88,619 units; there was absorption of 302 units in Submarket 5 over the past four quarters, which represents 1.8% of total absorption in metropolitan Phoenix (16,616 units) over the same time period; stabilized units vacancy rate was 7.04% in Submarket 5, compared to 7.23% in metropolitan Phoenix; average rents in stabilized projects (unfurnished - no utilities) were $1.62 per square feet (average unit size of 898 square feet) in Submarket 5, compared to $1.75 per square feet (average unit size of 874 square feet) in metropolitan Phoenix; rental rates have decreased by 6.9% over the past four quarters in Submarket 5, compared to a decrease of 3.8% in metropolitan Phoenix over the same time period; there currently are 595 units in the lease-up stage in Submarket 5, as of Third Quarter 2025; and 28,097 apartment units are either under construction or scheduled for construction, with another near 40,658 units with Final Plan approval in metropolitan Phoenix.

Multi-Family Residential - Neighborhood:

According to Co-Star Realty, there are 44 apartment projects in the neighborhood, with 50+ units and a total of 8,691 apartment units. Of that total, 10 apartment projects have been constructed since January 2020, with a total of 2,381 units, which equates to near 400 units per year, with the total representing 27% of the neighborhood inventory. There currently is one project totaling 160 units, which is currently under construction in the neighborhood, with two more projects being planned for near term development, which involve another 456 units. Since January 2020, a total of 1,327 units have been absorbed.


Submarket Legend - West
3 - North Mountain
4N - NW Black Canyon
4S - Metrocenter
5 - Peoria/Sun City
6 - Glendale
7 - Central Black Canyon
8 - N Central Phx/ Alhambra
11 - Central Phoenix/Encanto
12 - W Central Phoenix
13 - Maryvale/ Estrella
14 - Central City/Sky Harbor
15N - S Phoenix/ Laveen
15S - Ahwatukee Foothills
20 - Goodyear/ Avondale
21W - Deer Valley/ N Peoria
22W - W Maricopa County
Submarket Legend - East
1N - N Scottsdale/ Fountain Hills
1S - S Scottsdale
2N - N Paradise Valley
2S - S Paradise Valley
9 - NE Central Phoenix
10 - E Central Phoenix
16N - N Tempe
16S - S Tempe
17N - N Mesa
17S - S Mesa
18N - E Mesa/ Apache Junction
18S - Gilbert/ Superstition Sprngs
19E - S Gilbert/ Queen Creek
19W - Chandler
21E - Union Hills/ Cave Creek
22E - E Maricopa County
SUBJECT
REAL DATA INC
Copyright Wide World of Maps.
Reproduced with permission 410098

The vacancy rate in the neighborhood was near 4% in mid 2021, however, given the majority of the units constructed since January 2020 were completed between 2022 and 2025, the vacancy rate increased to near 20% as of mid 2025, with the Third Quarter 2025 vacancy rate being slightly lower at approximately 18%; *Co-Star Realty is projecting vacancy rates to gradually decline over the next five years to just over 10%.* Effective market rents increased from near $1.45 per square foot in First Quarter 2020 to near $1.80 per square foot in Second Quarter 2022, and subsequently fluctuated and declined to $1.67 per square foot as of Third Quarter 2025; *Co-Star Realty is projecting vacancy rates to gradually decline over the next five years to just over 10%.*

HIGHEST AND BEST USE CONCLUSION

Based on the physical and locational characteristics, zoning, current economic conditions, and current residential and commercial real estate market conditions, the highest and best use of the subject property is to hold as an investment, until there is sufficient demand for development consistent with one or more of the allowable uses per zoning.

VALUATION ANALYSIS

SALES COMPARISON APPROACH

The Sales Comparison Approach is, "The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparables sales is available."[10] The Sales Comparison Approach is applicable to all types of real estate interests when there are sufficient recent, reliable transactions to indicate value patterns or trends in the market. When there are few market transactions available, the applicability of the Sales Comparison Approach may be limited.

The land sales are compared to the subject on the basis of ***price per square foot of land area***. This unit of comparison is typical of the market. Each sale comparison was related to the site appraised in terms of the factors listed below.

1. *Real Property Rights Conveyed*
2. *Financing Terms*
3. *Conditions Of Sale*
4. *Expenditures Immediately After Purchase*
5. *Date Of Sale*
6. *Location*
7. *Physical Characteristics*
8. *Zoning/Use Potential*

An extensive land sales search was conducted to discover sales of similar parcels of land, based on the location and physical characteristics, zoning/use potential, and highest and best use conclusion for the subject. On the following pages are recitations of several comparable land sales, which are followed by a land sales summary chart and land sales location maps.

[10] *Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th ed., p. 170*

VACANT LAND SALE 1

Identification

Assessor's Parcel Number(s):	142-41-051
Location:	South side of Washington Street, 250 feet west of 84th Avenue, Peoria

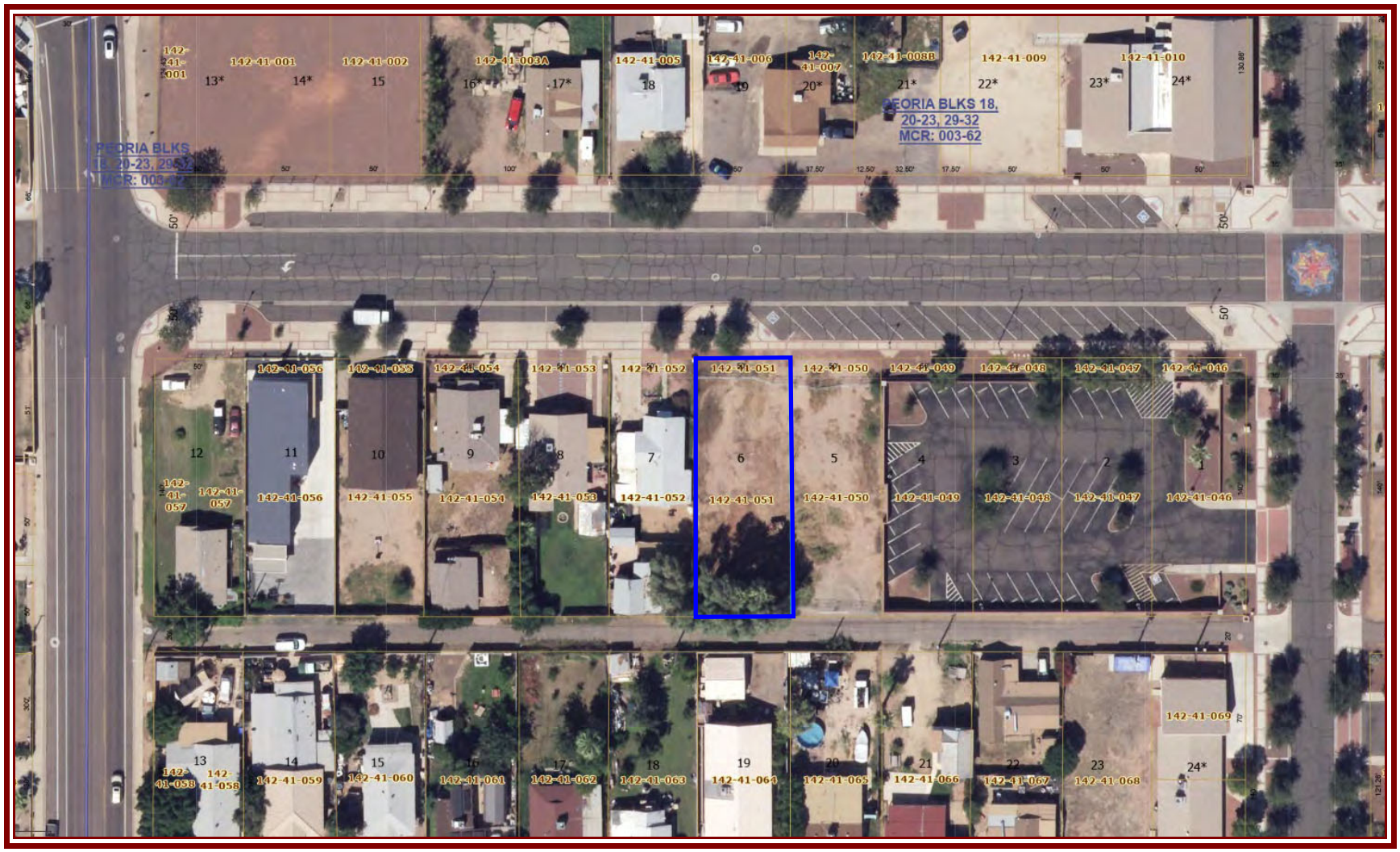
Sale Data

Grantor:	L1 Arizona, LLC
Grantee:	Habitat for Humanity
Sale Date:	July 2022
Instrument:	Warranty Deed
Instrument Number:	22/588660
Interest Conveyed:	Fee simple
Conditions Of Sale:	Arm's-length transaction
Sale Price:	$135,000
Terms:	Cash
Unit Price:	$19.29 per square foot of land area

Site Data

Shape/Street Frontages:	Rectangular configuration Washington Street frontage - 50 feet Depth - 140 feet Alleyway frontage - 50 feet
Site Area:	7,000 square feet
Topography:	Level; the site is not situated in a special flood hazard area
Zoning:	CCM, Core Commercial Mixed Use, Peoria

MARICOPA COUNTY ASSESSOR AERIAL



Utilities:	Electricity, water, sewer and telephone are available to the property
Sales History	There have been no other sales of this property in the prior three years.
Comments	The site was acquired to develop a single-family residence. Surrounding land uses include several single-family residences, small vacant lots, a few small commercial buildings, and a City of Peoria park and ride lot.

VACANT LAND SALE 2

Identification

Assessor's Parcel Number(s):	142-41-100
Location:	Southwest corner of Madison Street and 84th Avenue, Peoria

Sale Data

Grantor:	Emilio Valdez Ramirez and Helen Olguin Ramirez
Grantee:	Habitat for Humanity
Sale Date:	August 2022
Instrument:	Warranty Deed
Instrument Number:	22/655157
Interest Conveyed:	Fee simple
Conditions Of Sale:	Arm's-length transaction
Sale Price:	$135,000
Terms:	Cash
Unit Price:	$19.29 per square foot of land area

Site Data

Shape/Street Frontages:	Rectangular configuration Madison Street frontage - 50 feet Depth - 140 feet Alleyway frontage - 50 feet
Site Area:	7,000 square feet
Topography:	Level; the site is not situated in a special flood hazard area
Zoning:	CCM, Core Commercial Mixed Use, Peoria

MARICOPA COUNTY ASSESSOR AERIAL



Utilities:	Electricity, water, sewer and telephone are available to the property
Sales History	There have been no other sales of this property in the prior three years.
Comments	The site was acquired to develop a single-family residence. Surrounding land uses include several single-family residences, a few small vacant lots, a small church and the Peoria Community Center.

VACANT LAND SALE 3

Identification

Assessor's Parcel Number(s):	142-41-040
Location:	South side of Washington Street, 50 feet east of 84th Avenue, Peoria

Sale Data

Grantor:	Peoria Oldtown Development Group, LLC
Grantee:	Jerry Bordeleau
Sale Date:	July 2023
Instrument:	Warranty Deed
Instrument Number:	23/397356
Interest Conveyed:	Fee simple
Conditions Of Sale:	Arm's-length transaction
Sale Price:	$125,000
Terms:	Cash
Unit Price:	$17.86 per square foot of land area

Site Data

Shape/Street Frontages:	Rectangular configuration Washington Street frontage - 50 feet Depth - 140 feet Alleyway frontage - 50 feet
Site Area:	7,000 square feet
Topography:	Level; the site is not situated in a special flood hazard area
Zoning:	CCM, Core Commercial Mixed Use, Peoria

MARICOPA COUNTY ASSESSOR AERIAL



Utilities:	Electricity, water, sewer and telephone are available to the property
Sales History	There have been no other sales of this property in the prior three years.
Comments	The site was acquired to assemble with the property adjacent to the east. Notably, the buyer also acquired another property from the same seller, which involves a single-family residence situated adjacent west of this sale parcel. Surrounding land uses include several single-family residences, small vacant lots, a few small commercial buildings, a City of Peoria park and ride lot, and the City of Peoria Osuna Park.

VACANT LAND SALE 4

Identification

Assessor's Parcel Number(s):	142-14-072 and 073
Location:	South side of Madison Street, 65 feet west of Grand Avenue frontage road, Peoria

Sale Data

Grantor:	Gustavo Adolfo Urias Aguero
Grantee:	JJ & F Invesment, LLC
Sale Date:	August 2023
Instrument:	Warranty Deed
Instrument Number:	23/427246
Interest Conveyed:	Fee simple
Conditions Of Sale:	Arm's-length transaction
Sale Price:	$280,000
Terms:	$80,000 down (29%), with seller financing of the remainder at undisclosed terms
Unit Price:	$20.00 per square foot of land area

Site Data

Shape/Street Frontages:	Rectangular configuration Madison Street frontage - 100 feet Depth - 140 feet Alleyway frontage - 100 feet
Site Area:	14,000 square feet
Topography:	Level; the site is not situated in a special flood hazard area

MARICOPA COUNTY ASSESSOR AERIAL



Zoning:	CCM, Core Commercial Mixed Use, Peoria
Utilities:	Electricity, water, sewer and telephone are available to the property
Sales History	There have been no other sales of this property in the prior three years.
Comments	The site was acquired to hold for future development.
	Surrounding land uses include several single-family residences, a small church and a auto repair facility.

VACANT LAND SALE 5

Identification

Assessor's Parcel Number(s):	142-41-124A
Location:	South side of Madison Street, 125 feet east of 85th Avenue, Peoria

Sale Data

Grantor:	GC Irrevocable Trust
Grantee:	Klaus H. Mehrens
Sale Date:	January 2024
Instrument:	Warranty Deed
Instrument Number:	24/49236
Interest Conveyed:	Fee simple
Conditions Of Sale:	Arm's-length transaction
Sale Price:	$80,000
Terms:	Cash
Unit Price:	$22.86 per square foot of land area

Site Data

Shape/Street Frontages:	Rectangular configuration Madison Street frontage - 25 feet Depth - 140 feet Alleyway frontage - 25 feet
Site Area:	3,500 square feet
Topography:	Level; the site is not situated in a special flood hazard area
Zoning:	CCM, Core Commercial Mixed Use, Peoria

MARICOPA COUNTY ASSESSOR AERIAL



Utilities:	Electricity, water, sewer and telephone are available to the property
Sales History	There have been no other sales of this property in the prior three years.
Comments	The site was acquired to develop a single-family residence. Surrounding land uses include several single-family residences, a few small vacant lots, a small church and a large Peoria municipal complex.

VACANT LAND SALE 6

Identification

Assessor's Parcel Number(s):	147-25-062
Location:	East side of 56th Avenue, 100 feet north of Glenn Drive, Glendale

Sale Data

Grantor:	Osvaldo Pina Loyola, et al
Grantee:	Manuela Alderete
Sale Date:	November 2025
Instrument:	Warranty Deed
Instrument Number:	25/660462
Interest Conveyed:	Fee simple
Conditions Of Sale:	Arm's-length transaction
Sale Price:	$140,000
Terms:	Cash
Unit Price:	$20.00 per square foot of land area

Site Data

Shape/Street Frontages:	Rectangular configuration 56th Avenue frontage - 50 feet Depth - 140 feet Alleyway frontage - 50 feet
Site Area:	7,000 square feet
Topography:	Level; the site is not situated in a special flood hazard area
Zoning:	C-2, General Commercial, Glendale

MARICOPA COUNTY ASSESSOR AERIAL

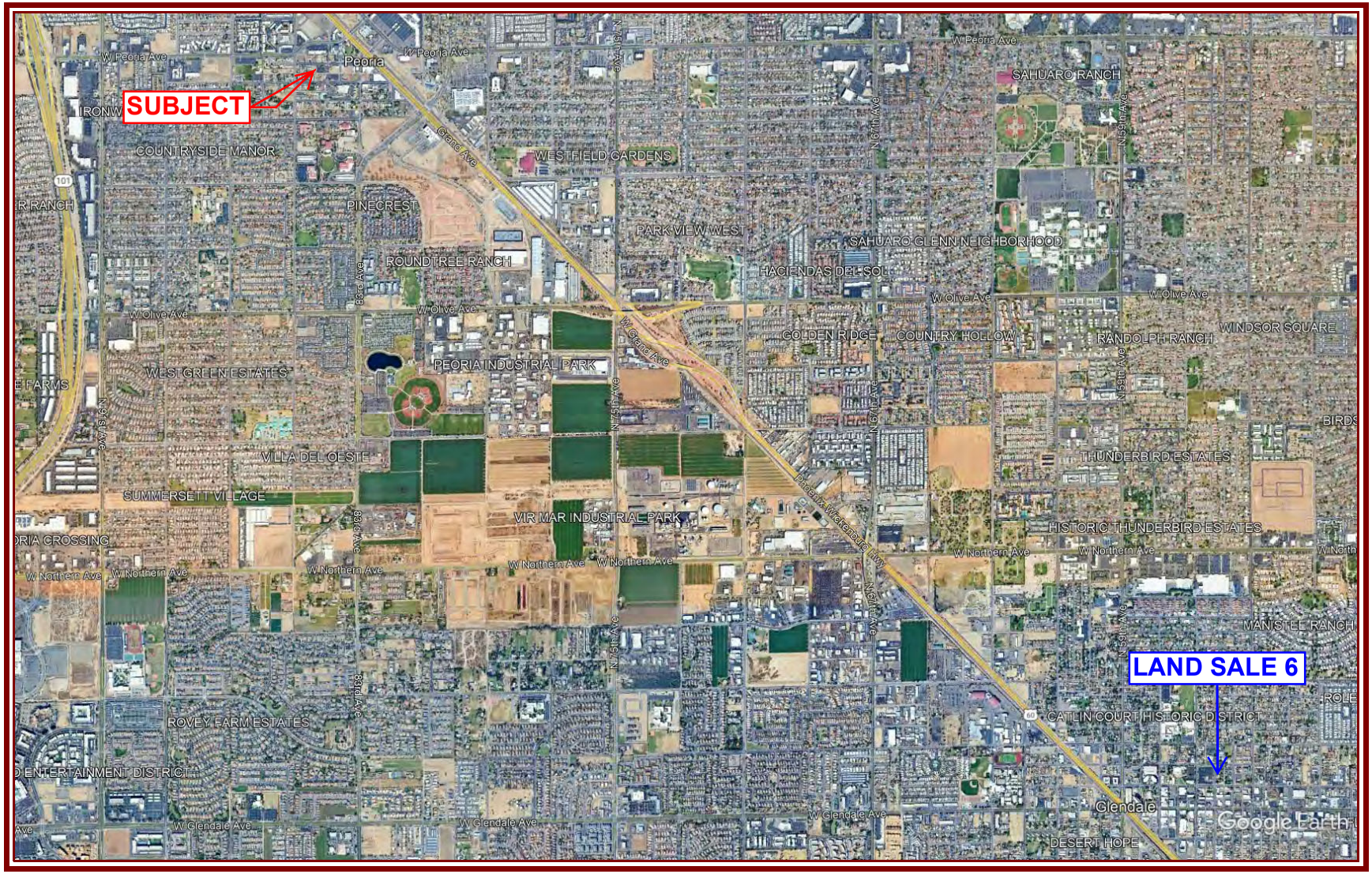


Utilities:	Electricity, water, sewer and telephone are available to the property
Sales History	This site was acquired by the seller in March 2023 at a price of $115,000 (Document No. 23/166179). There have been no other sales of this property in the prior three years.
Comments	The site was acquired to hold as an investment. Surrounding land uses include several single-family residences, a large parking lot, a few small vacant lots, a few small office buildings, a few churches and a large Glendale municipal complex.

COMPARABLE LAND SALES LOCATION MAP - DOWNTOWN PEORIA



COMPARABLE LAND SALES LOCATION MAP - DOWNTOWN GLENDALE



COMPARABLE LAND SALES SUMMARY

Sale	Sale Date	General Location	Land Area (Sq. Ft.)	Price/ Sq. Ft.	Zoning
1	7/22	Downtown Peoria	7,000	$19.29	CCM, Core Commercial Mixed Use
2	8/22	Downtown Peoria	7,000	$19.29	CCM, Core Commercial Mixed Use
3	7/23	Downtown Peoria	7,000	$17.86	CCM, Core Commercial Mixed Use
4	8/23	Downtown Peoria	14,000	$20.00	CCM, Core Commercial Mixed Use
5	1/24	Downtown Peoria	3,500	$22.86	CCM, Core Commercial Mixed Use
6	11/25	Downtown Glendale	7,000	$20.00	C-2, General Commercial
Subject		***Downtown Peoria***	***7,000***		***CCM, Core Commercial Mixed-Use***

LAND SALES ANALYSIS

Elements Of Comparison

Elements of comparison are defined as, "The characteristics or attributes of properties and transactions that cause the prices of real estate to vary; including real property rights conveyed, financing terms, conditions of sale, expenditures immediately after purchase, market conditions, location, physical characteristics, and other characteristics, such as economic characteristics, use, and non-realty components of value."[11] Any meaningful differences between the comparable sales and the subject affecting value must be identified and reconciled. Adjustments are applied to the comparable sales, as a result of the differences, to derive more equal comparisons. These differences are reconciled as of the effective date of appraisal. The following is a discussion of the various elements of comparison.

The first five elements of comparison will be discussed for each sale. Thereafter, qualitative adjustments will be made for factors including location and physical characteristics, and zoning/use potential, as each compares to the subject property, which recognizes the overall superiority, similarity or inferiority of the comparable, in relation to the subject property.

Real Property Rights Conveyed:

The real property rights conveyed in all comparable sales were fee simple interests, which is the same as the property rights being appraised. Therefore, no adjustments for property rights conveyed are necessary.

[11] *Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th ed., p. 61*

Financing Terms:

The opinion of market value for the subject property is based on all cash financing. Cash transactions typically sell for less than those sales which involve favorable financing terms such as below market interest rates, buy downs, wraparound mortgages, interest only loans, etc. Therefore, cash equivalency adjustments must be made to sales involving favorable financing terms. All of the comparables, except Land Sale 4, were cash or cash to seller transactions. Therefore, no adjustments are warranted to these sales. In contrast, Land Sale 4 was acquired with a 29% down payment and seller financing of the remainder at undisclosed terms. Typically, seller financing is beneficial to the buyer and often times results in an above market price being paid. Based on the unit price paid, it appears that seller financing had a favorable impact the price paid. Consequently, a downward adjustment of 5% has been applied to Land Sale 4.

Conditions Of Sale:

An adjustment for conditions of sale is used to reflect the motivations of buyers and sellers in sales that are not arm's-length transactions due to duress, special relationships, or unusual circumstances. The comparables employed in this analysis do not appear to be impacted by any atypical conditions of sale. As a result, no adjustments for conditions of sale are deemed necessary.

Expenditures Immediately After Purchase:

All of the comparables were acquired with no expenditures required, immediately after purchase. Notably, the unit price employed in this analysis for Land Sale 1 already reflects an adjustment for demolition of former building improvements. As a result, no adjustments were necessary for this factor.

Market Conditions (Date Of Sale):

The subject is being appraised as of a specific date; therefore, adjustments to the comparables must be recognized for changes in market conditions between the sale dates of the comparables and the date of valuation. The adjustment for market conditions is not always related to "time"; changes in market conditions may be caused by inflation, deflation, fluctuations in supply and demand, or other factors. The sales employed in this analysis took place between mid 2022 and late 2025, with Land Sale 6 involving a sale and resale within this time period. In March 2023, Land Sale 6 sold at a price of $16.43 per square foot, and later sold in November 2025 at a higher price of $20.00 per square foot, which is 21.7% higher or $3.57 per square foot higher than the first sale.

Office, retail and multi-family real estate market conditions have been generally positive over the past several years in metropolitan Phoenix, as well as within the neighborhood, which tends to positively impact underlying land values. A comparison of the unit prices paid for Land Sales 1, 2, 3 and 4 ($17.86 to $20.00 per square foot), which are located in

downtown Peoria and transpired between mid 2022 and mid 2023, with the unit paid for Land Sale 5 ($22.86 per square foot), which is also in downtown Peoria and transpired in early 2024, further suggests increases in land values over the past few years, however, a portion of the unit price differential is deemed attributable to the much smaller size of Land Sale 5.

Based on the available information, upward date of sale adjustments of 20% have been applied to Land Sales 1 and 2, while upward adjustments of 15% have been concluded for Land Sales 3 and 4. Finally, an upward adjustment of 7.5% has been made to Land Sale 5.

Location:

The subject is located just west of the boundaries of Old Town Peoria, with surrounding land uses including several small vacant lots, a few small commercial buildings, several mostly older (1920s to 1950s) single-family residences, a couple of small churches, and a City of Peoria park and ride lot. Notably, the subject has one roadway frontage, with availability of street parking along both sides of Washington Street, and access from an alleyway. Land Sale 1 is adjacent west of the subject and has virtually identical locational characteristics.

Land Sales 2 through 5 are also located in downtown Peoria, however, only Land Sale 3 is located within the boundaries of Old Town Peoria. For this reason, a slight downward location adjustment has been applied to Land Sale 3. Land Sale 2 has dual roadway frontages, availability of street parking and alleyway access, and is similarly located just outside of Old Town Peoria. Due to its dual roadway frontage, a slight downward location adjustment is deemed necessary to Land Sale 2.

Land Sales 4 and 5 similarly have only one roadway frontage along with alleyway access, and are located just outside of Old Town Peoria, however, both lack availability of nearby street parking. Therefore, slight upward location adjustments are considered warranted to both of these comparables.

Land Sale 6 is located adjacent to the Historic Downtown Glendale, and is situated along a collector roadway, with available street parking, and additional access via an alleyway. Similar to Old Town Peoria, downtown Glendale includes municipal offices, courthouse, police and fire departments, civic center, chamber of commerce, and a public library. The downtown area also includes parks, and numerous shops, restaurants and small offices, with most being situated in former single-family residences that were converted for commercial use. Overall, the downtown Glendale area is more build-out with various commercial uses in comparison to Old Town Peoria. In consideration of the various locational factors, no location adjustment has been concluded for Land Sale 6.

Physical Characteristics:

Adjustments for physical characteristics are necessary when the physical characteristics of a comparable property are different from those of the subject. Factors analyzed include site size, configuration, utilities, on-site development requirements and off-site development requirements.

Size:

Typically, the smaller the parcel, the higher the per square foot price, which is due to economies of scale, with smaller parcels being more affordable to a greater pool of potential buyers, thus increasing demand and the per square foot price. The subject totals 7,000 square feet, which is the same as Land Sales 1, 2, 3 and 6 (7,000 square feet). As a result, no adjustments are necessary to these comparables. However, to account for the much smaller size of Land Sale 5 (3,500 square feet), which sold at the highest unit price, a downward size adjustment has been applied. In contrast, given Land Sale 4 is twice the size of the subject, a slight upward size adjustment is deemed necessary.

Configuration:

The subject and all of the comparables, except Land Sale 5, have functional rectangular configurations. Therefore, no adjustments for configuration are considered warranted to all of the comparables, except for Land Sale 5. While Land Sale 5 also has a rectangular configuration, it is very narrow, which negatively impacts its development potential. Consequently, a slight upward adjustment for configuration has been concluded for Land Sale 5.

Utilities:

All customary utilities are available to the subject property and each comparable land sale.

On-site Development Requirements:

The subject and all of the comparables involve vacant and level sites, with no atypical on-site development requirements anticipated upon future development. Therefore, no adjustments have been concluded for this factor.

Off-site Development Requirements:

There are no off-site development requirements anticipated upon future development of the subject and the comparables.

Zoning/Use Potential:

As discussed, the subject and Land Sales 1 through 5 are zoned CCM, Core Commercial Mixed-Use, which is a designation that allows for retail and service businesses mixed with residential, cultural, educational, community, recreational, and entertainment uses. Some of the permitted uses under the CCM zoning district include, multi-family residential, professional and medical offices, restaurant and bars, entertainment and recreation, general retail, art galleries, group homes, churches, hotels and motels, retail/showroom, and various personal services. Land Sale 6 is zoned C-2, General Commercial, which allows for a wide variety of commercial oriented uses, along with multi-family residential uses. However, to account for the more permissive development standards and greater allowable intensity of uses associated with the subject CCM zoning, an upward adjustment for zoning/use potential has been concluded for Land Sale 6.

Summary Of Land Sales Analysis

Several factors were considered in the land value analysis, including property rights conveyed, financing terms, conditions of sale, expenditures immediately after purchase, market conditions, location, physical characteristics, and zoning/use potential. The adjustment grid on the next page summarizes the adjustments concluded for the comparables. The adjusted unit prices range from $19.75 to $25.00 per square foot, with somewhat greater weight being attributed to Land Sale 1, which is virtually identical to the subject in terms of locational and physical characteristics, as well as zoning/use potential.

SUMMARY OF SALES COMPARISON APPROACH

Based on the location and physical characteristics of the subject site, zoning/use potential, and current market conditions, a unit price of $23.00 per square foot was concluded. The application of this unit of value to the land area involved, reveals a market value of the fee simple interest in the subject property, as of December 4, 2025, of:

7,000 Sq. Ft. x $23.00/Sq. Ft. = *$161,000*

The valuation opinion expressed is subject to the underlying assumptions and limiting conditions included within the contents of this report.

COMPARABLE LAND SALES ADJUSTMENT GRID

Elements Of Comparison	Sale 1 - 7,000 SF Downtown Peoria	Sale 2 - 7,000 SF Downtown Peoria	Sale 3 - 7,000 SF Downtown Peoria	Sale 4 - 14,000 SF Downtown Peoria	Sale 5 - 3,500 SF Downtown Peoria	Sale 6 - 7,000 SF Downtown Glendale
Sales Price/Sq. Ft.	***$19.29***	***$19.29***	***$17.86***	***$20.00***	***$22.86***	***$20.00***
Property Rights	0	0	0	0	0	0
Adjusted Price	*$19.29*	*$19.29*	*$17.86*	*$20.00*	*$22.86*	*$20.00*
Financing Terms	0	0	0	-5%/-$1.00	0	0
Adjusted Price	*$19.29*	*$19.29*	*$17.86*	*$19.00*	*$22.86*	*$20.00*
Conditions Of Sale	0	0	0	0	0	0
Adjusted Price	*$19.29*	*$19.29*	*$17.86*	*$19.00*	*$22.86*	*$20.00*
Expenditures After Sale	0	0	0	0	0	0
Adjusted Price	*$19.29*	*$19.29*	*$17.86*	*$19.00*	*$22.86*	*$20.00*
Date Of Sale	+20%/+$3.86	+20%/+$3.86	+15%/+$2.68	+15%/+$2.85	+7.5%/+$1.71	0
Adjusted Price/Sq. Ft.	***$23.15***	***$23.15***	***$20.54***	***$21.85***	***$24.57***	***$20.00***
Location	Similar (=)	Slightly Superior (-)	Slightly Superior (-)	Slightly Inferior (+)	Slightly Inferior (+)	Similar (=)
Physical Characteristics						
Size	Similar (=)	Similar (=)	Similar (=)	Slightly Inferior (+)	Superior (-)	Similar (=)
Configuration	Similar (=)	Similar (=)	Similar (=)	Similar (=)	Slightly Inferior (+)	Similar (=)
Utilities	Similar (=)	Similar (=)	Similar (=)	Similar (=)	Similar (=)	Similar (=)
On-site Development	Similar (=)	Similar (=)	Similar (=)	Similar (=)	Similar (=)	Similar (=)
Off-site Development	Similar (=)	Similar (=)	Similar (=)	Similar (=)	Similar (=)	Similar (=)
Zoning/Use Potential	Similar (=)	Similar (=)	Similar (=)	Similar (=)	Similar (=)	Inferior (+)
Final Adjusted Unit Price	***$23.00 to $23.50***	***$22.50 to $23.00***	***$19.75 to $20.25***	***$23.50 to $24.00***	***$24.50 to $25.00***	***$21.75 to $22.25***

EXPOSURE PERIOD

The estimated exposure periods has been based on the actual exposure periods of recent land sales, current commercial and residential real estate market conditions, and discussions with several real estate brokers and market participants active in the metropolitan Phoenix real estate market. The comparables employed in this appraisal, opinions from market participants, and current supply and demand factors in the metropolitan Phoenix real estate markets suggest an exposure and marketing period for the subject of six months, or less. Therefore, the market value is based on an estimated exposure period of six months, or less. Additionally, if marketed properly, at a price commensurate with the market value concluded within this appraisal, it is reasonable to expect a marketing period of six months, or less.

ADDENDA

EXHIBIT A

Old Town Mixed-Use District (OTMU)

21-619	Intent	19
21-620	General Provisions	19
21-621	Zoning Districts	19
21-622	Land Use Matrix	20
21-623	General Regulations for Non-Residential Uses	22
21-624	Property Development Standards	22

21-619 Intent [*8]

A. The Old Town Mixed-Use Districts are intended to facilitate the revitalization of Old Town Peoria by encouraging a mixture of appropriate uses to be established within the same development or on the same lot. The design for the mixtures of uses intends to promote pedestrian activities and to create economic niches in the Old Town area. The Old Town Mixed-Use Districts implement the goals and policies set forth in the Central Peoria Revitalization Plan and the Peoria General Plan. The design of the Old Town Mixed-Use Districts aims to promote the following land uses:

1. High-quality office, storefront retail, restaurant and entertainment to integrate with various residential components in order to create an urban center where people live, work, and entertain.
2. Developments that create a compacted pedestrian environment and promote pedestrian activities that would balance day and night uses.
3. Innovative integration of compatible uses through the conversion of existing buildings and the development of new buildings in a manner that fosters sensitive and sustainable site design and architectural style.

21-620 General Provisions

A. The Old Town Mixed-Use Districts are designed to direct development in the Peoria central core area by allowing complimentary mixtures of commercial, specialized retail, office, and various types of residential developments. Development standards are modified to enhance the urban setting and to encourage private investment. All uses shall be subject to the applicable provisions of the Zoning Ordinance. However, where the regulations and standards established by the Old Town Mixed-Use Districts conflict with other provisions of the ordinance, the regulations and standards set forth in the Old Town Mixed-Use Districts shall govern.

21-621 Zoning Districts

A. The Old Town Mixed-Use Districts encompass an area within the original town plat of Peoria with Grand Ave to the east, Monroe Street to the south, 85th Ave to the west and Peoria Ave to the north. The Old Town Mixed-Use Districts compose of three zoning districts: Core Commercial Mixed-Use (CCM), Core Residential Mixed-Use (CRM), and Park/Open Space (PO).

1. Core Commercial Mixed-Use (CCM)
   The Commercial Mixed-Use designation allows for retail and service businesses mixed with residential, cultural, educational, community, recreational, entertainment uses. Architecturally enhanced parking structure, street level office, business, or community uses that create a pedestrian friendly environment are strongly encouraged.

2. Core Residential Mixed-Use (CRM)
   The Residential Mixed-Use designation allows for primarily single-family residential uses. Limited types of non-residential uses adapted to the residential structures are permitted in the Residential Mixed-Use area. Non-residential uses may include small-scale entrepreneurial, pedestrian-oriented goods and services, family-owned business, bed and breakfast establishments, and small professional or home business whose business is primarily oriented to users in the Old Town area.

3. Park/Open Space (PO)
   The Park/Open Space designation is reserved for open space, passive recreational activities and support facilities. The Park and Open Space designation also provides venues for seasonal activities and short-term events such as arts and crafts sales, farmers' markets, out-door performances and similar uses in an urban park-like setting.

21-622 Land Use Matrix [*17]

A. Uses permitted in specific zoning districts within the Old Town Mixed-Use Districts as permitted by right, permitted subject to a Conditional Use Permit, and permitted as an accessory to a principal use on the same lot are established in the Mixed Use Land Use Matrix (Table 21-622). In the event of a specific use not being identified on the matrix, the Community Development Director or designee(s) shall determine the closest associated use based on the provisions of this ordinance. The City will permit any accessory use customarily incidental to a permitted principal use on the same lot.

Table 21-622			
LAND USE TYPES	**CCM**	**CRM**	**PO**
Multi-Family Residential	**P**	**P**	**-**
Single-Family Residential	**-**	**P**	**-**
ADMINISTRATIVE & FINANCIAL			
Automatic Teller Machine (ATM)	**A**	**-**	**-**
Medical, Dental or Health Offices	**P**	**-**	**-**
Professional, Administrative, or Business Offices	**P**	**P**	**-**
AUTOMOTIVE USES [*9]			
Automobile Diagnostic and/or Service Establishment, including engine and transmission overhaul, repair facilities and similar services #	**C**		

P = Permitted Use
C = Conditional Use Permit required.
A = Accessory use
● = Due to potential traffic impacts, residential use shall be the primary use in these categories
= Subject to special limitations as set forth in Section 21-505.

Table 21-622			
EATING & DRINKING ESTABLISHMENTS	**CCM**	**CRM**	**PO**
Catering Establishment	**P**	-	-
Microbrewery or Distillery	**P**	-	-
Outdoor Dining and Seating Areas *15	**P**	-	-
Restaurants, without drive-thru	**P**	-	-
Restaurants less than 2,000 square feet, without drive-thru	**P**	**P**	-
Tavern, Bar, Lounge or establishment that sells alcoholic beverages for consumption on premise, excluding restaurants #	**C**	-	-
ENTERTAINMENT AND RECREATION			
Dance, Theatrical, Arts, Music Studio and similar uses *10	**P**	**P**	-
Health and Exercise Center	**P**	-	-
Indoor Recreation or Entertainment and similar uses	**P**	-	-
Recreation and Social Clubs	**P**	-	-
Theater, Indoor	**P**	-	-
Wedding and Reception Center #	**C**	**C**	**C**
GENERAL RETAIL			
Antiques, Crafts, and Collectibles Sales	**P**	**P•**	-
Book, Stationery and Greeting Card Store	**P**	**P•**	-
Candy and Ice Cream Store	**P**	**P•**	-
Florist	**P**	**P•**	-
Gift, Novelty and Souvenir Shop	**P**	**P•**	-
Hobby, Stamp and Coin Shop	**P**	**P•**	-
Newsstand	**P**	**P•**	-
Retail Sales of New and Used Merchandise, Indoor	**P**	**P•**	-
Water and Ice Store	**P**	**P•**	-
INSTITUTIONAL			
Art Gallery	**P**	**P**	-
Day Care Centers or Pre-School Centers #	**C**	**C**	-
Group Care Facility or Community Residential Facility #	**C**	**C**	-
Group Homes, less than 10 residents	**P**	**P**	-
Nursing or Convalescent Home, Long Term Care Facility #	**C**	**C**	-
Public Facilities	**P**	**P**	**P**
Religious Institutions and similar places of worship #	**P**	**P**	-
LODGING			
Bed and Breakfast Inn #	**P**	**C**	-
Hotel or Motel #	**P**	-	-
Living quarter for night guards	**A**	**A**	**A**
TRANSPORTATION			
Parking lots or structures	**A**	-	-

P = Permitted Use
C = Conditional Use Permit required.
A = Accessory use
• = Due to potential traffic impacts, residential use shall be the primary use in these categories
= Subject to special limitations as set forth in Section 21-505.

Table 21-622			
INTENSE RETAIL			
Appliance, Furniture, and Household Equipment Sales, Rentals , and Repair	**P**	**-**	**-**
Commercial Service Establishments combining retail, showroom with workshop #	**P**	**-**	**-**
Farmer's and Crafts Markets	**P**	**-**	**P**
Outdoor Sales and Display Area #	**P**	**-**	**-**
PERSONAL SERVICES			
Dry Cleaning, Laundry Establishment, Laundromat, self-service	**P**	**-**	**-**
Locksmith	**P**	**-**	**-**
Massage Establishment #	**P**	**-**	**-**
Palm Readers, Phrenologists, Fortune Tellers and Astrologers	**P**	**P•**	**-**
Photographic Studio	**P**	**P•**	**-**
Shoe Sales and Service, Clothing Alteration	**P**	**P•**	**-**
Tanning Salon, Nail Salon, Barber Shop, Beauty Parlor, and similar uses	**P**	**-**	**-**
Tattoo & Body Piercing Studio	**C**	**-**	**-**
Ticket and Travel Agency	**P**	**-**	**-**

P = Permitted Use
C = Conditional Use Permit required.
A = Accessory use
• = Due to potential traffic impacts, residential use shall be the primary use in these categories
= Subject to special limitations as set forth in Section 21-505.

21-623 General Regulations for Non-Residential Uses

A. All activities, except as otherwise permitted herein, shall be conducted entirely within enclosed buildings.

B. Outdoor storage of goods and materials shall be prohibited.

C. Warehousing or indoor storage of goods and material beyond that normally incidental to permitted uses shall be prohibited.

D. Automotive Uses shall be limited to developments with arterial street frontages and to properties having a Certificate of Occupancy as of July 1, 2005. *9

21-624 Property Development Standards *13

A. All mixed-use developments integrating a residential component in the CCM District shall be consistent with the *Non-Residential Design Standards* (Design Review).

B. All mixed-use developments integrating a non-residential component in the CRM District shall be consistent with the *Residential Design Standards* (Design Review).

C. Parking Facilities *9

1. There is no minimum requirement for parking spaces in the Old Town Mixed-Used Districts. To promote the urban form outlined in Section 21-619, developments are encouraged to locate parking facilities behind buildings and structures, and/or offer shared or joint parking arrangements.

D. Landscape Requirements

1. There are no minimum on-site landscape requirements. However, all portions of the development not occupied by buildings, structures, vehicular access and parking shall be landscaped or finished with a natural topping material which may include, but is not limited to, turf (subject to Section 21-818.B.2., ground cover, decomposed granite (at a minimum size of ¾" minus and at a depth of 2"), river run rock, expanded shale or bark. A pre-emergent herbicide shall be applied to the ground prior to and after the initial installation of natural surface materials in any landscaped area to prevent weed growth.

E. CCM and PO District Standards:

DEVELOPMENT STANDARDS	CCM	PO
SETBACKS [a] (FT)		
Front Minimum [b]	0	0
Front Maximum [c]	10	0
Rear	0	0
Side	0	0
Interior	0	0
MAXIMUM BUILDING HEIGHT	60	30
LANDSCAPE BUFFER ABUTTING RESIDENTIAL ZONES	10	N/R
ACCESSORY BUILDING	●	●

N/R No minimum requirement

[a] The Planning Commission and City Council may require additional setback requirements to mitigate potential adverse impacts of proposed uses on adjoining developments.

[b] A street frontage landscape buffer with a minimum width of 15 feet is required for any parking structure developed within the Old Town Mixed-Use District. *9

[c] Activities within the front setback areas shall be associated with the primary use of the building. Parking spaces within the front setback areas are discouraged. *9

● All regulations and development standards applicable to the principal building shall apply.

F. CRM District Standards:

DEVELOPMENT STANDARDS	Single-Family Residence as the Primary Use	Multi-Family Residence as the Primary Use
MINIMUM SETBACKS [a] (FT) *4		
Front	10	10
Rear	5	5
Side *9	5	5 [b]
Corner Side *12	8	8
MAXIMUM LOT COVERAGE (%)	45	N/R
MAXIMUM BUILDING HEIGHT (FT)	25	30
ACCESSORY BUILDING	●	●

N/R No minimum requirement

[a] The Planning Commission and City Council may require additional setback requirements to mitigate potential adverse impacts of proposed uses on adjoining developments.

[b] No minimum building separation along common wall. *9

● Accessory buildings shall be subject to the limitations contained in Section 21-422 of this Ordinance.

EXHIBIT B

PEORIA

OLD TOWN

CONCEPTUAL DESIGN



PEORIA IS THE PLACE

Old Town, New Vibe

OLD TOWN

INVEST PeoriaAZ

DEKKER PERICH SABATINI

PEORIA OLD TOWN

INTRODUCTION

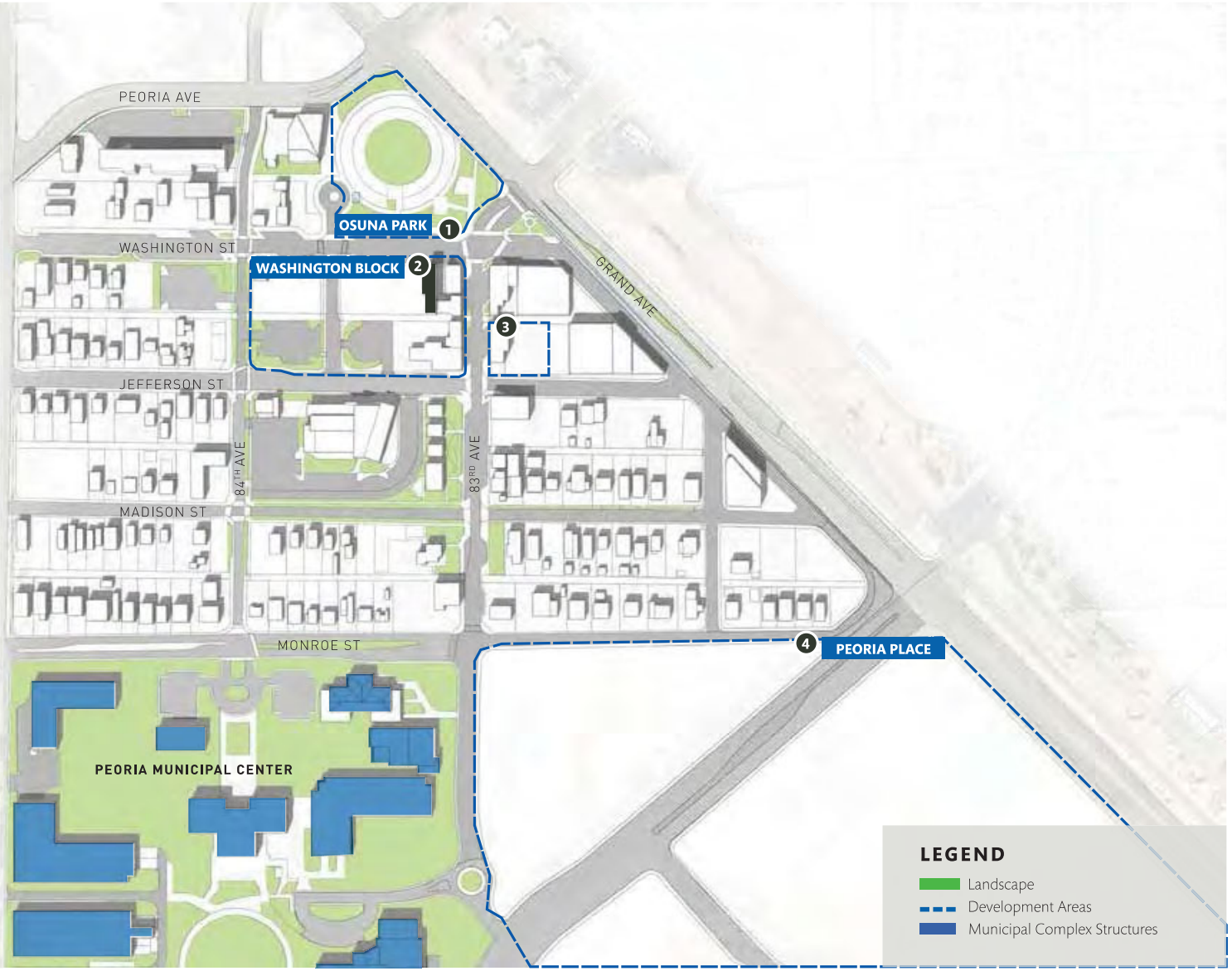
Old Town Revitalization Through Strategic Public Investment

1 Osuna Park
Identified as an opportunity zone in the Old Town Revitalization Plan

2 Washington Street Block
Block market study indicates the following:
- Food and Beverage, at a 20% market capture rate, could capture approximately 21,245 SF
- Office, at a 20% market capture rate, could capture approximately 2,500 SF
- Multi-family housing, at a 20% market capture rate could capture a minimum of 22 market rate units

3 NAPA AUTO PARTS Parcel
Parcel was identified as an appropriate location to capture 22 multi-family housing units

4 Peoria Place
Planned Area Development project directly south of Old Town featuring:
- Medical Facility
- Retail
- Industrial Business Park
- Housing



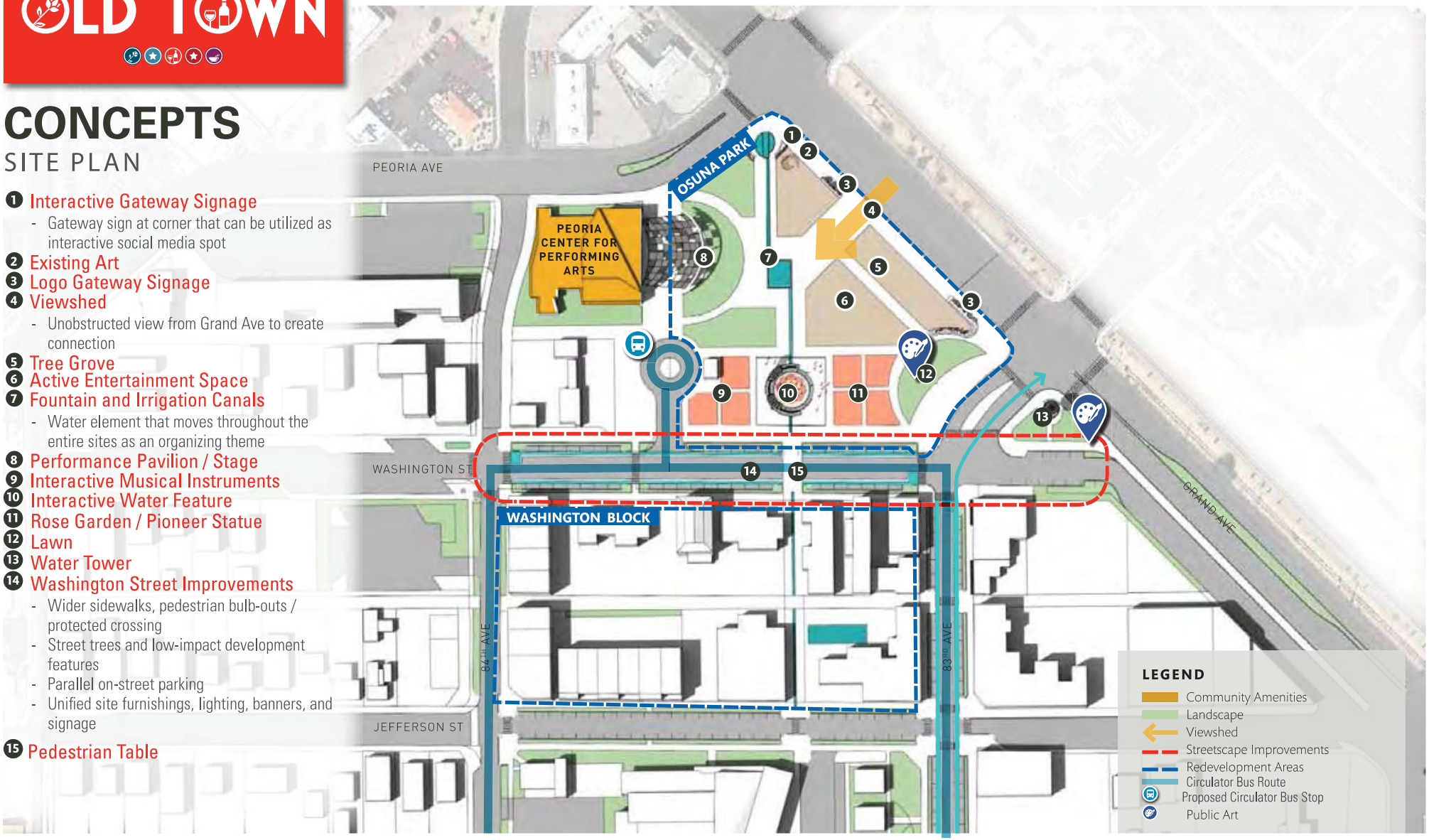
INVEST PeoriaAZ
DEKKER PERICH SABATINI

PEORIA OLD TOWN

CONCEPTS

SITE PLAN

1. Interactive Gateway Signage
   - Gateway sign at corner that can be utilized as interactive social media spot
2. Existing Art
3. Logo Gateway Signage
4. Viewshed
   - Unobstructed view from Grand Ave to create connection
5. Tree Grove
6. Active Entertainment Space
7. Fountain and Irrigation Canals
   - Water element that moves throughout the entire sites as an organizing theme
8. Performance Pavilion / Stage
9. Interactive Musical Instruments
10. Interactive Water Feature
11. Rose Garden / Pioneer Statue
12. Lawn
13. Water Tower
14. Washington Street Improvements
    - Wider sidewalks, pedestrian bulb-outs / protected crossing
    - Street trees and low-impact development features
    - Parallel on-street parking
    - Unified site furnishings, lighting, banners, and signage
15. Pedestrian Table



DRAFT

INVEST PeoriaAZ

DEKKER PERICH SABATINI

PEORIA OLD TOWN

CONCEPTS

BIG IDEAS





1 *LOGO GATEWAY SIGNAGE, LOOKING SOUTH*



INVEST PeoriaAZ

DEKKER PERICH SABATINI

PEORIA OLD TOWN

CONCEPTS

BIG IDEAS





1 *LOGO GATEWAY SIGNAGE, LOOKING WEST*



DRAFT

INVEST PeoriaAZ

DEKKER PERICH SABATINI

PEORIA OLD TOWN

CONCEPTS

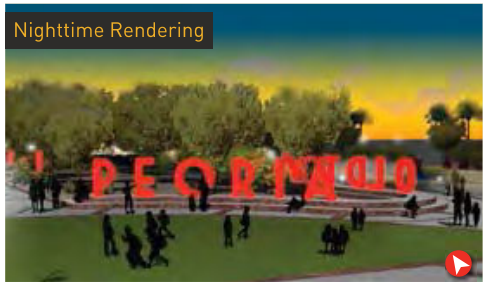
BIG IDEAS

LOGO GATEWAY SIGNAGE





1 *LOGO GATEWAY SIGNAGE, LOOKING NORTH*





2 *LOGO GATEWAY SIGNAGE, LOOKING SOUTHWEST*

INVEST PeoriaAZ

DEKKER PERICH SABATINI

PEORIA OLD TOWN

CONCEPTS

BIG IDEAS





WATER TANK GATEWAY ELEMENT

Daytime Rendering



1 WATER TOWER FEATURE CONCEPT RENDERING, LOOKING SOUTH

Nighttime Rendering



INVEST PeoriaAZ

DEKKER PERICH SABATINI

PEORIA OLD TOWN

CONCEPTS

BIG IDEAS





1 INTERACTIVE WATER FEATURE, LOOKING SOUTH EAST



PLAYFUL SEATING



SEATWALL AND FOUNTAIN FEATURE



1 INTERACTIVE WATER FEATURE, LOOKING SOUTH EAST

INVEST PeoriaAZ

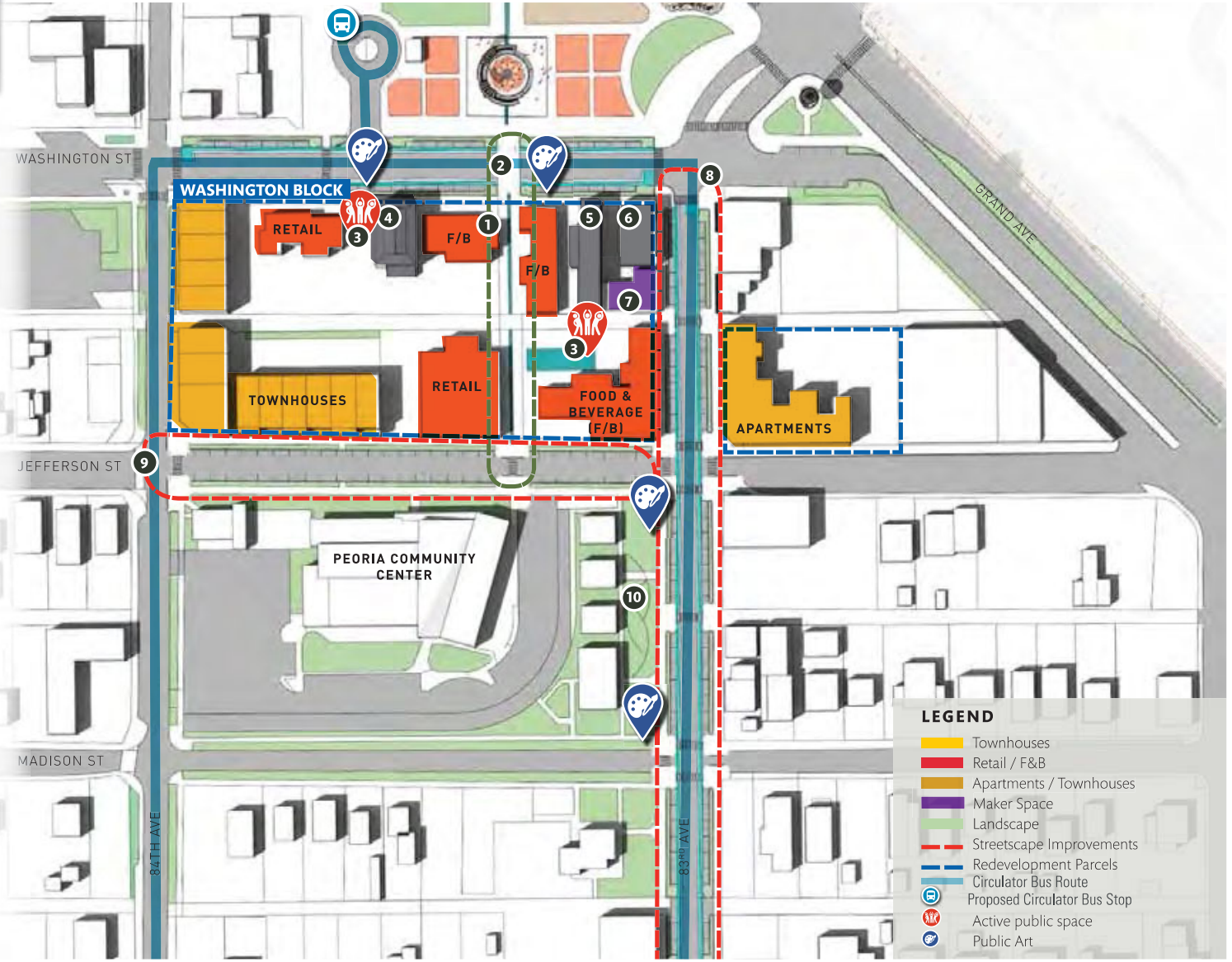
DEKKER PERICH SABATINI

PEORIA OLD TOWN

CONCEPTS

SITE PLAN

1. Pedestrian Corridor
   - Activated pedestrian zone with storefronts, food or beverage establishments which is closed off to automobile traffic
2. Pedestrian Table
3. Active Plaza
   - Activated outdoor plaza with water feature
4. Edwards Hotel
5. Fire Station # 1 Lucidi Distillery
6. Art / Tattoo
7. Maker Space / Creative Office
8. 83rd Ave Improvements
   - Wider sidewalks, pedestrian bulb-outs / protected crossings
   - Street trees and low-impact development features
   - Parallel on-street parking
   - Unified site furnishings, lighting, banners, and signage
9. Jefferson Street Improvements
   - Wider sidewalks, pedestrian bulb-outs / protected crossings
   - Street trees and low-impact development features
   - Parallel on-street parking
   - Unified site furnishings, lighting, banners, and signage
10. Historic Gardens
    - Added walkways to create connections with 83rd Ave



DRAFT

INVEST PeoriaAZ

DEKKER PERICH SABATINI

PEORIA OLD TOWN





PEDESTRIAN CORRIDOR



1 PEDESTRIAN CORRIDOR, LOOKING NORTH



DRAFT

INVEST PeoriaAZ

DEKKER PERICH SABATINI

PEORIA OLD TOWN

CONCEPTS

STREET SECTIONS



OUTDOOR DINING AND VINES



MURALS AND GAMES



STRING LIGHTS OVER MALL



ART INSTALLATION AS SHADE





RETAIL ALONG PEDESTRIAN CORRIDOR



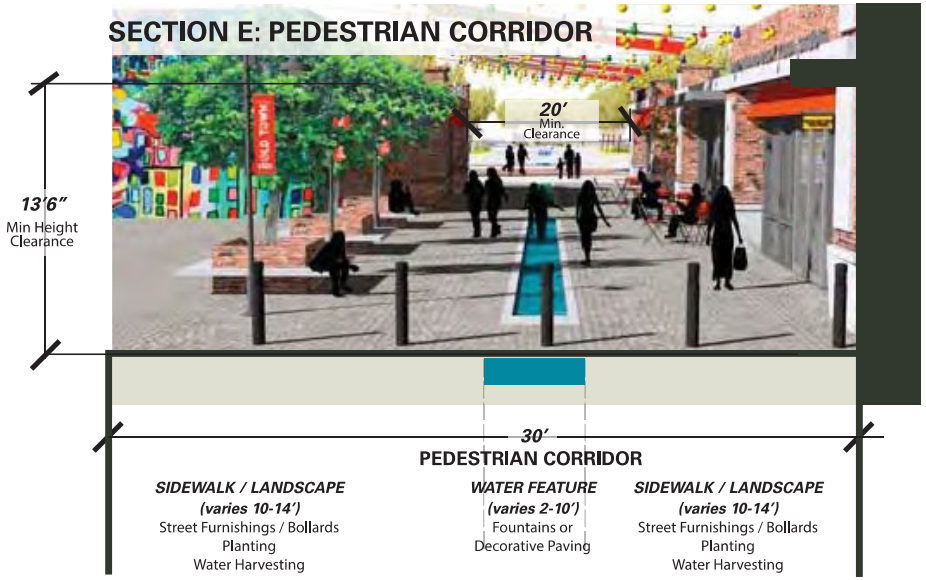
OUTDOOR PATIOS



POCKETS OF VEGETATION



VARIETY OF SEATING TYPES



INVEST PeoriaAZ

DEKKER PERICH SABATINI

PEORIA OLD TOWN

CONCEPTS

STREET SECTIONS



CANTILEVER SOLAR SHADE CANOPY



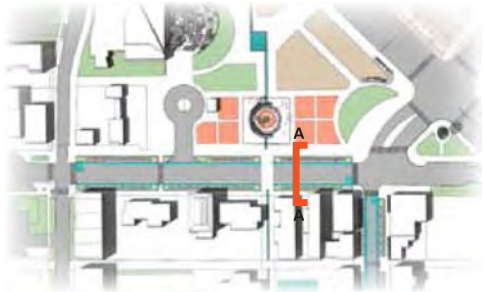
SIDEWALK BECOMES EXTENSION OF PARK



WATER HARVESTING SWALES



BENCHES @ PARK





CANARY ISLAND DATE PALM



DESERT MUSEUM PALO VERDE

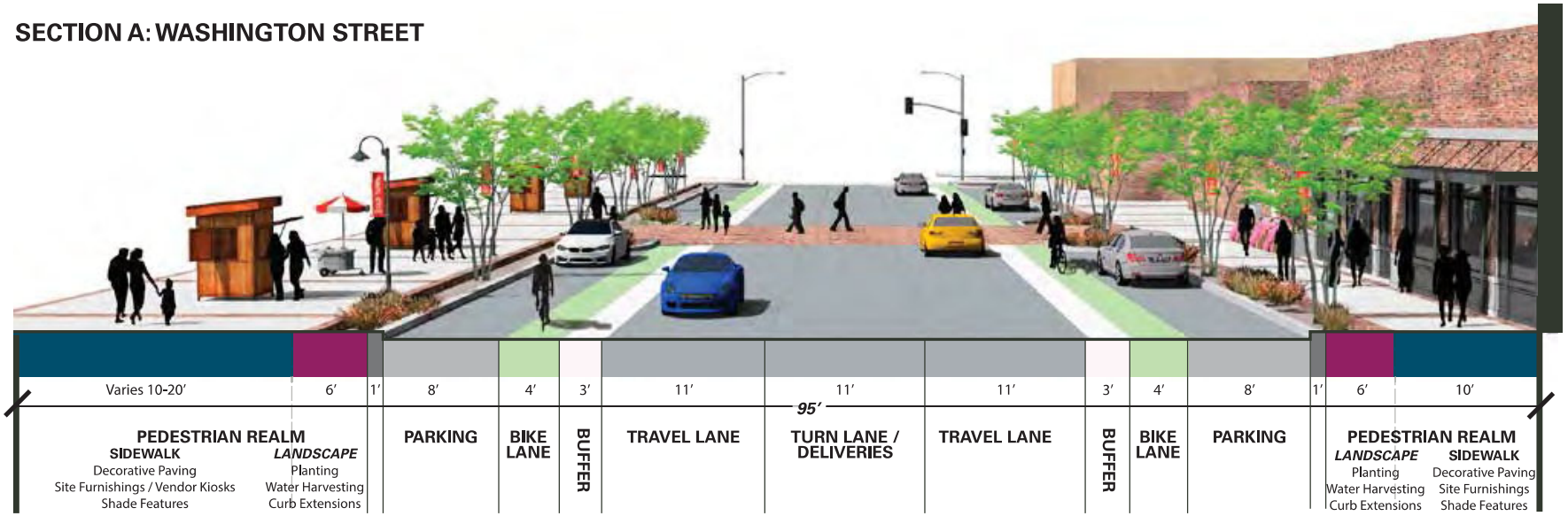


VELVET MESQUITE



DESERT DIVA DESERT WILLOW

SECTION A: WASHINGTON STREET



INVEST PeoriaAZ

DEKKER PERICH SABATINI

PEORIA OLD TOWN

CONCEPTS

STREET SECTIONS


CURB EXTENSIONS


STRING LIGHTS OVER ROAD


BUILDING AWNINGS PROVIDE SHADE


LANDSCAPE BUFFER



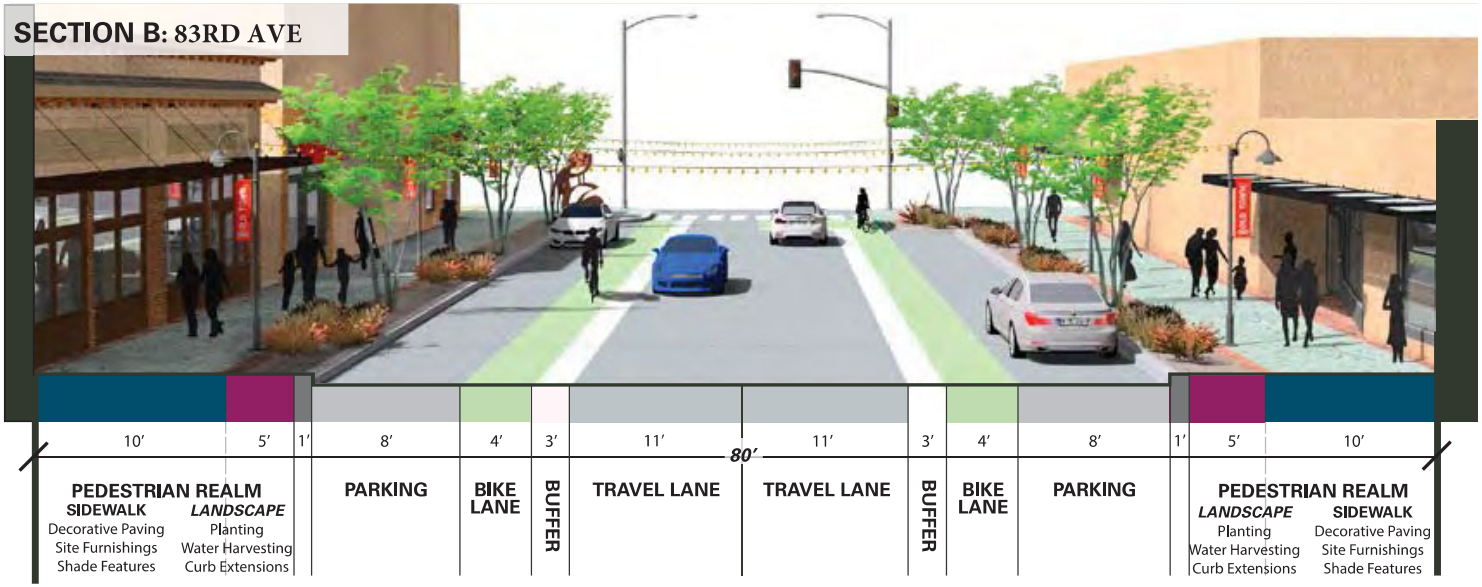

SWEET ACACIA


SOUTHERN LIVE OAK


IRONWOOD TREE


VELVET MESQUITE

SECTION B: 83RD AVE



DRAFT

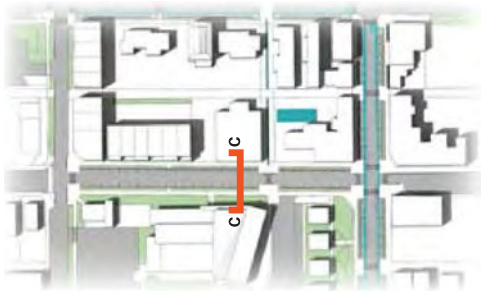
INVEST PeoriaAZ

DEKKER PERICH SABATINI

PEORIA OLD TOWN

CONCEPTS

STREET SECTIONS




VERSATILE SEATING


LANDSCAPE BUFFER AND POTS


WATER HARVESTING CURB CUTS AND DENSE PLANTING

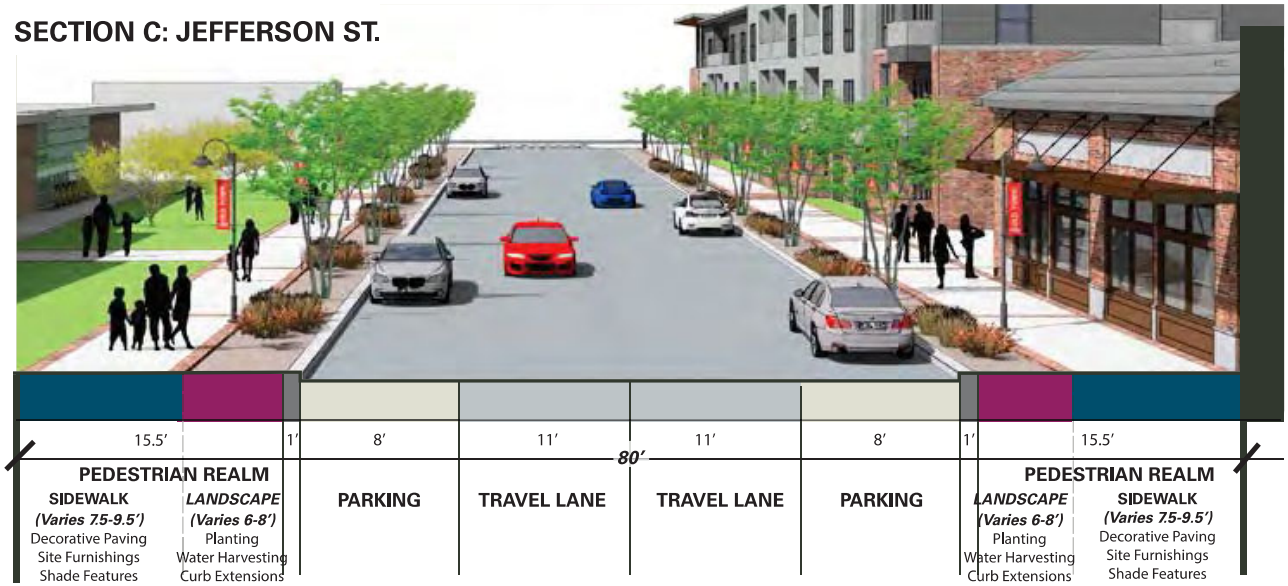

DESERT MUSEUM PALO VERDE


PALO BLANCO


IRONWOOD TREE


VELVET MESQUITE

SECTION C: JEFFERSON ST.



DRAFT

INVEST PeoriaAZ

DEKKER PERICH SABATINI

CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION

Agenda Item: 28R.

Date Prepared: 1/27/2026 Council Meeting Date: 2/10/2026

PRESENTER: Kevin Burke, Deputy City Manager & Chris Calcaterra, Parks & Recreation Director

TO: Honorable Mayor and City Council

THROUGH: Henry Darwin, City Manager

FROM: Kevin Burke, Deputy City Manager

SUBJECT: Budget Amendment, Peoria Sports Complex Facade Improvement

Purpose:

Discussion and possible action to approve a budget amendment in the amount of $800,000 for the facade renovation to the Peoria Sports Complex.

Summary:

The Sports Complex stadium has served Peoria well, but has not been refreshed in approximately two decades. Proposition 302, approved by Maricopa County voters in 1999, provides revenue from the sales tax on rental vehicles and a 1% hotel tax to support tourism including stadiums and stadium improvements in the Cactus League.

Peoria wishes to leverage a portion of these dollars for the facade improvement project. The improvements include a new stadium marque, paint, shade, planters and bollards. Matching funds will come from the Half Cent Sales Tax Fund.

Staff will use this opportunity before Mayor and Council to present other stadium improvements underway or completed as Spring Training 2026 approaches.

Staff Recommendation:

Staff recommends approval of the budget amendment.

Fiscal Analysis:

The facade improvements have a cost of approximately $1.3 million. $500,000 will come from Proposition 302 funding and the balance from the Half Cent Sales Tax.

ATTACHMENTS:

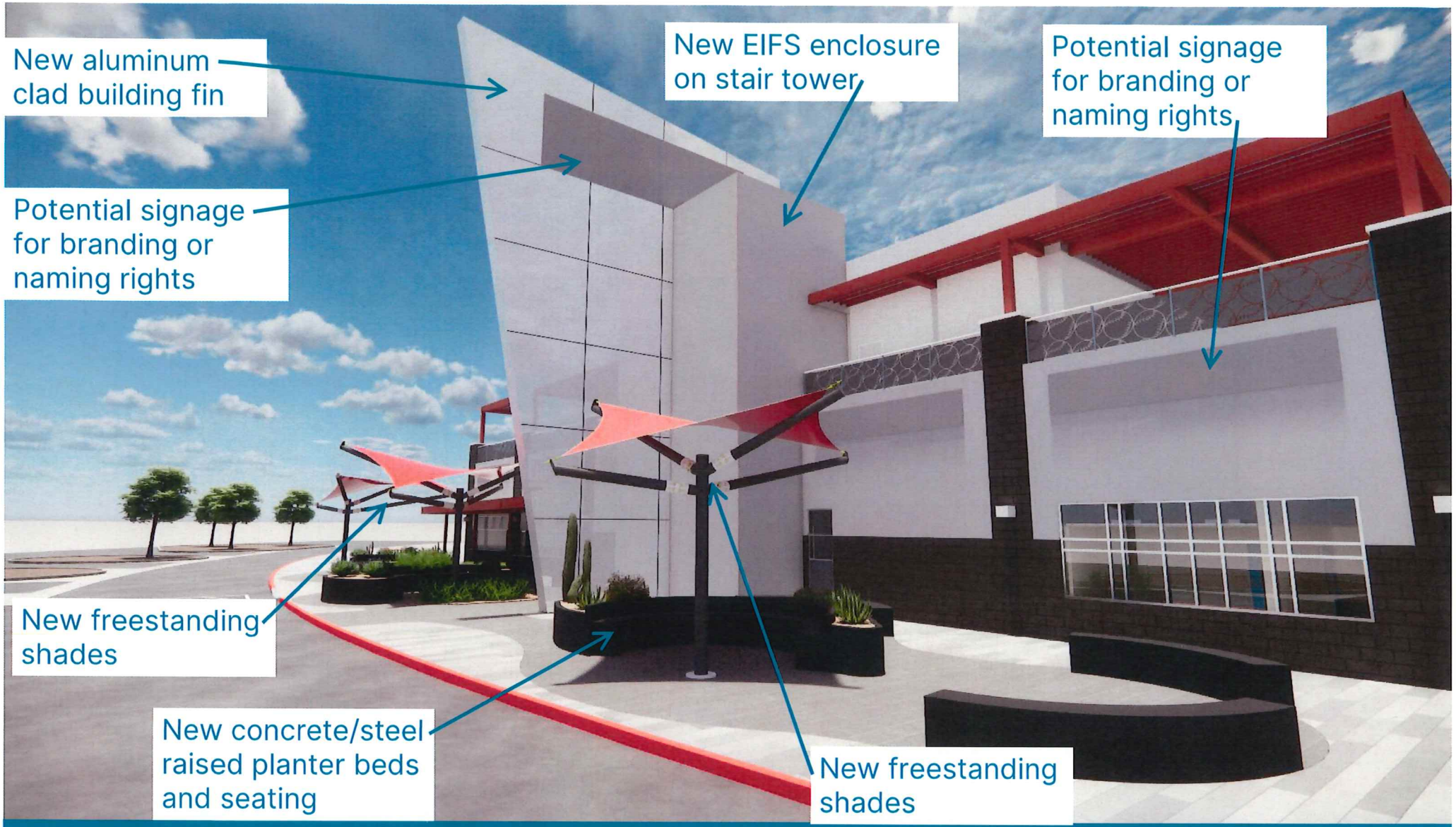
Facade Improvement Images

Contact Name and Number:
Kevin Burke, Deputy City Manager (623) 773.7395
Chris Calcaterra, Parks & Recreation Director



OPTION 1

FREESTANDING SHADES WITH FIN FAÇADE – NORTHWEST



OPTION 1

FREESTANDING SHADES WITH FIN FAÇADE – SOUTHEAST

CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION

Agenda Item: 29R.

Date Prepared: 1/27/2026

Council Meeting Date: 2/10/2026

PRESENTER: Kevin Burke, Deputy City Manager

TO: Honorable Mayor and City Council

THROUGH: Henry Darwin, City Manager

FROM: Kevin Burke, Deputy City Manager

SUBJECT: Budget Amendment, Patent of State Land in Peoria Innovation Core 2

Purpose:

Discussion and possible action to approve a budget amendment in the amount of $41 million from the City's contingency appropriation to fully purchase (patent) the remaining state land in the Peoria Innovation Core 2.

Summary:

In August of 2025, the City of Peoria successfully bid to purchase 834 acres of land from Arizona State Land Trust (ASLD). In order to minimize costs associated with the development of the Peoria Innovation Core 2 (PIC 2), staff seeks to refinance its purchase of this land. The purchase arrangement with ASLD required a down payment of 10% of the bid amount. This was paid at the time of the transaction. Further, the City immediately patented another 144 acres for Amkor and associated undevelopable land and roads. The balance of the bid, plus interest, is due upon the patent of any portion of the land acquired. That interest rate is prime plus 250 basis points. When the City patented 144 acres for Amkor in August 2025, that interest rate equated to 8.86%. As a government entity, the City can acquire much more favorable interest rates. This requires completing the purchase, or full patent, of the remaining land.

As the full patent of the land was not a budgeted expenditure when the Fiscal Year 2026 Budget was adopted in May of 2025, it is necessary to make a budget amendment.

Previous Actions/Background:

On August 28, 2025, Mayor and Council approved a Budget Amendment to purchase (patent) 144 acres of PIC2.

Staff Recommendation:

Staff recommends approval of the budget amendment.

Fiscal Analysis:

The full patent of the ASLD land in PIC 2 requires an expenditure of approximately $41 million. This expenditure will be financed through a future debt instrument. The expenditure will be reimbursed through the sale of the same land to private entities. Staff has assumed a six (6) year period to sell the parcels of PIC 2. All costs, including land and infrastructure, are expected to be recovered with these sales.

Contact Name and Number:
Kevin Burke, Deputy City Manager, 623.773.7395