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**FINANCING AGREEMENT**

**BETWEEN**

**ARIZONA PUBLIC SERVICE COMPANY,  
AN ARIZONA CORPORATION**

**AND**

**COMPASS BANK, AN ALABAMA BANKING CORPORATION**

**AND ACKNOWLEDGED AND AGREED TO WITH RESPECT TO CERTAIN SECTIONS BY**

**THE CITY OF SCOTTSDALE, ARIZONA,  
A POLITICAL SUBDIVISION AND MUNICIPAL CORPORATION**

**PERTAINING TO  
THE CITY OF SCOTTSDALE, ARIZONA,  
UNDERGROUND UTILITY FACILITIES IMPROVEMENT DISTRICT NO. I-6002**

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## **PARTIES:**

This Financing Agreement, dated as of March 30, 2018 (this "*Agreement*") is entered into by Arizona Public Service Company, an Arizona corporation (the "*Coordinating Utility*") and Compass Bank, an Alabama banking corporation (the "*Bank*"), and acknowledged and agreed to with respect to certain sections by the City of Scottsdale, Arizona, a political subdivision and municipal corporation organized and existing under the laws of the State of Arizona (the "*City*").

## **RECITALS:**

A. Pursuant to Arizona Revised Statutes ("*A.R.S.*") Section 9-500.05 and A.R.S. Section 48-620, the Coordinating Utility and the City entered into a Development Agreement and Financing Contract, Contract No. 2017-049-COS, dated as of March 30, 2017 (the "*Development Agreement*") in order to (i) cause certain Improvements (as defined herein) to be made within public rights-of-way and easements located in the City of Scottsdale, Arizona, Underground Utility Facilities Improvement District No. I-6002 (the "*District*"), (ii) assess the costs of such Improvements against property within the District in the manner permitted by A.R.S. Title 48, Chapter 4, Article 2, (iii) facilitate the Coordinating Utility advancing funds for the design, construction, acquisition, installation, and equipping of the Improvements, and (iv) facilitate the City's collection of the assessments (individually, an "*Assessment*" and collectively, the "*Assessments*") and payment to the Coordinating Utility to finance the Improvements.

B. The Coordinating Utility has completed the Improvements in accordance with the Development Agreement and the total cost to be reimbursed to the Coordinating Utility and the City through the levy and collection of the Assessments is \$1,937,721.29 (the "*Project Costs*").

C. The total amount of Assessments prepaid in cash by property owners within the District prior to the date hereof was \$1,021,050.45.

D. The City will bill the remaining Assessments, together with interest thereon, to the owners of the property subject to unpaid Assessments in accordance with Exhibit D of the Development Agreement.

E. Pursuant to the Development Agreement, the Coordinating Utility initially proposed a 12.27% per annum interest rate on the unpaid Assessments.

F. In order to reduce the actual interest rate payable on the annual principal component of the Assessments by the property owners within the District, the Coordinating Utility and the Bank desire to enter into this Agreement.

G. The City desires to acknowledge and approve certain terms of this Agreement.

## AGREEMENT:

NOW, THEREFORE, in consideration of the promises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### ARTICLE I PURPOSE; CONSTRUCTION; EXHIBITS

**Section 1.01. Purpose.** The purpose of this Agreement is to facilitate the financing of electric transmission facilities described on Exhibit C of the Development Agreement (the “*Improvements*”) by the Bank.

**Section 1.02. Rules of Construction.** Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) The captions and headings herein are for convenience of reference only and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

(c) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders, and words of the neuter gender shall be deemed and construed to include correlative words of the masculine and feminine genders.

(d) All references in this Agreement to particular Articles or Sections are references to Articles or Sections of this Agreement, unless otherwise indicated.

(e) Reference to any document means such document as amended, amended and restated, modified or supplemented from time to time as permitted under its respective terms and the terms hereof.

**Section 1.03. Exhibits.** Exhibit A attached hereto shows a map of the District’s boundaries. Exhibit B attached hereto sets forth the legal description of the real property comprising the District. Exhibit C attached hereto reflects the payment schedule of the unpaid Assessments described herein and payable to the Bank. All Exhibits are incorporated by reference herein.

### ARTICLE II TERMS OF PURCHASE; ASSESSMENTS

**Section 2.01. Payment of the Purchase Price.** Subject to the terms and conditions set forth in this Agreement, the Bank agrees to pay to the Coordinating Utility the aggregate principal amount of Nine Hundred Sixteen Thousand Six Hundred Seventy

and 84/100 Dollars (\$916,670.84) (the “*Purchase Price*”), which represents the aggregate amount of the unpaid Project Costs, to purchase the Coordinating Utility’s right to receive a portion of the unpaid Assessments in an amount equal to the Purchase Price plus interest thereon. Subject to Section 3.01, the Purchase Price will be paid by the Bank to the Coordinating Utility in a single payment on or about April 13, 2018 (the “*Closing Date*”).

**Section 2.02. Interest Rate.** From and following the Closing Date until paid in full (but excluding the Maturity Date or earlier final payment date), the unpaid Assessments shall bear interest at a fixed rate equal to 5.72% per annum, as calculated as follows: (a) from the Closing Date through July 1, 2018, interest shall be calculated on the basis of the actual number of days elapsed in a year of 365 days, and (b) from July 2, 2018 to the Maturity Date or earlier final payment date, interest shall be calculated on the basis of the actual number of days elapsed in a year of 360 days. Notwithstanding the foregoing, from and after an Event of Default (as described herein), the unpaid Assessments shall bear interest at a rate per annum equal to 5% plus the interest rate set forth in this Section 2.02 (the “*Default Rate*”), but in no event to exceed the maximum interest rate permitted by law or the 12.27% interest rate initially proposed by the Coordinating Utility. If an Event of Default occurs, the Bank shall promptly notify the Accounting Director of the City in writing and shall specify the Default Rate to be used thereafter in the Assessment installment bills from the City to the owners of the property subject to unpaid Assessments. Unless and until otherwise notified by the Bank in writing, the City agrees to calculate the Assessment installment bills at the Default Rate provided that the notice of an Event of Default has been received by the Accounting Director not less than 30 days prior to the date that bills are mailed.

**Section 2.03. Maturity Date.** The final unpaid Assessment is due on January 1, 2033 (the “*Maturity Date*”).

**Section 2.04. Payment of the Unpaid Assessments.** As further set forth on Exhibit C hereto, the interest component of the unpaid Assessments is payable on each January 1 and July 1, commencing July 1, 2018 (each a “*Payment Date*”) and the principal component of the unpaid Assessments is payable on each January 1, commencing January 1, 2019. Assessment payments collected by the City and payable to the Bank hereunder will be paid without notice or demand at the office of the Bank (or such other place as the Bank may designate from time to time in writing).

**Section 2.05. Prepayment.** The owners of assessed property within the District or the City, as the case may be, may, from time to time, prepay, without penalty or premium, the unpaid Assessments or any portion thereof on any Payment Date from amounts collected by the City from the prepayment of Assessments or from foreclosure proceeds as permitted by Section 3.3 of the Development Agreement, provided that the prepayment shall include the amount of interest which has accrued on the prepaid portion of the prepaid Assessments to and through the date of receipt by the Bank of the prepaid amount.

**Section 2.06. Source of Payment; Limited Obligation.** The amounts due under Section 2.04 hereof shall be payable solely from the Assessments collected by the City (whether by installment payments, prepayment or otherwise) and the proceeds of any foreclosure sale of any assessed real property within the District due to the failure to pay an Assessment installment (the “*District Collections*”). No recourse shall be had for the payment of the principal component of, or the interest component on, the unpaid Assessments against any other assets of the Coordinating Utility, the District, or the City.

### **ARTICLE III CLOSING CONDITIONS**

**Section 3.01. Conditions to Closing.** Provided that the conditions set forth below have been met, the Bank will pay the Purchase Price to the Coordinating Utility on the Closing Date:

(a) The Coordinating Utility and the City, as applicable, have delivered to Bank executed copies of this Agreement, the Development Agreement (as amended), and all other documents and certificates to be executed by the Coordinating Utility and the City in connection with the Development Agreement and this Agreement together with all exhibits attached hereto and thereto.

(b) The Coordinating Utility has delivered an incumbency certificate dated the Closing Date and signed by such officer of the Coordinating Utility as the Bank may approve.

(c) The City has delivered to the Bank certified copies of the resolutions of the City reflecting the authorization of the execution and delivery by the City of the Development Agreement and all amendments thereto, the approval of this Agreement, and the execution and delivery of all other certificates and documents entered into by the City and the District in connection with the Development Agreement or this Agreement.

(d) The City has paid to the Bank all out-of-pocket expenses incurred by the Bank in connection with the execution and delivery of this Agreement and the fees and expenses of the Bank’s counsel in the amount of \$7,500.

(e) The City has delivered an opinion of special counsel to the District addressed to the Bank, setting forth such opinions as the Bank may require, including opinions concerning the legal status of the District, the due authorization, execution and delivery and enforceability of this Agreement, no conflict with law, no litigation, and the receipt of all necessary governmental approvals.

(f) The City and the Coordinating Utility have delivered all due diligence items and other documents reasonably requested by Bank.

(g) There has been no material adverse change in the financial condition of the District or the levy or collection of the Assessments.

(h) No Event of Default exists and no event has occurred or condition exists that, after notice or lapse of time or both, would constitute an Event of Default.

(i) Each of the representations and warranties made by the City and the Coordinating Utility herein shall be true and correct in all material respects.

#### **ARTICLE IV ASSIGNMENT; NO BANK LIABILITY; INDEMNIFICATION**

**Section 4.01. Assignment of District Collections.** The Coordinating Utility hereby irrevocably assigns to the Bank any and all District Collections which it is entitled to receive from the City under the Development Agreement. Effective on the date hereof, the Coordinating Utility hereby authorizes and directs the City to transfer any and all of the District Collections payable to the Coordinating Utility pursuant to the Development Agreement to the Bank until all other amounts due to the Bank hereunder are paid in full and all obligations hereunder have been fully satisfied. The Coordinating Utility, at its expense, will cooperate with the Bank with respect to the enforcement of this assignment during the term of this Agreement. In the event the Coordinating Utility receives any District Collections directly from the City in violation of this Section 4.01, the Coordinating Utility shall immediately remit the same to the Bank. The City hereby consents to the assignment of the Coordinating Utility's right to receive the District Collections described herein and agrees to comply with the direction set forth in this Section 4.01.

**Section 4.02. No Assignment or Assumption of Development Agreement.** In no event shall the Bank assume or become liable for any of the obligations or liabilities of the Coordinating Utility or the City incurred pursuant to the Development Agreement.

**Section 4.03. No Liability for the Improvements.** The Coordinating Utility shall have sole ownership of the Improvements. The Bank shall not be liable for any claims of liability, obligation or expense made by any person (including, without limitation, any present or future owners of all or any portion of the property within the District) arising out of or in connection with any alleged defects in the design and/or construction of the Improvements. The Coordinating Utility hereby indemnifies and holds harmless the Bank from and against any and all such claims, demands, suits, actions, proceedings, losses, costs, and damages.

#### **ARTICLE V REPRESENTATIONS, WARRANTIES, AND COVENANTS OF THE COORDINATING UTILITY**

The Coordinating Utility represents, warrants, and covenants as follows:

**Section 5.01. Authority.** The Coordinating Utility is an Arizona corporation duly organized, validly existing and in good standing under the laws of the State of Arizona, and is authorized to transact business in the State of Arizona, to meet its payment and performance obligations hereunder, and to assign the District Collections described in Section 4.01.

**Section 5.02. Authorization; Enforceability.** This Agreement has been duly authorized by all necessary corporate action, has been duly executed and delivered by the Coordinating Utility, and constitutes its legal, valid and binding obligation, enforceable against the Coordinating Utility in accordance with its respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally and subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

**Section 5.03. No Consent or Approval.** There is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory agency having jurisdiction over the Coordinating Utility required for the execution and delivery of this Agreement or the consummation by the Coordinating Utility of the transactions contemplated herein.

**Section 5.04. No Conflict or Breach.** The performance of this Agreement by the Coordinating Utility and fulfillment of its terms do not, and will not, conflict with or result in any breach, default or violation of any regulation, order or decree of any court or governmental department, commission, board, bureau or agency, or of any indenture, contract, agreement or other instrument to which the Coordinating Utility is a party or is subject.

**Section 5.05. No Violation.** The Coordinating Utility has made a reasonable and diligent investigation and, to the knowledge of the undersigned Coordinating Utility representative, is not in material violation of or in material default with respect to any applicable law or any applicable rules, regulation or order of any court or any governmental department, commission, board, bureau, agency or instrumentality which would prevent or limit the Coordinating Utility from entering into or carrying out its obligations hereunder.

**Section 5.06. Litigation.** The Coordinating Utility, after reasonable and diligent investigation and, to the knowledge of the undersigned Coordinating Utility Representative, is unaware of any action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the best of its knowledge, overtly threatened against or affecting the Coordinating Utility and to its knowledge there is no basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by this Agreement.

**Section 5.07. No Prior Conveyance.** The Coordinating Utility has not heretofore conveyed, assigned, pledged, granted a security interest in or otherwise disposed of any District Collections it is entitled to receive under the Development Agreement.

**Section 5.08. Development Agreement.** The Development Agreement is in full force and effect. No event has occurred that does presently, or would with the passage of time, the giving of notice, or the expiration of a period of grace, constitute a breach or default by either the City or the Coordinating Utility under the Development Agreement, give rise to a right of termination by either party, or give rise to any rights of offset against the payment of District Collections pursuant to Exhibit D attached thereto. The Coordinating Utility agrees that it shall not materially modify or amend or terminate the Development Agreement without the prior written consent of the Bank so long as any Assessments remain unpaid.

**Section 5.09. No Prohibited Transactions.** The Coordinating Utility is not (a) currently identified on the Office of Foreign Assets Control List; (b) an entity with which the Bank is prohibited to engage in transactions with by virtue of any trade embargo, economic sanction, or other prohibition of United States law, regulation, or Executive Order of the President of the United States; (c) engaged nor will it engage, principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any margin stock; (d) an “investment company” or a company “controlled” by an “investment company” within the meaning of the Investment Company Act of 1940 and the regulations issued thereunder, each as amended; nor (e) an employee benefit plan.

## **ARTICLE VI REPRESENTATIONS, WARRANTIES, AND COVENANTS OF THE CITY**

The City represents, warrants, and covenants as follows:

**Section 6.01. Authority.** The City is a municipal corporation and political subdivision duly organized, validly existing and in good standing under the laws of the State of Arizona, and has all requisite power to approve and acknowledge this Agreement and to meet and perform the City’s limited obligations hereunder.

**Section 6.02. Valid Agreement.** This Agreement constitutes a duly authorized, valid and binding obligation of the City and is, and shall be, enforceable against the City in accordance with its terms. The execution, delivery and performance of this Agreement have been duly authorized by the Mayor and City Council of City according to law and, to the best of the undersigned City representative’s knowledge, do not and will not conflict with or result in any breach, default or violation of any term, condition or provision of any applicable law or rule, regulation, order, writ or decree of any court or any governmental department, commission, board, bureau, agency or instrumentality or of the charter or code of the City, or of any bonds, indentures, contracts or agreements to which the City is a party or by which the City is bound.

**Section 6.03. No Consent or Approval.** There is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory agency having jurisdiction over the City required for the execution and delivery of this Agreement or the consummation of the transactions contemplated herein.



**Section 6.04. Litigation.** The City, to the knowledge of the undersigned City Representative, is unaware of any suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the best of its knowledge, overtly threatened against or affecting City and to its knowledge there is no basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by this Agreement.

**Section 6.05. Non-Assessable Property.** The City warrants that there is no property included within the District, the legal owner of which on this date is, the United States of America, the State of Arizona, a county, city, school district or any other political subdivision or institution of the State of Arizona or County (public ownership).

**Section 6.06. No Prior Conveyance.** The City has not heretofore conveyed, assigned, pledged, granted a security interest in or otherwise disposed of any District Collections except as set forth in the Development Agreement.

**Section 6.07. No Defaults.** The District is not known to have non-appropriated or defaulted materially with respect to the payment of any financing lease, or any of its bonds, notes, or other debt obligations.

**Section 6.08. Disclosure.** Any financial, budget and other projections furnished to the Bank by the City or its or their agents with respect to the District were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of the conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the date of this representation, represent the City's best estimate of the District's future financial performance. No adverse change in any condition or fact has occurred that would make any of such information materially inaccurate, incomplete or misleading.

**Section 6.09. Development Agreement.** The Development Agreement is in full force and effect. No event has occurred that does presently, or would with the passage of time, the giving of notice, or the expiration of a period of grace, constitute a breach or default by either the City or the Coordinating Utility under the Development Agreement, give rise to a right of termination by either party, or give rise to any rights of offset against the payment of District Collections pursuant to Exhibit D attached thereto. The City agrees that it shall not materially modify or amend or terminate the Development Agreement without the prior written consent of the Bank so long as any Assessments remain unpaid.

**Section 6.10. Financial Records and Reporting.**

(a) The City will keep proper books of records of the District and permit the Bank to examine and audit the District's books and records at all reasonable times.

(b) Within 90 days of the end of each fiscal year of the City, the City shall provide the following information to the Bank for the fiscal year then ended:  
(i) the aggregate amount of Assessment collected, (ii) the aggregate amount of

Assessments paid to the Coordinating Utility (or to the Bank as its assignee), (iii) a table setting forth the amount of each delinquent Assessment installment and a description of the status of any foreclosure actions being pursued by the City with respect to delinquent Assessment installment; provided, however, if there are no delinquencies or foreclosure actions then no such table shall be required, and (iv) a list of the top ten owners of property subject to unpaid assessments ranked by the total amount of Assessments outstanding.

(c) From time to time the City will provide the Bank with such other information regarding the District as the Bank may reasonably request.

**Section 6.11. Notice of Material Events.** Forthwith upon learning of the occurrence of any of the following, the City shall provide the Bank with written notice thereof, describing the same and the steps being taken by the City with respect thereto:

(a) the occurrence of any Event of Default or default or any event or existing condition which, with the giving of notice and/or the lapse of time, could constitute an Event of Default or default or which might materially and adversely affect the financial conditions or operations of the District and the facts with respect thereto;

(b) the institution of, or any adverse determination in, any litigation, arbitration proceeding or governmental proceeding affecting the District; and

(c) any event which would materially adversely affect the existence of the District or the ability of the City to collect the unpaid Assessments.

**Section 6.12. No Additional Indebtedness.** Neither the District, nor the City on behalf of the District, shall create, incur, guaranty or assume indebtedness for borrowed money, including contingent indebtedness.

## ARTICLE VII EVENTS OF DEFAULT; REMEDIES

**Section 7.01. Events of Default.** The term “*Event of Default*,” as used in this Agreement, means the occurrence of any one or more of the following events:

(a) The City fails to remit to the Bank any amount set forth on Exhibit C as it becomes due and any such failure continues for ten (10) days after the due date thereof;

(b) The City fails to perform or observe any covenant, condition, or agreement to be performed or observed by it under Section 6.09, 6.10, or 6.11 or 6.12;

(c) The discovery by the Bank that any statement, representation, or warranty made by the Coordinating Utility or the City in this Agreement or in any

writing ever delivered by the Coordinating Utility or the City pursuant hereto or in connection herewith is false, misleading, or erroneous in any material respect;

(d) Default by the Coordinating Utility or the City in the observance of any of the other agreements, conditions or covenants on its part in this Agreement, and the continuation of such default for a period of thirty (30) days after the Coordinating Utility or the City, as the case may be, shall have been given notice in writing of such default by the Bank.

**Section 7.02. Enforcement of Obligations.** The obligations and covenants herein of the Coordinating Utility and its assigns may be enforced by the Bank through any remedy available at law or in equity, including, but not limited to, recovery of damages, specific performance and injunction. The obligations and covenants of the City herein may be enforced by the Bank by a suit or suits in equity or at law, either for the specific performance of any covenant or agreement contained herein (including by issuance of a writ of mandamus), or in aid of the execution of any power granted herein for the enforcement of any other appropriate legal or equitable remedy.

**Section 7.03. Delinquent Assessments.** The liability and responsibility for collection and payment of delinquent Assessments by the City shall be as set forth under A.R.S. Section 48-600, *et seq.*, and neither the Bank nor the Coordinating Utility shall be obligated or entitled to pursue the collection of delinquent Assessments.

## ARTICLE VIII MISCELLANEOUS

**Section 8.01. Banking Relationship.** The parties acknowledge and agree that the structure, pricing and terms contained herein are conditioned upon the establishment and maintenance of a banking relationship with respect to the District. Therefore, the City agrees that, to the extent permitted by law, the Bank will be provided with a reasonable opportunity to bid on ancillary financial services solicited by the City with respect to the District from time to time.

**Section 8.02. Termination.** This Agreement shall terminate when all the District Collections have been paid to the Bank, together with all other sums payable hereunder. The indemnification provided under Section 4.03 shall continue in full force and effect notwithstanding the full payment of the amounts due under this Agreement.

**Section 8.03. Amendment.** This Agreement incorporates the full and complete understanding by and between the parties, and supersedes all prior understandings, representations, conditions, warranties and covenants between them. This Agreement may not be amended, changed, or modified except by an instrument in writing signed by an authorized representative of each party hereto.

**Section 8.04. No Waiver.** The failure of any party at any time or times to require performance of any provision hereof shall in no manner affect such party's right at a later time to enforce the same. No waiver by any party of a condition or of the breach of any item, covenant, representation or warranty contained in this Agreement,

whether by conduct or otherwise, in any one or more instances shall be deemed to be or construed as a further or continuing waiver of any such condition or breach or a waiver of any other condition or of the breach of any other term, covenant, representation or warranty of this Agreement.

**Section 8.05. Assignment.** The benefits or obligations set forth in this Agreement may only be assigned by the Coordinating Utility or the Bank with the written consent of the Bank, the Coordinating Utility and the City, and any attempted assignment without such written consent shall be null, void and without legal effect.

**Section 8.06. Coordinating Utility Representative.** Mr. D. Brad Larsen, P.E., Senior Siting Consultant, Transmissions & Facility Siting, and any designee, shall serve as “*Coordinating Utility Representative*,” to provide all consents, approvals, make protests and objections, receive all notices and act for the Coordinating Utility in carrying out the purposes of this Agreement.

**Section 8.07. City Representative.** Mr. Christopher Perkins, P.E., Senior Project Manager for the City’s Capital Project Management Department, and any designee, shall serve as “*City Representative*,” to provide all consents, approvals, make protests and objections, receive all notices and act for the City in carrying out the purposes of this Agreement.

**Section 8.08. Notices.** Any notices and other communications provided for or inferred herein shall be validly given, made or served, in writing and delivered personally, by facsimile or sent by registered or certified mail, postage prepaid, to:

|                       |  |
|-----------------------|--|
| Coordinating Utility: | D. Brad Larsen, P.E.<br>Arizona Public Service Company<br>P. O. Box 53999, Station 3293<br>Phoenix, Arizona 85072-3999<br>Telephone: (602) 493-4338<br>Facsimile: (602) 371-7084                     |
| Copy to:              | Bruce A. Gardner, Esq.<br>Arizona Public Service Company<br>Law Department<br>P. O. Box 53999, Station 8695<br>Phoenix, Arizona 85072-3999<br>Telephone: (602) 250-3630<br>Facsimile: (602) 250-3393 |
| Bank:                 | Compass Bank<br>2850 E. Camelback Road, Suite 140<br>Phoenix, Arizona 85016<br>Attn: Bo Pearson, Vice President<br>Telephone: (602) 778-7074   |

City: Capital Project Management  
City of Scottsdale  
7447 East Indian School Road  
Suite 205  
Scottsdale, Arizona 85251  
Telephone: (480) 312-7250  
Facsimile: (480) 312-7971  
Attn: Christopher Perkins, P.E.,  
Superintendent of Streets

Copy to: Accounting Department  
City of Scottsdale  
7447 East Indian School Road  
Suite 210  
Scottsdale, Arizona 85251  
Telephone: (480) 312-7009  
Facsimile: (480) 312-7897  
Email: jgilbride@scottsdaleaz.gov  
Attn: Joyce Gilbride, Accounting Director

Copy to: Gust Rosenfeld P.L.C.  
One East Washington Street  
Suite 1600  
Phoenix, Arizona 85004  
Telephone: (602) 257-7422  
Facsimile: (602) 254-4878  
Attn: Zach Sakas

or to such other addresses as the parties may designate in writing. Notice given by mail, as set out above, shall be deemed delivered at the time and on the date the same as postmarked.

**Section 8.09. Entire Agreement.** This Agreement (a) constitutes the entire agreement between the parties and supersedes all other prior agreements and undertakings, both written and oral, between the parties, with respect to the subject matter hereof and (b) is not intended to confer upon any other person or entity any rights or remedies hereunder.

**Section 8.10. Governing Law and Forum.** If legal action is brought relative to the rights and obligations under this Agreement, such action shall only be brought in a court of competent jurisdiction within, and shall be governed in all respects, including validity, interpretation and effect, exclusively under the laws of the State of Arizona as applied without regard to conflict of laws principles.

**Section 8.11. Binding Effect.** The provisions of this Agreement shall inure to the benefit of and shall be binding upon the respective designees, trustees, heirs, personal representatives, successors and assigns of the parties.

**Section 8.12. Additional Documents.** Each party agrees to execute such further or additional documents as may be reasonably necessary or appropriate in good faith to fully implement and carry out the intent and purpose of this Agreement.

**Section 8.13. Counterparts.** This Agreement may be executed in counterparts which together shall constitute a single agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or in electronic (i.e., “pdf” or “tif”) format shall be effective as delivery of a manually executed counterpart of this Agreement.

**Section 8.14. Illegality.** If any one or more sections, clauses, sentences and/or parts of this Agreement shall be judged unconstitutional or invalid by a court of competent jurisdiction, such judgment shall not affect, impair or invalidate the remaining provisions hereof, but shall be confined to the specific sections, clauses, sentences and parts so determined.


**Section 8.15. Cancellation.** Notice is hereby given that this Agreement is subject to cancellation by the City in accordance with the provisions of A.R.S. Section 38-511.

**Section 8.16. No Boycott of Israel.** Pursuant to A.R.S. Section 35-393 et seq., the Coordinating Utility and the Bank hereby each certify it is not currently engaged in, and for the duration of this Agreement will not engage in, a boycott of Israel. The term “boycott” has the meaning set forth in A.R.S. Section 35-393.

[Signature pages follow.]

IN WITNESS WHEREOF, the undersigned have duly affixed their signatures, all as of the date first written above.

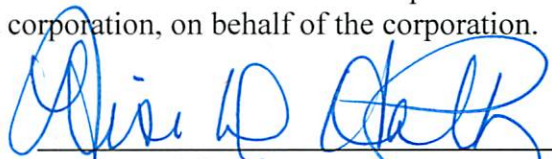
ARIZONA PUBLIC SERVICE COMPANY, an  
Arizona corporation

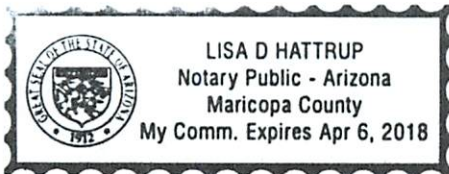
By   
Daniel T. Froetscher  
Executive Vice President of Operations

STATE OF ARIZONA        )  
  ) ss.  
COUNTY OF MARICOPA    )

The foregoing instrument was acknowledged before me this 30<sup>th</sup> day of March, 2018, by Daniel T. Froetscher the Executive Vice President of Operations of Arizona Public Service Company, an Arizona corporation, on behalf of the corporation.

(Seal and Expiration Date)

  
Notary Public



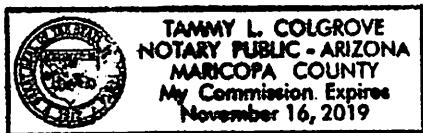
COMPASS BANK, an Alabama banking corporation

By: R Pearson  
Name: Bo Pearson  
Its: Vice President

STATE OF ARIZONA     )  
  ) ss.  
COUNTY OF MARICOPA )

The foregoing instrument was acknowledged before me this 30 day of March, 2018, by Bo Pearson, the Vice President, of Compass Bank, an Alabama banking corporation, on behalf of the corporation.

(Seal and Expiration Date)

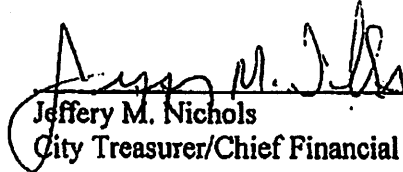


Tammy L. Colgrove  
Notary Public




By signing below, the City also consents to, approves and acknowledges the obligations, representations and warranties of the City set forth in Sections 2.02, 3.01(a)(c)(e)(f)(g)(h) and (i), 4.01, 4.02, 7.01, 7.02, 7.03, 8.03, 8.04, 8.05, 8.07, 8.08, 8.09, 8.10, 8.11, 8.12, 8.13, 8.14, 8.16 and Article VI above.

CITY OF SCOTTSDALE, ARIZONA, a political subdivision and municipal corporation

  
Jeffery M. Nichols  
City Treasurer/Chief Financial Officer

Approved as to form:

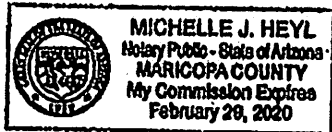
  
Gust Rosenfeld P.L.C.

STATE OF ARIZONA        )  
  ) ss.  
COUNTY OF MARICOPA )

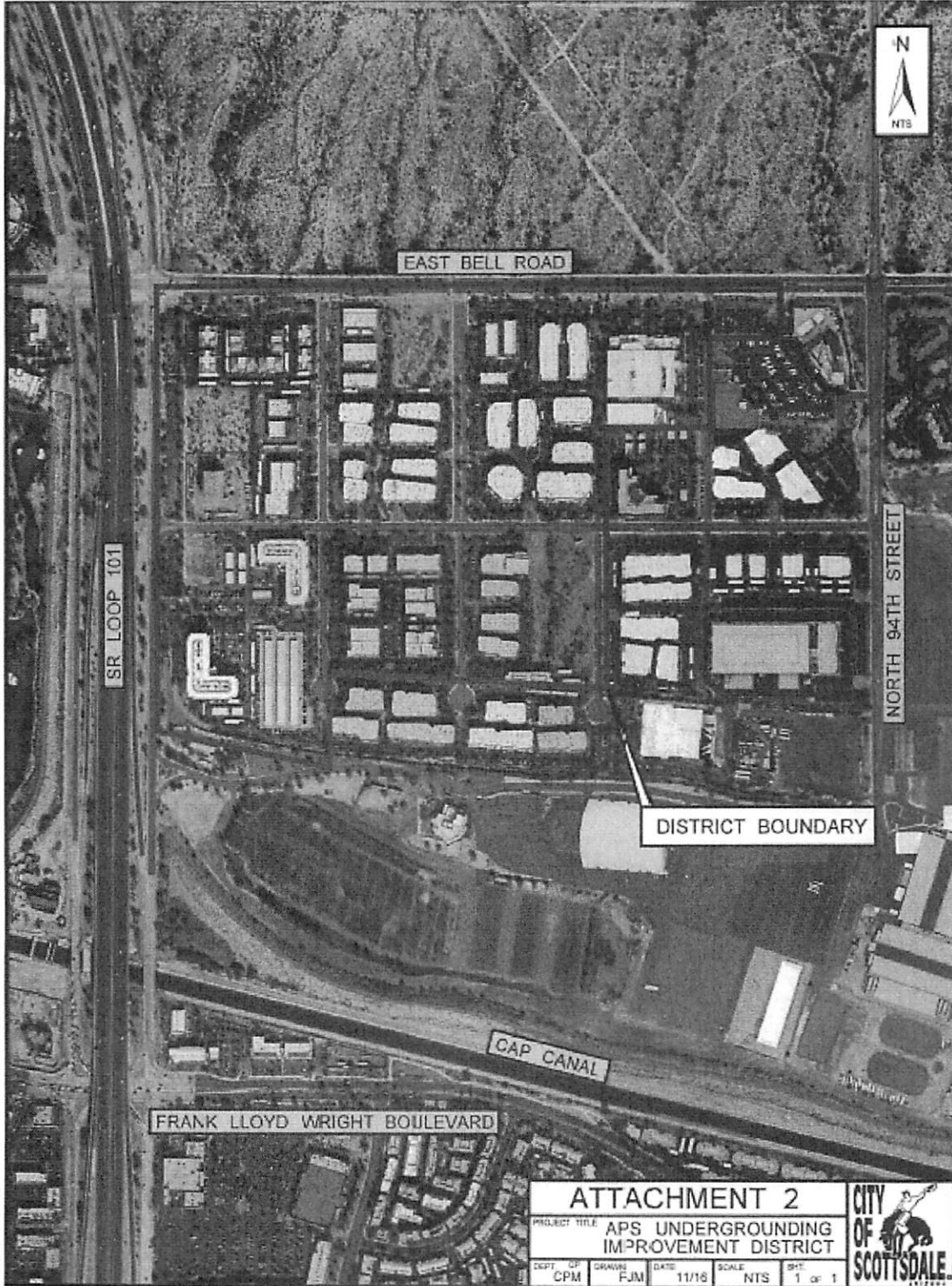
The foregoing instrument was acknowledged before me this 2 day of <sup>April</sup> ~~March~~, 2018, by Jeffery M. Nichols, City Treasurer/Chief Financial Officer of the City of Scottsdale, an Arizona political subdivision and municipal corporation, on behalf of the City of Scottsdale.

  
Michelle J. Heyl  
Notary Public

(Seal and Expiration Date)



**EXHIBIT A**  
**MAP OF THE DISTRICT**



**EXHIBIT B**

DISTRICT LEGAL DESCRIPTION

A PORTION OF THE NORTH HALF OF SECTION 6, TOWNSHIP 3 NORTH, RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA; FURTHER DESCRIBED AS A PORTION OF GENERAL LAND OFFICE (GLO) LOT 5; A PORTION OF THE WEST HALF OF GLO LOT 2; AND ALL OF GLO LOTS 8, 9, 10, 11, 12, 15, 16, 17, 18, 19, 20, 21, 22, 23 AND 24 AS FILED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT, MARCH 14, 1952.

EXCEPT ANY PORTION THEREOF LYING WITHIN THE DEDICATED PUBLIC RIGHT-OF-WAY OF BELL ROAD, BAHIA DRIVE, 90<sup>TH</sup> STREET, 91<sup>ST</sup> STREET AND 92<sup>ND</sup> STREET.

NOTE: THE PARCELS SHOWN ABOVE ARE A COMPILATION OF THE EXISTING RECORD INFORMATION FOR THE PROPERTIES AND DOES NOT REPRESENT A FIELD BOUNDARY SURVEY.



**EXHIBIT C**

**SCHEDULE OF ASSESSMENT PAYMENTS PAYABLE TO THE BANK**

| <u>Payment From<br/>City to APS Date</u> | <u>Principal Component</u> | <u>Interest Component</u> | <u>Total Payment</u> |
|--|----------------------------|---------------------------|----------------------|
| 07/01/2018                               | \$ -                       | \$ 13,399.69              | \$ 13,399.69         |
| 01/01/2019                               | \$ 61,111.39               | \$ 26,216.79              | \$ 87,328.18         |
| 07/01/2019                               | \$ -                       | \$ 24,469.00              | \$ 24,469.00         |
| 01/01/2020                               | \$ 61,111.39               | \$ 24,469.00              | \$ 85,580.39         |
| 07/01/2020                               | \$ -                       | \$ 22,721.21              | \$ 22,721.21         |
| 01/01/2021                               | \$ 61,111.39               | \$ 22,721.21              | \$ 83,832.60         |
| 07/01/2021                               | \$ -                       | \$ 20,973.43              | \$ 20,973.43         |
| 01/01/2022                               | \$ 61,111.39               | \$ 20,973.43              | \$ 82,084.82         |
| 07/01/2022                               | \$ -                       | \$ 19,225.64              | \$ 19,225.64         |
| 01/01/2023                               | \$ 61,111.39               | \$ 19,225.64              | \$ 80,337.03         |
| 07/01/2023                               | \$ -                       | \$ 17,477.86              | \$ 17,477.86         |
| 01/01/2024                               | \$ 61,111.39               | \$ 17,477.86              | \$ 78,589.25         |
| 07/01/2024                               | \$ -                       | \$ 15,730.07              | \$ 15,730.07         |
| 01/01/2025                               | \$ 61,111.39               | \$ 15,730.07              | \$ 76,841.46         |
| 07/01/2025                               | \$ -                       | \$ 13,982.29              | \$ 13,982.29         |
| 01/01/2026                               | \$ 61,111.39               | \$ 13,982.29              | \$ 75,093.68         |
| 07/01/2026                               | \$ -                       | \$ 12,234.50              | \$ 12,234.50         |
| 01/01/2027                               | \$ 61,111.39               | \$ 12,234.50              | \$ 73,345.89         |
| 07/01/2027                               | \$ -                       | \$ 10,486.71              | \$ 10,486.71         |
| 01/01/2028                               | \$ 61,111.39               | \$ 10,486.71              | \$ 71,598.10         |
| 07/01/2028                               | \$ -                       | \$ 8,738.93               | \$ 8,738.93          |
| 01/01/2029                               | \$ 61,111.39               | \$ 8,738.93               | \$ 69,850.32         |
| 07/01/2029                               | \$ -                       | \$ 6,991.14               | \$ 6,991.14          |
| 01/01/2030                               | \$ 61,111.39               | \$ 6,991.14               | \$ 68,102.53         |
| 07/01/2030                               | \$ -                       | \$ 5,243.36               | \$ 5,243.36          |
| 01/01/2031                               | \$ 61,111.39               | \$ 5,243.36               | \$ 66,354.75         |
| 07/01/2031                               | \$ -                       | \$ 3,495.57               | \$ 3,495.57          |
| 01/01/2032                               | \$ 61,111.39               | \$ 3,495.57               | \$ 64,606.96         |
| 07/01/2032                               | \$ -                       | \$ 1,747.79               | \$ 1,747.79          |
| 01/01/2033                               | \$ <u>61,111.38</u>        | \$ <u>1,747.79</u>        | \$ <u>62,859.17</u>  |
| Total                                    | \$ 916,670.84              | \$ 406,651.48             | \$ 1,323,322.32      |