



**AMENDED NOTICE OF SPECIAL MEETING
OF THE TOWN COUNCIL
OF THE TOWN OF MAMMOTH AND MAMMOTH
MUNICIPAL PROPERTY CORPORATION
TUESDAY, NOVEMBER 29, 2022
7:00 P.M.**

Pursuant to A.R.S. § 38-431.02(B), notice is hereby given to the members of the Town Council and to the general public that the Town Council will hold a Special Town Council Meeting which is open to the public on Tuesday, November 29, 2022 at the Mammoth Community Center located at 101 W. 5th Street, Mammoth, Arizona. The Town Council may hold an Executive Session, A.R.S. § 38-431.03(A)(3) and (4) for legal advice, which will not be open to the public, to discuss any Agenda items set forth below.

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
 - A. Possible consideration to excuse Councilmember(s) from Meeting pursuant to Mammoth Town Code 2.04.3

A public body may make an open call to the public during a public meeting, subject to a three-minute limitation to allow individuals to address the public body on any issue within the jurisdiction of the public body. At the conclusion of an open call to the public, individual members of the public body may respond to criticism made by those who have addressed the public body, may ask staff to review a matter or may ask that a matter be put on a future agenda. However, members of the public body shall not discuss or take legal action on matters raised during an open call to the public unless the matters are properly noticed for discussion and legal action.

Handicapped individuals with special accessibility needs may contact the ADA Coordinator for the Town of Mammoth at (520) 487-2331 (V/TDD)

4. NEW BUSINESS

Consideration and Possible Approval of:

- a. SERIES 2022 LEASE_TOWN OF MAMMOTH, ARIZONA MUNICIPAL PROPERTY CORPORATION, as Lessor and TOWN OF MAMMOTH, ARIZONA, as Lessee**
- b. WATER FACILITIES SITE MASTER GROUND LEASE TOWN OF MAMMOTH, ARIZONA as Lessor to TOWN OF MAMMOTH MUNICIPAL PROPERTY CORPORATION, as Lessee**

5. RECESS SPECIAL MEETING

6. MEETING OF TOWN OF MAMMOTH MUNICIPAL PROPERTY CORPORATION

1. Call to Order

2. Roll Call

7. New Business:

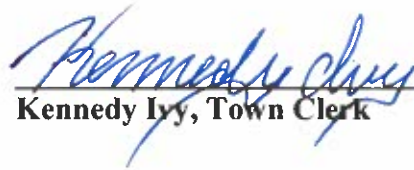
Consideration and Possible Approval:

- a. Appointment of Council Members Irene German, Pete Gallego, and Alvaro Barcelo as directors of the Mammoth Municipal Property Corporation**
- b. Discussion and Possible Ratification and/or Approval of Resolution Approved on February 24, 2022, Authorizing the President and Secretary of Town of Mammoth Municipal Property Corporation to sign all documents necessary to enter into contracts and agreements with the United States Department of Agriculture-Rural Development and Resolution of Municipal Property Corporation approving and Authorizing:
 - i. Loan for Water System Improvements in the amount of \$500,000.**
 - ii. Grant for Water System improvements in the amount of \$6,976,790.****
- c. Consideration and Possible Approval of:
 - i. SERIES 2022 LEASE-TOWN OF MAMMOTH, ARIZONA MUNICIPAL PROPERTY CORPORATION, as Lessor and TOWN OF MAMMOTH, ARIZONA, as Lessee**
 - ii. WATER FACILITIES SITE MASTER GROUND LEASE TOWN OF MAMMOTH, ARIZONA as Lessor to TOWN OF MAMMOTH MUNICIPAL PROPERTY CORPORATION, as Lessee****

8. Adjournment of Meeting of Municipal Property Corporation

9. ADJOURN

The undersigned hereby certifies that a copy of this notice was posted at the Mammoth Town Hall on November 28, 2022 by 5:00 p.m.


Kennedy Ivy, Town Clerk

Copies of the agenda are available for public inspection at the Mammoth Town Hall and the Mammoth Public Library. Persons with disabilities needing accommodations should contact the Mammoth Town Hall coordinator at (520) 487-2331. If possible, such requests should be made 72 hours in advance.

After recordation, please return to:

**Town of Mammoth
P. O. Box 218
MAMMOTH, Arizona 85173**

SERIES 2022 TOWN LEASE

**TOWN OF MAMMOTH, ARIZONA MUNICIPAL PROPERTY
CORPORATION, as Lessor,**

**TOWN OF MAMMOTH, ARIZONA,
as Lessee**

This SERIES 2022 TOWN LEASE, dated _____ 2022 (this "Town Lease) by and between TOWN OF MAMMOTH, ARIZONA MUNICIPAL PROPERTY CORPORATION, a nonprofit corporation organized and existing under the laws of the State of Arizona (the "Corporation") , and the TOWN OF MAMMOTH, ARIZONA, a municipal corporation of the State of Arizona (the "Town") ;

WITNESSETH:

WHEREAS, the Corporation was formed to transact any or all lawful business for which nonprofit corporations may be incorporated under the laws of the State of Arizona, including, without limiting the generality of the foregoing, any civic or charitable purpose such as financing the cost of acquiring, constructing, and equipping of certain facilities for use by and for the benefit of the Town; and

WHEREAS, the Town determined that it will be beneficial to its citizens to cause the financing of the costs of upgrades to the existing domestic water system of the Town (the "Project"); and **WHEREAS**, the Corporation desired to assist the Town in funding a portion of the cost of the Project; and

WHEREAS, the United States of America acting through Rural Utilities Service, United States Department of Agriculture (the "Government") agreed, as all of its requirements were satisfied, to loan to the Corporation a portion of the funds for the cost of the Project, such loan taking the form of a promissory note (the "Note"); and

WHEREAS, in connection with the negotiation of the Note, the Corporation and the Town entered into this Town Lease, pursuant to which (A) the Corporation extended the lease of the demised premises described on Exhibit "A" attached hereto (the "Leased Property") to the Town and (B) the Town (i) extended the lease from the Corporation of the Leased Property and (ii) as

agent for the Corporation, agreed to acquire, construct and equip, as the case may be, the Project; and

WHEREAS, the Corporation has not made and does not intend to make any profit by reason of any business or venture in which it may engage or by reason of the assistance it renders the Town in financing the Project, and no part of the net earnings of the Corporation, If any, shall ever inure to the benefit of any person, firm, or corporation, except the Town; and

WHEREAS, the Town has entered into Loan Agreements, dated _____ and _____, and _____ (collectively with the United States Department of Agriculture-Rural Development ("RD" and a Series 2022 Town Lease, dated _____, 2022 (with the RD Loan Agreements, the "Prior Agreements")), with the Corporation; and

WHEREAS, the _____ Note was issued pursuant to a Loan Resolution Security Agreement, dated (the "RUS" _____, Loan Agreement), by and between the Corporation and the Government and shall be secured (1) by this Town Lease pursuant to which the Town shall pledge the "Source of Repayment" (as such term is defined in the Prior Agreements) as security for the payment of rentals coming due hereunder and (2) as provided by the Real Estate Deed of Trust with Assignment of Rents, dated the date hereof (the "Deed of Trust"), from the Corporation, the Security Agreement (Chattel and Crops), dated the date hereof (the "Security Agreement") from the Corporation and the Assignment of Income and Assessments, dated the date hereof (the "Assignment") from the Corporation;

NOW THEREFORE, PURSUANT TO LAW AND FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS HEREINAFTER CONTAINED, IT IS HEREBY AGREED AS FOLLOWS:

ARTICLE I

LEASE; TERMS; RENT; DESIGN ACQUISITION CONSTRUCTION AND EQUIPPING OF THE IMPROVEMENTS

Section 1.01. The Corporation hereby extends the lease to the Town, and the Town hereby extends the lease from the Corporation, for the term commencing with the date hereof and continuing until _____, 20____, or such later date as of which the Note is deemed paid and discharged, of the Leased Property.

Section 1.02. The Town shall have the right to terminate this Town Lease on written notice to the Corporation given concurrently with, or subsequent to, the date the Note is released of record as a result of the payment of or provision for the entire indebtedness secured thereby, as provided in the Note. Upon such termination, all rights of the Corporation or any other entity, except the Town, in and to the Leased Property shall cease and the Corporation, by appropriate instruments of conveyance, shall, without further consideration, convey the Leased Property to the Town.

Section 1.03. While the Note is unpaid, the Town shall make rental payments sufficient to satisfy the requirements for principal of and interest on the Note. The rental payments payable hereunder shall be paid for and in consideration of the use and occupancy of the Leased Property which the Town receives and in consideration of the continued quiet use and enjoyment thereof as provided in Section 4. 01 hereof. When the Note has been fully paid or provided for, the Town shall have no further obligation to make rental payments hereunder.

Section 1.04. Such rental payments, as well as, with the limitations provided in Article 1.11 hereof, any other money required to be expended by the Town pursuant to the provisions of this Town Lease shall be payable solely from sources referred to in Article III hereof and shall under no circumstances constitute a general obligation of the Town or be payable from the proceeds of ad valorem taxes.

Section 1.05. The Town shall pay to the Corporation as additional payments hereunder (i) all amounts required to be paid by the Corporation pursuant to the RUS Loan Agreement (including for the "Reserve Account" required thereby) the Deed of Trust and the Security Agreement, (ii) all fees and expenses with respect to the RUS Loan Agreement, the Deed of Trust, the Security Agreement and the Assignment to the extent, if that such fees, expenses and payments are not met by the rentals payments, (iii) the reasonable expenses of the Corporation approved by the Town and not otherwise required to be paid by the Town under the terms hereof, (iv) fees for maintaining the corporate existence of the Corporation and all costs, expenses, losses or damages including reasonable attorneys' fees pertaining to any claim or legal action brought against the Corporation with respect to the legality of any defect in this Town see the Note, the RUS Loan Agreement, the Deed of Trust, the Security Agreement or the Assignment or questioning the legality of any action taken or to be taken pursuant thereto and (v) all other expenses of the Corporation incurred at the written request of the Town in accordance with the provisions of this Town Lease or the Note.

Section 1.06. Each installment of rent payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Corporation and at such place as the Corporation may designate in writing. Any rental payments accruing hereunder which shall not be paid within five (5) days after its due date shall bear interest at the highest rate permitted by law, but not exceeding twelve percent (12%) per annum, from the date when the same is due hereunder until the same shall be paid.

Section 1.07. Notwithstanding the provisions of Section 1.06 hereof, all rental payments shall be paid directly to the Government in the manner and for the purposes expressed in the Note.

Section 1.08. The Town, as agent to the Corporation, shall provide the Project pursuant to the plans and specifications of the Town. To the extent permitted by applicable law, the Town shall cause all such matters to occur or otherwise be provided for as required of the Corporation by the RUS Loan Agreement as well as the "Water System Grant Agreement" entered into in connection with the delivery of the Note. In that respect, the Town has complied and shall in the future comply with all rules, regulations, and other requirements of the United States Department

of Agriculture, Rural Utilities Service necessary to assure that the amounts to be paid on the dates described in the "Guide Letter for Use in Informing Private Lender of FMHA' s Commitment", as amended, are paid on such dates and in such amounts. The Town shall establish the accounts required by Section 3 of the RUS Loan Agreement and shall hold them on behalf of the Secretary-Treasurer of the Corporation as required by Section 4 of the RUS Loan Agreement.

ARTICLE II

TAXES, LIENS, UTILITIES, INSURANCE AND OTHER CHARGES

Section 2.01. The rental payments payable under this Town Lease shall be an absolute net return to the Corporation, free from any expenses and charges with respect to the Leased Property or the income therefrom.

Section 2.02. The Town shall pay or cause to be paid, punctually when due and payable, as additional payments hereunder, all property taxes, income taxes, gross receipts taxes, business and occupation taxes, occupational license taxes, water charges, assessments (including, but not limited to, assessments for public improvements or benefits), and all other governmental taxes and charges of every kind and nature which at any time prior to the expiration or termination of this Town Lease shall be or become due and payable by the Corporation or the Town and which shall be levied, charged, assessed or imposed:

(i) upon or with respect to the Corporation, or which shall be or become liens upon the Leased Property or any interest of the Corporation or the Town therein or under this Town Lease;

(ii) upon or with respect to the possession, operation, management, maintenance, alteration, repair, rebuilding, use or occupancy by the Town of the Leased Property, or any portion thereof; or

(iii) upon this transaction or any document to which the Town is a party creating or transferring an interest or an estate in or to the Leased Property.

The Town shall furnish to the Corporation promptly, upon request, proof of the payment of any such rental payments, tax, assessment, or other governmental charge which is payable by the Town under this Section. It shall not be a breach of this Section if the Town fails to pay any such rental payments, tax, charge or assessment during any period or periods in which the Town, in good faith, or the Corporation, shall be contesting the amount or validity of such tax, charge or assessment. The Corporation shall, if requested by the Town, contest the amount or validity of any such rental payments, tax, charge, or assessment, and the. Town shall pay the costs of the Corporation therefor.

Section 2.03. The Town shall pay, when due, all sums of money that may become due for or purporting to be for, any labor, services, materials, supplies or equipment alleged to have been furnished or to be furnished to or for the Town in, upon or about the Leased Property and which may be secured by any mechanics' materialmen's or other lien against the Leased Property or the interest of the Corporation therein, and shall cause each such lien to be fully discharged and released at the time of performance of any obligation secured by any such lien as it matures or becomes due, provided, however, that if the Town desires to contest any such lien it may do so, but notwithstanding any such contest, if any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, then and In any such event the Town shall forthwith pay and discharge said judgment.

Section 2.04. The Town shall pay or cause to be paid, all charges for gas, water, steam, electricity Town, light, heat, power, telephone, or other utility service furnished to or used in connection with the Leased Property. The Corporation shall not be required to furnish to the Town or any other occupant of said property any gas, water, sewer, electricity Town, light, heat, power, telephone, or other utility service of any kind, nor shall the Corporation be required to pay for any such charges or services.

Section 2.05. The Town shall, at its own cost and expense, during the term of this Town Lease, keep the Leased Property in good repair and condition, ordinary wear and tear excepted and shall repair, renew, or replace any portion of such improvements that shall have lost its usefulness due to damage, destruction, deterioration, or obsolescence. In exchange for the rental payments herein provided, the Corporation shall provide nothing more than the Leased Property. Failure of the Town to faithfully observe this covenant shall constitute a breach of this Town Lease, and the Corporation shall have reasonable rights of inspection for the purpose of determining the performance by the Town of its obligations under this Section.

Section 2.06. The Town shall cause the Leased Property to be insured against loss or damage by fire, explosion and other hazards customarily insured under extended coverage, in an amount not less than the full insurable value of such property and maintain other insurance on its business and properties with respect to loss, damage, liability and other claims of the kind customarily insured against by similarly situated municipal corporations. All such insurance shall be of such types and in such amounts and with such deductible provisions as are customarily carried under similar circumstances by such other municipal corporations. All such insurance shall be carried with financially sound and reputable insurance companies authorized to issue such policy or insure such risk in the State of Arizona. Each policy shall contain provisions, if available, that written notice of cancellation or substantial modification thereof shall be given to the Corporation at least thirty (30) days, or the greatest available period shorter than thirty (30) days, prior to such cancellation or modification. The Town may obtain blanket policies covering one or more risks if the minimum cover ages required herein are met and all buildings located on the Leased Property are covered to their full insurable value.

ARTICLE III

SOURCES OF PAYMENT AND PLEDGE

Section 3.01. All rental payments made in accordance herewith shall be made only from, and secured only by, the Source of Repayment on the basis, and pursuant to the terms and conditions, provided in the Prior Agreements, such terms of which as they relate thereto being hereby incorporated herein by this reference and remaining effective notwithstanding the termination of the RD Loan Agreements. All other payments hereunder (including for the "Reserve Account" required by the RUS Loan Agreement) shall be payable from the same source to the extent not required by the foregoing sentence.

Section 3.02. In the event of any default by the Town under this Town Lease, the remedies of the Corporation with respect to the enforcement of the lien and pledge incorporated by Section 3.01 into this Article shall be as provided in Article V hereof.

Section 3.03. The condition set forth in the second paragraph of Section 2 of Exhibit D to the RD Loan Agreements is, at the time of the execution hereof, and shall be, at the time of the negotiation of the Note, satisfied.

ARTICLE IV

QUIET ENJOYMENT; EXPIRATION OR TERMINATION OF LEASE; SURRENDER OF LEASED PROPERTY

Section 4.01. The Town, by keeping and performing the covenants and agreements herein contained, shall at all times during the term hereof, peaceably, and quietly, have, hold, and enjoy the Leased Property, without suit, trouble, or hindrance from the Corporation.

Section 4.02. Except as is otherwise provided hereinafter, the Town shall upon the expiration or termination of this Town Lease surrender to the Corporation the Leased Property in good order and condition and in a state of repair that is consistent with prudent use and conscientious maintenance, except for reasonable wear and tear.

Section 4.03. In consideration of the timely payment of all rental payments provided herein and provided that (i) the Town has performed all the covenants and agreements required of it to be performed hereunder and (ii) the Note and any other bonds and obligations on a parity therewith, as to principal, interest and any premium have been paid or provided for, the Corporation shall release the Leased Property from the lien of the Deed of Trust and the Security Agreement. The Town may then exercise its rights of termination under Section 1.02 hereof. Upon such termination, all rights of the Corporation or any other person or entity, except the Town, in and to the Leased Property shall cease and the Corporation shall, without further consideration execute and deliver to the Town appropriate instruments of conveyance conveying title to the Leased Property to the Town. The Corporation shall take any and all steps and shall execute and

record any and all documents reasonably required by the Town to consummate the transfer of title to the Leased Property to the Town.

ARTICLE V

REMEDIES UPON DEFAULT, NO ABATEMENT OF RENTALS

Section 5.01. Upon the nonpayment of the whole or any part of the rental payments when the same are to be paid as herein provided or violation by the Town of any other covenant or provision of this Town Lease, and if such default has not been cured (i) in the case of nonpayment of rental payments, within five (5) days and (ii) in the case of the breach of any other covenant or provision hereof, within thirty (30) days after notice in writing from the Corporation specifying such default, then the Corporation may bring an action for the recovery of any of the rental payments due (but not for rental payments accruing) or for damages for breach of this Town Lease, and the Corporation may pursue any other remedy which the law affords, including the remedy of specific performance.

Section 5.02. The Corporation, upon the bringing of a suit to collect the rental payments in default, may request enforcement of the pledge and foreclosure of the lien set forth in the Prior Agreements pursuant to the terms provided therein, such terms of which as they relate thereto being hereby incorporated herein by this reference and remaining effective notwithstanding the termination of the RD Loan Agreements. As assignee thereunder, the Government may enforce such lien and pledge in place of the Corporation in accordance with the terms and conditions of the Deed of Trust and the Security Agreement.

Section 5.03. The Government, as the beneficiary of the Deed of Trust, the Security Agreement, and the Assignment, may enforce the terms of this Town Lease; provided, however, that the ability to do so as it relates to foreclosure or other dispossessive remedies must be with the consent of RD as it relates to the effect thereof on the rights of RD pursuant to the RD Loan Agreements. In any suit to enforce the terms of this Town Lease, the Corporation shall recover its costs therein, as well as reasonable attorneys' fees.

Section 5.04. The Corporation shall in no event be in default in the performance of any of its obligations under this Town Lease (other than the obligation to make the rental payments required by Section 7 hereof) unless the Corporation shall have failed to perform such obligations within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by the Town to the Corporation properly specifying wherein the Corporation has failed to perform any such obligation. In the event of default by the Corporation, the Corporation agrees that specific performance may be had, and that the Town shall not be limited to a remedy for damages.

Section 5.05. Except as in this Town Lease expressly provided, this Town Lease shall not terminate or be affected in any manner by reason of the condemnation, destruction, or damages

in whole or in part, or by reason of the unusability of, the Leased Property, and, except as in this Town Lease expressly provided, the rentals, as well as all other amounts payable hereunder, shall be paid by the Town in accordance with the terms, covenants, and conditions of this Town Lease without abatement, diminution, or reduction.

Section 5.06. Each right, power and remedy of the Corporation or the Town provided for in this Town Lease shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for herein, or unless prohibited by the terms hereof, now or hereafter existing at law or in equity or by statute or otherwise, in any jurisdiction where such rights, powers and remedies are sought to be enforced, and the exercise or beginning of the exercise by the Corporation or the Town of any one or more of the rights, powers or remedies provided for herein or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by either party of any or all of such other rights, powers or remedies.

Section 5.07. The failure to insist upon a strict performance of any of the covenants or agreements herein set forth shall not be considered or taken as a waiver or relinquishment for the future of the Corporation's or the Town's rights to insist upon a strict compliance by the Town or the Corporation with all the covenants and conditions hereof.

ARTICLE VI

ESTOPPEL CERTIFICATE

Section 6.01. At any time and from time-to-time, upon not less than ten (10) days' prior request by the Corporation, the Town shall execute, acknowledge and deliver to the Corporation a statement in writing certifying that this Town Lease is unmodified and in full force and effect (or, if the Town Lease has been modified, that it is in full force and effect except as modified and stating the modification) and the dates to which the rentals and other amounts payable hereunder and thereunder have been paid in advance, if any.

ARTICLE VII

REFINANCING; PREPAYMENT; ADDITIONAL OBLIGATIONS

Section 7.01. Upon notice to the Corporation, the Town may request that the Corporation refinance or prepay, as the case may be, the Note by refunding or prepaying, as the case may be, the Note, subject to the provisions of the Note. The Corporation shall use its best efforts to so refinance or prepay, as the case may be, the Note.

Section 7.02. Prior to the issuance of any obligation for the purpose of refinancing or prepaying, as the case may be, the Note, the Corporation and the Town shall enter into a written supplement to this Town Lease increasing or decreasing, as the case may be, the rental payments

to be paid hereunder by an amount at least sufficient to enable the Corporation to fully pay the principal of and interest, when due, on such new obligation and all other usual and ordinary costs and expenses relating thereto.

Section 7.03. The Town shall have the right to pay installment rental payments in advance to the extent permitted by the Note.

Section 7.04. Upon payment of all amounts required with respect to the Note, and payment of any remaining administrative costs and expenses, the Corporation shall cause the release of the Leased Property from the lien of the Deed of Trust and the Security Agreement, and the Town may then exercise its right to terminate this Town Lease.

Section 7.05. The Corporation may establish one or more issues of additional bonds or other obligations on a parity with the Note (and to which thereafter Article III hereof shall apply) and may issue and deliver such additional bonds or other obligations, in such principal amount as may be determined by the Corporation, subject to the specific conditions established therefor in the RD Loan Agreements which are hereby made conditions precedent to the issuance of such additional bonds or other obligations and must be satisfied and which are hereby incorporated herein by this reference and which shall remain effective notwithstanding the termination of the RD Loan Agreements. The Corporation shall enter into a revised agreement with the Town, or shall have amended this Town Lease, in and by which the Town obligates itself in the manner therein provided to increase or decrease the rental payments or to make such payments to the Corporation at the times and in amounts sufficient to provide for the payment of principal of and interest on such additional bonds or other obligations as such principal and interest become due.

ARTICLE VIII

INDEMNIFICATION

Section 8.01. To the extent permitted by applicable law, the Town shall pay, indemnify, and save the Corporation harmless for, from and against any and all claims by or on behalf of any person, firm, corporation, or governmental authority arising from the occupation, use, or possession of the Leased Property, including any liability for any violation of conditions, restrictions, laws, ordinances, or regulations affecting the said property or the occupancy or use thereof.

Section 8.02. The Corporation, its incorporators, members, directors, officers, agents, and employees shall not be liable to the Town or to any other person whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in or on the Leased Property or any part thereof, unless caused by the willful misconduct of the Corporation, its incorporators, members, directors, officers, agents, or employees. To the extent permitted by applicable law, the Town shall indemnify and hold such persons harmless for, from and defend them and each of them against any and all claims, losses, or judgments for death of, or injury to, any person, or for damage to any property whatsoever incurred in or on the adjoining streets,

roads, sidewalks, and passageways, unless caused by the willful misconduct of the Corporation, its incorporators, members, directors, officers, agents, or employees. In the event any action or proceeding is brought against any of the persons referred to in this Section by reason of any such claim, the Town, upon notice from the Corporation and to the extent permitted by applicable law, shall resist or defend such action or proceeding.

Section 8.03. To the extent permitted by applicable law, the Town shall pay and indemnify the Corporation and hold the Corporation, its directors, officers, agents and employees, harmless for, from and against any and all claims, expenses, liens, judgments, liability or loss whatever, including reasonable legal fees and expenses relating to or in any way arising out of (i) this Town Lease, the prior Agreements, the RUS Loan Agreement, the Deed of Trust, the Security Agreement, the Assignment and security agreements, financing statements, supplements, amendments or additions thereto or the enforcement of any of the terms thereof; (ii) the Note or the negotiation thereof and (iii) the transactions contemplated in any of the aforementioned acts, agreements or documents; provided, however, that such indemnity shall not extend to any actions of the Corporation deliberately taken by them over the objections of the Town or otherwise involving the willful misconduct or gross negligence of the Corporation, its directors, officers or agents. The Corporation shall give notice to the Town of any event or condition which requires indemnification by the Town hereunder, or any allegation of such event or condition, promptly upon obtaining knowledge thereof, and, to the extent that the Town makes or provides for payment to the satisfaction of the Corporation under the indemnity provisions hereof, the Town shall be subrogated to the rights of the Corporation with respect to such event or condition and shall have the right to determine the settlement of claims thereon. The Town shall pay all amounts due hereunder promptly upon notice thereof from the Corporation. In case any action, suit or proceeding is brought against the Corporation by reason of any act or condition which requires indemnification by the Town hereunder, the Corporation shall notify the Town promptly of such action, suit or proceeding and the Town may (and will upon the request of the Corporation) at the expense of the Town, resist and defend such action, suit or proceeding, or cause the same to be resisted and defended, by counsel for the insurer of the liability or by counsel designated by the Town and approved by the Corporation. If the Corporation desires to participate in the defense of such action, suit or proceeding through their own counsel, it may do so at their own expense.

ARTICLE IX

ACCESS AND CONTROL OF TOWN

Section 9.01. The Corporation, incident to the negotiation of the Note, shall assign all rights and benefits hereunder to the Government and shall grant the Government a lien on its interest in this Town Lease. The Town hereby consents to such assignment and grant of lien.

Section 9.02. The Town, so long as no event of default by the Town under this Town Lease shall have occurred and be continuing, shall at all times have and retain all rights of access and control of the Leased Property. The rights and interests of the Corporation assigned, granted, and set over to the Government shall, so long as no event of default by the Town under this Town

Lease shall have occurred and be continuing, be subject and subordinate to the rights of the Town under this Section.

ARTICLE X

GENERAL PROVISIONS

Section 10.01. The Town may not sell or assign its interest in this Town Lease while amounts remain unpaid pursuant to the Note, but may sell, lease, or otherwise dispose of all or any part of the Leased Property with the consent of the Corporation. Notwithstanding any such sale, lease or other disposition, the Town shall nevertheless remain liable for the rentals provided herein and for the performance of the other obligations of the Town hereunder.

Section 10.02. All rights of the Corporation hereunder are to be assigned, pledged, mortgaged, and transferred to the Government as security for the Note, but subject to the rights under this Town Lease of the Town. The rights of the Government or any party or parties on behalf of whom the Government is acting (including, specifically, but without limitation, the right to receive the rentals to be paid hereunder), shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever, whether arising out of any breach of any obligation of the Corporation hereunder, or by reason of any other indebtedness or liability at any time owing by the Corporation to the Town, except as otherwise provided in the Note with respect to the Deed of Trust and the Security Agreement.

Section 10.03. All notices, consents or other communications required or permitted hereunder shall be deemed sufficient if given in writing addressed and mailed by registered or certified mail, or delivered to the party for whom the same is intended, as follows:

To the Corporation:	Town of Mammoth, Arizona Municipal Property Corporation c/o Town of MAMMOTH, Arizona P.O. Box 130 MAMMOTH, AZ 85618 Attention: President
----------------------------	---

To the Town:	Town of MAMMOTH P.O. Box 130 MAMMOTH, Arizona 85618 Attention: Town Manager
---------------------	--

or to such other address as such party may hereafter designate by notice in writing addressed and mailed or delivered to the other party hereto.

Section 10.04. This Town Lease shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Arizona.

Section 10.05. If any term or provision of this Town Lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Town Lease or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby and each terra and provision of this Town Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 10.06. This Town Lease may be executed in several counterparts, each of which shall be an original, but all of which shall constitute but one instrument. **IN WITNESS WHEREOF**, the Corporation and the Town have caused their respective names to be signed hereto by their respective officers thereunto duly authorized, all as of the day and year first above written.

**TOWN OF MAMMOTH, ARIZONA
MUNICIPAL PROPERTY CORPORATION, an
Arizona nonprofit corporation**

By: Patricia “Patsy” Armenta, President

SUBSCRIBED AND SWORN to before me this _____ day of July 2022, by **PATRICIA “PATSY” ARMENTA, President.**

Commission Expires:

NOTARY PUBLIC

TOWN OF MAMMOTH

By: Patricia “Patsy” Armenta, Mayor

SUBSCRIBED AND SWORN to before me this _____ day of July 2022, by **PATRICIA “PATSY” ARMENTA, Mayor.**

Commission Expires:

NOTARY PUBLIC

EXHIBIT "A"

DESCRIPTION OF REAL PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF PINAL, STATE OF ARIZONA AND AS DESCRIBED AS FOLLOWS:

After Recording Return to:

**TOWN OF MAMMOTH
P.O. BOX 130
MAMMOTH, AZ 85618**

**WATER FACILITIES SITE MASTER GROUND LEASE
TOWN OF MAMMOTH, ARIZONA
as Lessor**

TO

**TOWN OF MAMMOTH MUNICIPAL PROPERTY CORPORATION,
as Lessee**

This **WATER FACILITIES SITE MASTER GROUND LEASE**, dated _____, 2022 (this "**Ground Lease**"), by and between the **TOWN OF MAMMOTH, ARIZONA**, a municipal corporation of the State of Arizona (the "**TOWN**"), and the **TOWN OF MAMMOTH MUNICIPAL PROPERTY CORPORATION**, a nonprofit corporation organized and existing under the laws of the State of Arizona (the "**Corporation**");

WITNESSETH:

WHEREAS, the TOWN desired to lease the parcels of real property described on Exhibit "A" attached hereto to the Corporation in connection with the negotiation of a series of Promissory Notes to the order of the United States of America acting through Rural Utilities Service, United States Department of Agriculture (the "**Government**");

NOW, THEREFORE, PURSUANT TO LAW AND FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS HEREINAFTER CONTAINED IT IS AGREED AS FOLLOWS:

Section 1. The TOWN hereby leases to the Corporation, and the Corporation hereby leases from the TOWN, for the period commencing with the date hereof and continuing until the latest of the termination dates of the TOWN Leases described in Section 2 (initially _____, 20____), or such later date as the longest of the TOWN Leases shall be terminated, those certain parcels of real property (the "Demised Premises") located in or near the TOWN of MAMMOTH, Pinal County, State of Arizona, described on Exhibit "A" attached hereto. This Ground Lease shall be subject to earlier termination in accordance with Section 6 hereof.

Section 2. Prior to the time either of the parties hereto executed this Ground Lease, their respective governing bodies authorized the execution of a TOWN Lease, dated the date hereof (the "TOWN Lease"), entered into by the parties hereto, under the terms of which the Corporation leased the Demised Premises and certain other property to the TOWN. Immediately following the execution of this Ground Lease by both of the parties hereto, the parties entered into the TOWN Lease. The respective governing bodies of the TOWN and the Corporation may authorize the execution of additional leases in substantially the form of the TOWN Lease (with the TOWN Lease, the "TOWN Leases") to be entered into by the parties hereto, under the terms of which the Corporation will lease the Demised Premises to the TOWN to effect the financing of facilities which are the subject of the TOWN Leases.

Section 3. The Corporation paid to the TOWN, as rental for the Demised Premises pursuant to this Ground Lease, \$10 for the entire term, together with other good and valuable consideration as provided herein, such rental having been paid upon the execution and delivery of this Ground Lease.

Section 4. The Corporation, as of the date hereof, assigned all rights and benefits hereunder to the Government and granted the Government a lien on its interest in this Ground Lease for the benefit of the Government with respect to the promissory notes described in the TOWN Leases. (Such promissory notes may be negotiated and delivered without the need to amend or supplement this Ground Lease for the purpose of financing the facilities described in Section 2 in the future.) The TOWN hereby consents to such assignment and grant of lien.

Section 5. Notwithstanding this Ground Lease, the TOWN, so long as no event of default by the TOWN under this Ground Lease or the TOWN Lease shall have occurred and be continuing, shall at all times have and retain all rights of access and control of the Demised Premises.

Section 6. The TOWN shall have the right to terminate this Ground Lease upon written notice to the Corporation given concurrently with or subsequent to the date the lien described in Section 4 hereof is released of record as a result of the payment of or provision for the payment of the entire indebtedness secured by such lien. The Corporation shall not at any time increase the amount of its indebtedness secured by the such lien except (i) to the extent it may be necessary in connection with any refinancing or refunding which, by reason of a default by the TOWN in the payment of rental payments due under the TOWN Lease, may then be required for the Corporation to meet its obligations to the then holders of indebtedness secured by such lien or (ii) in accordance with Section 7.05 of the TOWN Lease, relating to additional financing or for refunding bonds issued for such purposes. So long as the TOWN and the Corporation have entered into the TOWN Lease and the TOWN Lease has not been terminated, the TOWN shall have no right to terminate this Ground Lease for any reason except the nonpayment of the rent required to be paid under the provisions of Section 3 hereof.

Section 7. Upon the expiration or termination of this Ground Lease, the Corporation shall surrender to the TOWN the Demised Premises, together with any improvements thereon. At the time of such surrender, the Demised Premises shall be free and clear of all liens and encumbrances other than (i) conditions, reservations, exceptions, rights of way and easements of record on the date of the commencement of the term of the TOWN Lease or (ii) liens or encumbrances imposed as a result of an act or failure to act by the TOWN.

Section 8. If any term or provision of this Ground Lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Ground Lease or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each term and provision of this Ground Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 9. To the extent applicable by provision of law, all parties acknowledge that this Ground Lease is subject to cancellation pursuant to § 38-511, Arizona Revised Statutes, as amended, the provisions of which are incorporated herein.

IN WITNESS WHEREOF, the TOWN and the Corporation have caused their respective names to be signed hereto by their respective officers thereunto duly authorized, all as of the day and year first above written.

**TOWN OF MAMMOTH, ARIZONA,
a municipal corporation**

PATRICIA "PATSY" ARMENTA, Mayor

ATTEST:

JOHN SCHEMPF, Interim Town Clerk

APPROVED AS TO FORM:

STEPHEN R. COOPER, Town Attorney

**TOWN OF MAMMOTH MUNICIPAL
PROPERTY, an Arizona nonprofit
corporation**

PATRICIA “PATSY” ARMENTA, President

ATTEST:

JOE BREWER, Secretary-Treasurer

EXHIBIT “A”

RESOLUTION OF MEMBERS OR STOCKHOLDERS

Town of Mammoth Municipal Property Corp.

(Name of Association)

PO Box 130 Mammoth, AZ 85618-

(Address, including Zip Code)

RESOLVED, that the Governing Board of this Association be and it hereby is authorized and empowered to take all action necessary or appropriate —

1. To obtain for and on behalf of the Association through the United States Department of Agriculture (USDA) or any other Governmental agency:
 - (a) A loan in a sum not to exceed \$ \$500,000.00 ;
 - (b) A grant in a sum not to exceed \$ \$6,976,790.00 ;
 to be advanced by the lender or grantor in one or more advances at such time or times as may be agreed upon.
2. In case of a loan or grant or both —
 - (a) For the execution of such application or applications (including exhibits, amendments and or supplements thereto) as may be required;
 - (b) For the execution and delivery to the lender or grantor of all such written instruments as may be required in regard to or as evidence of such loan or grant; and
 - (c) In its judgment to carry out the terms of this resolution.
3. And in case of a loan —
 - (a) To obligate this Association for the repayment of the loan at such rates of interest and on such other terms and conditions as the Governing Board shall deem proper;
 - (b) To pledge, hypothecate, mortgage, convey, or assign property of this Association of any kind and in any amount now owned or hereafter acquired, as security for any or all obligations (past, present and/or future) of this Association to such lender; and
 - (c) From time to time to pay, extend, or renew any such obligations.

CERTIFICATION

I, the undersigned, as Secretary of the above named Association, hereby
(Secretary) (Acting Secretary)
 certify that said Association on the 24th day of February, 2022, had seven (7)
(Number)
Members ; that four (4) of these
(members) (stockholders) or (shares of voting stock outstanding)
 constituted a quorum; that _____ said members or stockholders or shares of voting stock were present at a meeting of the members or stockholders duly called and held on the 24th day of February, 2022 ; that the foregoing resolution was adopted at such meeting by the affirmative vote of 7-0 said members or stockholders or shares of voting stock; and that said resolution has not been rescinded or amended in any way.

Dated this day 29th of February, 2022.

x Michael Martinez

Secretary of Town of Mammoth MPC, Michael Martinez

Ratification

I, The undersigned, as Secretary of the Town of Mammoth Municipal Property Corporation, hereby certify that said association on the 29th day of November, 2022, had seven (7) Members; that four (4) of these constituted a quorum; that _____ said members or stockholders or shares of voting stock were present at a meeting of the members or stockholders duly called and held on the 29th day of November, 2022; that the forgoing resolution was adopted at such meeting by the affirmative vote of _____ said members or stockholders or share of voting stock; and that said resolution has not been rescinded or amended in any way.

Dated this day 29th of November, 2022.

Secretary of Town of Mammoth MPC, Michael Martinez