

**TRANSPORTATION PROJECT ADVANCE AGREEMENT  
AMONG  
THE CITY OF MESA,  
THE CITY OF PHOENIX,  
VALLEY METRO RAIL, INC.  
AND  
THE MARICOPA ASSOCIATION OF GOVERNMENTS**

**THIS TRANSPORTATION PROJECT ADVANCE AGREEMENT** (this “Agreement”) is entered into as of \_\_\_\_\_, 201\_\_, pursuant to Arizona Revised Statutes (“A.R.S.”) Section 9-500.17 and A.R.S. Sections 28-7691 through 28-7697, as amended, by and among the CITY OF MESA, ARIZONA (“Mesa”), the CITY OF PHOENIX, ARIZONA (“Phoenix”), VALLEY METRO RAIL, INC., an Arizona nonprofit corporation and governmental instrumentality of its constituent municipalities (“VMR”), and the MARICOPA ASSOCIATION OF GOVERNMENTS, an Arizona nonprofit corporation (“MAG”).

**RECITALS**

**A.** Mesa is authorized by A.R.S. Sections 9-500.17, 11-952 and 28-7692, and the Mesa Charter Article I, Section 101 to enter into this Agreement, has by resolution resolved to enter into this Agreement and has authorized the undersigned to execute this Agreement on behalf of Mesa.

**B.** Phoenix is authorized by A.R.S. Sections 9-500.17, 11-952 and 28-7692, and the Phoenix Charter Chapter 2, Article 2 to enter into this Agreement and has authorized the undersigned to execute this Agreement on behalf of Phoenix.

**C.** VMR is authorized by its Articles of Incorporation to enter into this Agreement and has approved this Agreement and its Board of Directors has authorized the undersigned to execute this Agreement on behalf of VMR.

**D.** MAG is authorized by A.R.S. Sections 28-6308, 28-6353 and 28-7692 to enter into this Agreement and the MAG Regional Council (as defined herein) has authorized the undersigned to execute this Agreement on behalf of MAG.

**E.** Under the Joint Powers Agreement (as defined herein), Phoenix, Mesa, and other member cities designated VMR as the party responsible for the planning, design, construction and operation the light rail transit project (the “LRT”), including acquisition of light rail vehicles, and VMR is responsible for managing the acquisition of the Right-of-Way (as defined herein) necessary for the LRT pursuant to the process agreed to by VMR and Mesa in the Design and Construction Agreement (as defined herein).

**F.** Mesa has requested and Phoenix, VMR and MAG agree that it is in the best interest of the public to accelerate the design and construction of the 1.9 mile light rail transit extension on Main Street from Mesa Drive to Gilbert Road in Mesa and accelerate the

acquisition of Right-of-Way and light rail vehicles related to such light rail transit extension (the “Project”) in accordance with the accelerated Project schedule. A current forecasted Project schedule is attached hereto as Exhibit B and incorporated herein by reference.

**G.** The Project is a Transportation Project (as defined herein) for the purposes of A.R.S. Section 28-7691.

**H.** Phoenix is a designated grant recipient under A.R.S. Sections 28-7691 through 28-7697, inclusive, and is the future Recipient (as defined herein) of STP funds and CMAQ funds under the Grant Agreement.

**I.** MAG has adopted an Arterial Life Cycle Program (“ALCP”) to provide management and oversight for the street projects contained in the Regional Transportation Plan (“RTP”).

**J.** The MAG Regional Council approved Mesa’s request for a major amendment to the RTP 2010 Update, ALCP, and the Fiscal Year 2011-2015 MAG Transportation Improvement Plan (“TIP”), to repurpose federal funds related to 16 ALCP projects, which total \$153,366,043 (2011\$). The MAG Regional Council also approved programming federal Surface Transportation Program (“STP”) funds and Congestion Mitigation and Air Quality Improvement Program (“CMAQ”) funds, which were to be used to pay the costs of the 16 ALCP projects, to use such funds instead to reimburse Mesa for the costs associated with the Project. All parties acknowledge that the STP and CMAQ funds are contingent on federal funding revenue streams and subject to the ALCP financial program and ALCP Policies and Procedures.

**K.** Prior to approval of Mesa’s requested major amendment, MAG consulted with the Regional Public Transportation Authority (“RPTA”), Transportation Board of the State of Arizona (the “Transportation Board”), and the Maricopa County (the “County”) Board of Supervisors, the Indian communities, the cities and towns in the County and the Citizens Transportation Oversight Committee, as required by A.R.S. Section 28-6353, on the proposal to add the Project to RTP 2010 Update, ALCP and the Fiscal Year 2011-2015 MAG TIP, as appropriate, contingent on the finding of air quality conformity.

**L.** Pursuant to A.R.S. Sections 28-6301.7 and 28-6353, on March 27, 2013, MAG, upon the recommendations from the RPTA, the Transportation Board and the County Board of Supervisors approved a major amendment and the related amendment to the RTP 2010 Update, ALCP and Fiscal Year 2011-2015 MAG TIP to add the Project.

**M.** On March 27, 2013, MAG approved the advancement of CMAQ funds to Mesa for the Project in the amount of \$943,000. On August 21, 2013, MAG approved the advancement of CMAQ funds to Mesa for the Project in the amount of \$3,900,000. On May 28, 2014, MAG approved the advancement of CMAQ funds for the Project in the amount of \$571,500.

**N.** After the approval of the major amendments, VMR requested environmental clearance from Federal Transit Administration (“FTA”) which with FTA clearance will allow the Project to proceed and gives pre-grant award authority for the Design (as defined herein), utility relocation and the Right-of-Way Acquisition (as defined herein). On November 15, 2013, VMR received a Finding of No Significant Impact or FONSI from the FTA.

**O.** VMR will request a LONP (as defined herein) from FTA for all Project components not in a federal grant, which LONP, subject to all conditions in any grant, provides FTA authorization for the parties to be reimbursed for costs incurred on the Project prior to the award of the STP and CMAQ grant funds.

**P.** VMR’s Board approved and added the Project to the TLCP (as defined herein).

**Q.** The development of the Project has been segmented into phases, which phases are: Preliminary Engineering Phase (completed), CMAQ-Funded Phase, First Series of Transportation Project Advance Notes (TPANs) Phase and Second Series of TPANs Phase. The Preliminary Engineering Phase was financed with funds from the 2013 CMAQ Grant Agreement and the First Amendment. The CMAQ-Funded Phase is comprised of that portion of the Design services, Preconstruction Services and Right-of-Way Acquisition (each as defined herein) that do not exceed the amount listed in Exhibit A, as may be amended by the Parties. The First Series of TPANs is anticipated to be comprised of that portion of the Design services, the Preconstruction Services and the Right-of-Way Acquisition that was not funded with the 2013 CMAQ Grant Agreement, the 2014 CMAQ Grant Agreement, the Second Amendment and the Third Amendment and the Light Rail Vehicle Acquisition, which may be delayed until the Second Series of TPANs as set forth in Section 2.8(C) herein, (as defined herein). The Second Series of TPANs is anticipated to be comprised of the Construction (as defined herein) and other Project Costs. The estimated Project schedule for each Project Phase is listed in Exhibit B.

**R.** The development of the Project has been segmented into the different Project Phases (as defined herein) because there are different anticipated funding sources for the Project Costs. Additionally, Mesa and VMR need to ensure that each Project Phase does not begin until the Project Team, which includes the Mesa Representative (as defined herein) and the VMR Representative (as defined herein) determines that Mesa has sufficient unencumbered funds available to finance such Project Phase.

**S.** In order to accelerate the Project, the Parties have entered into or desire to enter into the following agreements: 2013 CMAQ Grant Agreement, 2014 CMAQ Grant Agreement; First Amendment, Second Amendment; Third Amendment, Design and Construction Agreement; Grant Agreement; Grant Pass-Thru Agreement; and this Agreement (each as defined herein and described on Exhibit C and incorporated herein by reference) to (1) set forth the roles and responsibilities of the Parties during the Project and (2) establish the anticipated funding source for each Project Phase. In the event of a conflict between the aforementioned agreements, the intent of the Parties is to have this Agreement control.

**T.** The Parties acknowledge that additional agreements related to the Project will be required between some or all of the Parties. It is the Parties' intention to have this Agreement control over all of the agreements specifically mentioned herein (except the Joint Powers Agreement) and any additional agreements that may also be required between some or all of the Parties for this Project.

**NOW, THEREFORE**, in consideration of the foregoing recitals, which are a substantive part of this Agreement, the following mutual covenants and conditions, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

## **ARTICLE I** **DEFINITIONS**

**1.1 Definitions.** The definitions in this Agreement only apply to this Agreement. Unless the context shall otherwise require, the following words and phrases when used in this Agreement shall have the meanings specified in this Section:

“2013 CMAQ Grant Agreement” means the grant pass-thru agreement between Phoenix and VMR dated February 27, 2013 for the advancement of CMAQ funds in the amounts listed in Exhibit A for the Project, as may be amended by the Parties. (Prior to the effective date of this Agreement, the FTA and Phoenix entered into grant agreements related to \$4,843,000 in CMAQ funds for this Project, as may be amended).

“2014 CMAQ Grant Agreement” means the grant pass-thru agreement between Phoenix and VMR to be entered into between Phoenix and VMR for the advancement of CMAQ funds in the amount listed in Exhibit A for the Project, as may be amended by the Parties. (The FTA and Phoenix will enter into a grant agreement related to \$571,500 in CMAQ funds for this Project, as may be amended).

“ADOT” means the Arizona Department of Transportation.

“Advance” means the amount which is advanced by Mesa to Phoenix to pay for some or all of the Project Costs.

“Advance Account” means the account established by Mesa containing the deposits of the Advance together with the Advance Earnings. The Advance Account shall be comprised of an Interest Subaccount, Right-of-Way Acquisition Subaccount, and Design, Light Rail Vehicle and Construction Subaccount.

“Advance Earnings” means the interest or earnings on the Advance Account that are used to pay the Interest Obligation.

“ALCP” means MAG's Arterial Life Cycle Program of the RTP.

“ALCP Policies and Procedures” means the written policies and procedures for implementing the MAG ALCP, including, but not limited to, fiscal management and administration, the process and steps on how funds are programmed to projects, and project requirements, components, and eligibility, as such may be approved and amended from time to time by the MAG Regional Council.

“Application” means the completed application requesting federal assistance, including any amendment thereto, for Project funding filed with the FTA by or on behalf of Phoenix and accepted or approved by FTA.

“A.R.S.” means Arizona Revised Statutes, as amended.

“CMAQ” means the Congestion Mitigation and Air Quality Improvement Program, which provides federal transportation funding to qualifying air quality improvement projects.

“CMAQ-Funded Phase” means the portion of the Design services, the Preconstruction Services, the Right-of-Way Acquisition and other Project Costs to be financed with the grant funds designated under the 2013 CMAQ Grant Agreement, the 2014 CMAQ Grant Agreement, the Second Amendment and the Third Amendment. The total available funding for the CMAQ-Funded Phase under the 2013 CMAQ Grant Agreement, 2014 CMAQ Grant Agreement, the Second Amendment and the Third Amendment will be the amount listed in Exhibit A, as may be amended by the Parties.

“CM@R Contract” means the contract to be entered into between VMR and the construction manager at risk to perform Preconstruction Services and possible construction services for the Project.

“Concurrent Non-Project Activities” also known as betterments, are improvements to the Project desired by VMR or Mesa that are non-integral to the planned functioning of the Project and are carried out simultaneously with grant execution and are not included in the federal grants.

“Construction” means the performance of the work required to construct the Project pursuant to the terms of a CM@R Contract or other form of contract for construction of the Project.

“Contract Documents” means the contracts VMR enters into for the construction of the Project, and includes all drawings and specifications created to implement the Project.

“County” means Maricopa County, Arizona.

“Design” means the design professional’s services required pursuant to a Design Contract to produce the final and complete Plans excluding the Preliminary Engineering services set forth in the First Amendment.

“Design Contract” means the contract or contracts to be entered into between VMR and the design professional to perform Design services for the Project.

“Design and Construction Agreement” means the agreement to be entered into between Mesa and VMR that describes the roles and responsibilities of the parties during the Design and Construction of the Project and the scope of work during the Design and Construction of the Project.

“Design, Light Rail Vehicle and Construction Subaccount” means the subaccount of the Advance Account that Mesa will deposit the budgeted portion of the Advance necessary for the Design, Light Rail Vehicle Acquisition and the Construction of the Project.

“Environmental Assessment Agreement” means the Gilbert Road Light Rail Transit Extension Environmental Assessment Agreement between Mesa and VMR dated July 20, 2012 requiring as its scope of work the environmental assessment on the Project.

“FHWA” means the Federal Highway Administration, an operating administration of the U.S. Department of Transportation.

“First Amendment” means the First Amendment to the Environmental Assessment Agreement between Mesa and VMR dated June 3, 2013 to add the (i) additional environmental work needed to complete the environmental assessment for the Project, (ii) initial engineering work necessary to design the Project to a sufficient level to bridge the conceptual engineering phase to the design and construction procurement phase; and (iii) project and program management plans that will be used for the procurement process. Pursuant to the First Amendment, the funding source for the scope of work is in the amount of the CMAQ funds listed in Exhibit A from MAG that is reimbursed through Phoenix and Mesa’s local match of 5.7% in the amount listed in Exhibit A for the Project.

“First Series of TPANs” means the one or more series of the TPANs issued by Mesa pursuant to A.R.S. Sections 28-7691 through 28-7697, inclusive, for the purpose of funding the Advance to Phoenix for that portion of the Design services, the Preconstruction Services and the Right-of-Way Acquisition that was not financed by the 2013 CMAQ Grant Agreement, the 2014 CMAQ Grant Agreement, the First Amendment, the Second Amendment and the Third Amendment, and the Light Rail Vehicle Acquisition, which may be delayed until the Second Series of TPANs as set forth herein, and other Project Costs.

“FTA” means the Federal Transit Administration, an operating administration of the U.S. Department of Transportation.

“Grant Agreement” means the written agreement to be entered into between Phoenix and the FTA by which the FTA awards federal assistance to Phoenix as the designated grant Recipient of the STP grant funds and CMAQ funds or such other funds provided under any successor or comparable federal transportation funds program from the FTA for the Project, including funds used to reimburse Mesa for monies spent with respect to the Project.

“Grant Pass-Thru Agreement” means the written agreement to be entered into among Phoenix, Mesa and VMR by which Phoenix will be the Recipient and VMR is the Subrecipient of STP grant funds and CMAQ funds or such other funds provided under any successor or comparable federal transportation funds program from the FTA for the Project, including funds used to reimburse Mesa for monies spent with respect to the Project.

“Grant Payment Schedule” means the estimated schedule for the receipt of STP and CMAQ funding programmed for the Project in the ALCP, TIP, RTP and TLCP as set forth in Exhibit D, the proceeds of which will be used by Phoenix to ultimately repay Mesa for the Advance pursuant to the process described in this Agreement.

“Interest Subaccount” means the subaccount of the Advance Account that will contain any net premium and capitalized interest associated with the issuance of the TPANs and the Advance Earnings.

“Interest Obligation” means the total amount of interest due on the TPANs, the costs of issuance on the TPANs and any redemption premiums on the TPANs.

“Joint Powers Agreement” means the Joint Powers Agreement dated September 24, 2002 (County Recording Number 2002-0992011), between Phoenix, Mesa, the City of Tempe and the City of Glendale, as the initial members, to form the VMR as the governmental instrumentality to plan, design, construct and operate the LRT. The intended activity of VMR is to plan, construct and operate the LRT.

“Light Rail Vehicles” means three light rail vehicles, which is Mesa’s allocated share of the light rail vehicles required for the Project pursuant to VMR’s Regional Policy adopted on September 19, 2013.

“Light Rail Vehicle Acquisition” means the acquisition of the Light Rail Vehicles.

“LONP” or “Letter of No Prejudice” means a letter or letters from the FTA allowing Mesa to incur costs for the Project using its own funding sources with the understanding that the costs incurred subsequent to the issuance of the LONP are eligible for federal reimbursement pursuant to the Grant Agreement and Grant Pass-Thru Agreement.

“LRT” means Light Rail Transit.

“MAG” means the Maricopa Association of Governments, which is the regional planning agency and designated metropolitan planning organization for the metropolitan Phoenix area within the County and the contiguous urbanized area.

“MAG Regional Council” means MAG’s governing and policy-making body which is comprised of elected officials appointed by each MAG member agency.

“Mesa” means the City of Mesa, Arizona.

“Mesa Representative” means, in this Agreement, the Mesa City Manager or his designee.

“Other Lawfully Available Funds” means other monies of Mesa lawfully available to advance a Transportation Project. Other Lawfully Available Funds does not include any monies or pledge thereof that would create an indebtedness or pledge of the general credit of Mesa or any other political subdivision within the meaning of any constitutional, charter or statutory provision relating to the incurring of debt or a pledge of the full faith and credit of Mesa or any other political subdivision. Other Lawfully Available Funds also does not commit the greater Phoenix region to repurpose any and all additional and available monies to the Project.

“Party” means Mesa, Phoenix, VMR or MAG acting in its individual capacity.

“Parties” means Mesa, Phoenix, VMR and MAG, collectively.

“Phoenix” means the City of Phoenix, Arizona.

“Plans” means final plans, specifications and other documents necessary for constructing the Project.

“Preconstruction Services” means construction manager at risk’s services and other activities during the Design phase pursuant to A.R.S. Section 34-101 *et seq.*

“Preliminary Engineering” means the initial engineering work for the Project set forth in the First Amendment.

“Project” means the Design and Construction of the 1.9 mile light rail transit extension on Main Street from Mesa Drive to Gilbert Road in Mesa and the Right-of-Way Acquisition and Light Rail Vehicle Acquisition related to such light rail transit extension. The Project does not include any facilities upgrades to VMR’s Operations and Maintenance Center, but does include modifications that are necessary to the Operations and Maintenance Center to enable operations of the Project.

“Project Closeout” means (i) 100% of the Design is completed, (ii) 100% of the Right-of-Way has been acquired for the Project and/or, in the event of acquisitions by immediate possession and the purchase price for such Right-of-Way is to be determined and paid at a later date, sufficient funds to pay the costs of all such Right-of-Way have been either held in the Advance Account or paid prior to obtaining a final order of condemnation in any applicable condemnation litigation, (iii) 100% of the Construction is completed, (iv) 100% of the Light Rail Vehicles have been acquired and (v) any contract and payment claims with the design professional, construction manager at risk or contractor, vendors and other third parties regarding the Project Costs are resolved.



“Project Costs” means the total aggregate amount of all costs, expenses and fees related to the Project, including but not limited to the costs relating to the Preliminary Engineering, Design, Preconstruction Services, Right-of-Way Acquisition, Light Rail Vehicle Acquisition, Construction, engineering costs, utility relocations, legal costs and all other costs and expenses associated with, appurtenant and incidental to the Project. Project Costs do not include any costs related to Concurrent Non-Project Activities.

“Project Phase” or “Project Phases” means the Preliminary Engineering, CMAQ-Funded Phase, the First Series of TPANs and the Second Series of TPANs.

“Project Team” means the Mesa Representative and the VMR Representative.

“Real Estate Acquisition Management Plan” or “RAMP” means the procedural document created by Mesa and VMR that is required by the FTA associated with the Right-of-Way Acquisition for the Project. The RAMP provides a comprehensive description of roles, goals, methodology and responsibilities for the Right-of-Way acquisition process for the Project.

“Recipient” means the entity that will receive federal assistance directly from the FTA for the Project.

“Right-of-Way” means real property and easements required for the construction and operation of the Project.

“Right-of-Way Acquisition” means the acquisition of the Right-of-Way for the Project, including any court proceedings relating to the acquisition of Right-of-Way.

“Right-of-Way Acquisition Subaccount” means the subaccount of the Advance Account that Mesa will deposit the budgeted portion of the Advance necessary to acquire the Right-of-Way for the Project.

“RPTA” means the Regional Public Transportation Authority established pursuant to A.R.S. Section 48-5102.

“RTP” means MAG’s Regional Transportation Plan that establishes local, regional, and general federal funding for freeways, streets, transit, planning, bicycle/pedestrian and air quality and establishes life cycle budget programs for freeway, streets and transit projects.

“Second Amendment” means the Second Amendment to the Environmental Assessment Agreement between Mesa and VMR dated June 2, 2014 that establishes the scope of work that will be paid by the funds received pursuant to the 2013 CMAQ Grant Agreement in the amount listed in Exhibit A and Mesa’s local match of 5.7% in the amount listed in Exhibit A for the Project.

“Second Series of TPANs” means the one or more series of TPANs issued by Mesa pursuant to A.R.S. Sections 28-7691 through 28-7697, inclusive, for the purpose of funding the Advance to Phoenix for the Construction and other Project Costs.

“State” means the State of Arizona acting by and through ADOT.

“STP” means the Surface Transportation Program, which is a federal formula grant program administered by the FHWA.

“Subrecipient” means VMR, an entity that will be responsible for all administrative requirements associated with the federal assistance awards from the FTA associated with the Project through the Grant Pass-Thru Agreement.

“Third Amendment” means the Third Amendment to the Environmental Assessment Agreement to be entered into between Mesa and VMR that establishes the scope of work that will be paid by the funds received pursuant to the 2014 CMAQ Grant Agreement in the amount listed in Exhibit A and Mesa’s local match of 5.7% in the amount listed in Exhibit A for a total of the CMAQ-Funded Phase in the amount listed in Exhibit A for the Project.

“TIP” means MAG’s adopted Transportation Improvement Program that outlines MAG’s five (5) year plan for the design, right-of-way acquisition and construction for the projects listed in the RTP.

“TLCP” means the Transit Life Cycle Program that is maintained by the RPTA and VMR to use in implementing the transit projects in the RTP.

“TPAN” or “TPANs” means one or more series of the Transportation Project Advancement Notes issued by Mesa pursuant to A.R.S. Sections 28-7691 through 28-7697, inclusive, for the purpose of funding the Advance to Phoenix for the Project.

“Transportation Board” means the Transportation Board of the State, Department of Transportation organized pursuant to A.R.S. Section 28-301 *et seq.*

“Transportation Project” means all or a portion of a project that is included in the State’s TIP or a RTP, as defined in A.R.S. Section 28-6351, including the project planning, environmental work, design, right-of-way acquisition or construction for the transportation project and associated rolling stock and operating systems pursuant to A.R.S. Section 28-7691.

“Transportation Project Advance Agreement” or this “Agreement” means this Transportation Project Advance Agreement, by and among Mesa, Phoenix, VMR and MAG under which Phoenix receives the Advance from Mesa to accelerate the Project funding and under which Phoenix repays the Advance to Mesa, solely from grants from the FTA, pursuant to A.R.S. Section 28-7691.

“VMR” means Valley Metro Rail, Inc., an Arizona nonprofit corporation and governmental instrumentality of its constituent municipalities organized under A.R.S. Section 11-952, which authorizes cities and other public agencies to form a nonprofit corporation to jointly exercise their powers, and under the Urban Mass Transportation Systems Act and more specifically A.R.S. Section 40-1152, which authorizes governmental entities to jointly form a nonprofit corporation to provide public transportation services, a governmental and public purpose.

“VMR Representative” means, in this Agreement, the VMR Chief Executive Officer or his designee.

## **ARTICLE II**

### **PROJECT PHASES**

#### **2.1 General**

A. Project Schedule. VMR and Mesa agree to develop a Project schedule for the Project that, among other things, delineates schedules for each of the Project Phases: Preliminary Engineering, CMAQ-Funded Phase, First Series of TPANs and Second Series of TPANs. VMR and Mesa acknowledge and agree that the schedules for the Project Phases may overlap.

B. Project Budget and Project Costs. The estimated Project Costs are \$161,744,025 as set forth on Exhibit A and incorporated herein by reference. The estimated Project Costs will be updated and revised prior to the commencement of the First Series of TPANs. VMR and Mesa will create a Project budget, which, among other things, shall be separated into the Project Phases. VMR and Mesa will revise the estimated Project Costs from time to time as circumstances dictate, but no less frequently than April 1st of each fiscal year. VMR will promptly provide Mesa with copies of any revisions to the estimated annual Project Costs and an explanation for such revisions.

C. Commencement Dates for Each Project Phase. Prior to commencing each Project Phase, the Project Team will determine whether it can commence the next Project Phase. The Project Team will only approve such commencement after they have determined that Mesa has sufficient unencumbered funds available to finance such Project Phase. If Mesa does not have sufficient unencumbered funds available to finance such Project Phase, the Project Team may delay the phase until sufficient funding is available or may terminate this Agreement subject to the provisions set forth in Section 3.4. The Parties acknowledge and agree that any Project Phase listed in the Project schedule may be delayed. Additionally, Mesa is under no obligation to issue and deliver TPANs to accelerate the Project.

D. FTA Grant Requirements. VMR and Mesa agree to comply with all federal requirements related to utilizing the STP funds, CMAQ funds or funds provided to the Recipient under any successor or comparable federal transportation funds program. VMR and Mesa agree to take all action necessary to preserve the eligibility of the Project Costs to be

reimbursed by the STP funds, CMAQ funds or funds provided to the Recipient under any successor or comparable federal transportation funds program.

E. A.R.S. Title 34; Procurement Requirements. VMR and Mesa agree to comply with all A.R.S. Title 34 requirements, including the prompt payment requirements set forth in A.R.S. § 34-609, and all other applicable public procurement requirements.

## **2.2 Environmental Assessment; Preliminary Engineering Phase**

A. Environmental Assessment. Prior to executing this Agreement, VMR and Mesa entered into the Environmental Assessment Agreement, dated July 20, 2012. The environmental assessment funding source, scope of work and performance obligations are governed pursuant to the terms of the Environmental Assessment Agreement dated July 20, 2012.

B. Description – Preliminary Engineering Phase. The Preliminary Engineering phase is comprised of the Preliminary Engineering. Prior to executing this Agreement, VMR and Mesa entered into the First Amendment dated June 3, 2013. The Preliminary Engineering scope of work and performance obligations are governed by the terms of the First Amendment dated June 3, 2013.

## **2.3 CMAQ-Funded Phase**

### **A. Description and Commencement – CMAQ-Funded Phase.**

1. The CMAQ-Funded Phase shall be comprised of a portion of the Design services, a portion of the Preconstruction Services and a portion of the Right-of-Way Acquisition that does not exceed the amount listed in Exhibit A, unless the Parties agree otherwise.

2. Prior to executing this Agreement, Phoenix and VMR entered into the 2013 CMAQ Grant Agreement and intend to enter into the 2014 CMAQ Grant Agreement and VMR and Mesa entered into the Second Amendment and intend to enter into the Third Amendment.

### **B. Scope of Work - CMAQ-Funded Phase.**

1. VMR and Mesa developed a scope of work for the CMAQ-Funded Phase such that the amount to be paid for the CMAQ-Funded Phase does not exceed the amount listed in Exhibit A. The scope of work for the CMAQ-Funded Phase is set forth in the Second Amendment and Third Amendment.

2. VMR and Mesa agree to develop a Right-of-Way Acquisition schedule with key milestones based on the Project schedule as set forth in the RAMP and the Project budget.

3. VMR agrees to manage the Right-of-Way Acquisition in coordination with Mesa. Mesa and VMR will pay all costs associated with the Right-of-Way Acquisition in accordance with the Design and Construction Agreement.

4. VMR and Mesa will develop a Light Rail Vehicle Acquisition schedule, budget and progress payment timeline; provided however, that VMR will not enter into the Light Rail Vehicle Acquisition Agreement with the vendor that obligates Mesa to pay for or reimburse VMR for the cost of the Light Rail Vehicles until after the commencement of the First Series of TPANs Phase, which may be delayed until the Second Series of TPANs as set forth in Section 2.8(C) herein.

## **2.4 First Series of TPANs Phase**

### **A. Description and Commencement – First Series of TPANs Phase.**

1. The Parties anticipate that the First Series of TPANs will be used to advance the costs of the portion of the Design services, the portion of the Preconstruction Services and the portion of the Right-of-Way Acquisition, which was not funded with the 2013 CMAQ Grant Agreement, the 2014 CMAQ Grant Agreement, the First Amendment, the Second Amendment and the Third Amendment, and will be used to advance the cost for the Light Rail Vehicles Acquisition, which may be delayed until the Second Series of TPANs as set forth in Section 2.8(C) herein, and other Project Costs.

2. Subject to Sections 2.1(C) and 3.1(C), the Parties agree that the First Series of TPANs Phase commences after Mesa delivers the first series of TPANs for such purposes and in an amount sufficient to finance the First Series of TPANs Phase.

B. Scope of Work – First Series of TPANs Phase. VMR and Mesa will develop a scope of work for the First Series of TPANs Phase such that the amount to be paid for the First Series of TPANs does not exceed the estimated Project Costs for such Phase.

## **2.5 Second Series of TPANs Phase**

### **A. Description and Commencement – Second Series of TPANs Phase.**

1. The Parties anticipate that the Second Series of TPANs will be used to advance the costs of the Construction and other Project Costs.

2. Subject to Sections 2.1(C) and 3.1(C), the Second Series of TPANs Phase commences after Mesa delivers the Second Series of TPANs in an amount sufficient to pay the costs of the Project for the Construction and the Project Team approves the guaranteed maximum price and construction phase agreement/amendment with the construction manager at risk and the notice-to-proceed is issued to the

construction manager at risk to construct the Project. If no guaranteed maximum price is found to be acceptable, VMR will procure a low-bid contractor to construct the Project.

B. Scope of Work – Second Series of TPANs Phase. The construction manager at risk will construct the Project pursuant to the CM@R Contract. If no guaranteed maximum price is found to be acceptable, VMR will procure a design-bid-build contract to construct the Project. The design-bid-build contractor will construct the Project pursuant to the design-bid-build contract.

## **2.6 Design Contract**

A. Scope of Work. VMR agrees to divide the scope of work in the Design Contract into the CMAQ-Funded Phase and First Series of TPANs Phase. VMR and Mesa will budget a dollar amount to the CMAQ-Funded Phase and First Series of TPANs Phase and VMR shall include such phasing and budget amount in the Design Contract. VMR will issue a limited notice to proceed to the design professional that shall include the specific dollar amount that is available to begin the CMAQ-Funded Phase. Additionally VMR shall include a termination provision that authorizes VMR to terminate the Design Contract at the end of the CMAQ-Funded Phase. If Mesa elects not to proceed with the First Series of TPANs Phase, Mesa shall not be obligated to pay for any expenses incurred after the CMAQ-Funded Phase, with the exception of any normal project shut-down/close-out costs; provided that in no event shall Mesa be obligated to pay for any expenses in excess of the notice-to-proceed amount authorized by the Project Team in any contract related to the Project.

B. Procurement. VMR agrees to procure the design professional to Design the Project in accordance with the Project schedule and VMR's procurement policy and procedures. VMR, from funding provided by the 2013 CMAQ Grant Agreement, the 2014 CMAQ Grant Agreement, the Second Amendment, the Third Amendment or the TPANs will pay all amounts due under Design Contract.

## **2.7 CM@R Contract**

A. Alternative Project Delivery Method. VMR agrees to use the alternative project delivery method of construction manager at risk for the Project, unless VMR, Mesa and FTA mutually agree in writing to change the project delivery method for the Project.

B. Procurement. VMR will publicly procure the construction manager at risk for the Preconstruction Services and possible construction of the Project in accordance with the Project schedule and VMR's procurement policy and procedures. VMR, from funding provided by the 2013 CMAQ Grant Agreement, the 2014 CMAQ Grant Agreement, the Second Amendment, the Third Amendment or the TPANs, will pay all amounts due under the CM@R Contract or contract with the design-bid-build contractor.

C. Scope of Work. VMR agrees to divide the scope of work in the CM@R Contract into the CMAQ-Funded Phase, First Series of TPANs Phase and Second Series of

TPANs Phase. VMR and Mesa will budget a dollar amount to the CMAQ-Funded Phase, First Series of TPANs Phase and Second Series of TPANs Phase. VMR will issue a limited notice to proceed to the CM@R contractor that shall include the specific dollar amount that is available to begin the CMAQ-Funded Phase. Additionally, VMR will include a termination provision that authorizes VMR to terminate the CM@R Contract at the end of the CMAQ-Funded Phase. If Mesa elects to issue the First Series of TPANs, VMR will issue a second notice to proceed to the CM@R contractor after the First Series of TPANs Phase commences. If Mesa elects to issue the Second Series of TPANs, if applicable, VMR will issue a third notice to proceed to the CM@R contractor after the Second Series of TPANs Phase commences.

D. Guaranteed Maximum Price. During the First Series of TPANs Phase, the construction manager at risk will complete the Preconstruction Services and prepare the guaranteed maximum price for the Project. Mesa and VMR agree there may be multiple guaranteed maximum prices depending upon the phasing choices made during the Design.

## **2.8 Light Rail Vehicle Acquisition Contract**

A. Procurement. VMR will enter into a contract for the acquisition of the Light Rail Vehicles. VMR, from funding provided by the TPANs, will pay all amounts due under the contract with the vendor for these Light Rail Vehicles.

B. No Contract. VMR shall not enter into the Light Rail Vehicle Acquisition Agreement with the vendor that obligates Mesa to pay for or reimburse VMR for the cost of the Light Rail Vehicles until after the commencement of the First Series of TPANs Phase, which may be delayed until the Second Series of TPANs as set forth in Section 2.8(C) herein.

C. Delay. The Light Rail Vehicle Acquisition may be delayed until the Second Series of TPANs Phase. The Project Team will meet prior to commencing the First Series of TPANs Phase to determine whether to include the Light Rail Vehicle Acquisition in the First Series of TPANs Phase or the Second Series of TPANs Phase.

## **ARTICLE III** **PROJECT FINANCING**

### **3.1 Project Financing**

A. Preliminary Engineering Phase. As set forth in the First Amendment, the funding source for the Preliminary Engineering Phase is the advance of the CMAQ funds, in the amount not to exceed the amount listed in Exhibit A to Mesa for the Project and Mesa's 5.7% local match in the amount listed in Exhibit A.

B. CMAQ-Funded Phase. The funding source for CMAQ-Funded Phase will be the 2013 CMAQ Grant Agreement and the 2014 CMAQ Grant Agreement in the amount not to exceed the amounts listed in Exhibit A and the Second Amendment and the Third Amendment

in the amount of Mesa's 5.7% local match in the amount listed in Exhibit A, for a total amount not to exceed the amount listed in Exhibit A, unless the Parties agree otherwise.

C. First Series of TPANs Phase and Second Series of TPANs Phase.

1. Subject to the provisions of Sections 2.1(C), 3.1(C) and 5.1 below, Mesa anticipates issuing TPANs in one or more series, in an aggregate amount necessary to accelerate the funding of the Project Costs relating to the First Series of TPANs Phase and Second Series of TPANs Phase. Mesa anticipates issuing TPANs, which will be secured by a pledge of the STP funds, CMAQ funds or such other funds provided under any successor or comparable federal transportation funds program from the FTA for the Project, if and when received by Mesa, and Mesa's Excise Taxes. An estimated TPAN debt service schedule is attached hereto as Exhibit E. However, the Parties acknowledge that the TPAN debt service schedules for the First Series of TPANs and the Second Series of TPANs will be established by Mesa in conjunction with issuing the TPANs.

2. If Mesa is unable or, in its sole discretion, decides not to issue any TPANs or TPANs in an amount sufficient to fund the Project Costs relating to the First Series of TPANs Phase and Second Series of TPANs Phase through the issuance of TPANs, Mesa will have the right to terminate this Agreement subject to the provisions set forth in Section 3.4.

3. Mesa will have the right to have VMR terminate any associated agreement that it has for the Project if the Project is not completed.

4. The Parties acknowledge and agree that Mesa will have no obligation to issue and deliver TPANs.

**3.2 Advance Account.**

A. Mesa agrees to establish the Advance Account upon the issuance of the TPANs. Promptly upon receipt of the TPAN funds, Mesa agrees to transfer the proceeds of the TPANs for such purpose into the Interest Subaccount, Right-of-Way Acquisition Subaccount, and Design, Light Rail Vehicle and Construction Subaccount, as applicable. Mesa is authorized to transfer funds between the Advance Account subaccounts as needed and transfer funds into and from the Advance Account and its subaccounts as needed.

B. Phoenix acknowledges and agrees that as the designated grant recipient under A.R.S. Sections 28-7691 through 28-7697, inclusive and the future Recipient of STP funds and CMAQ funds under the Grant Agreement that the TPANs proceeds and other monies deposited by Mesa in the Advance Account shall constitute an Advance to Phoenix under A.R.S. §§ 9-500.17 and 28-7691 *et seq.*

C. Mesa, Phoenix and VMR acknowledge and agree that so long as VMR is the designated entity to plan, design, construct and operate the LRT under the Joint Powers



Agreement and the Subrecipient of STP funds and CMAQ funds under the Grant Pass-Thru Agreement, any funds deposited in the sub-accounts of the Advance Account constitute an Advance to Phoenix and the monies in each sub-account can only be used by VMR for the purposes for which the particular sub-account was established.

D. Mesa, Phoenix and VMR agree that Mesa can withdraw the Advance Earnings from the Interest Subaccount to pay the Interest Obligation. Mesa agrees to pay the Interest Obligation from the Advance Earnings and Other Lawfully Available Funds.

E. Prior to the Project Closeout, VMR and Mesa will resolve any contract and payment claims with the design professional, construction manager at risk or contractor, vendors and other third parties regarding the Project Costs.

F. Upon the Project Closeout, any funds in any sub-account of the Advance Account and not necessary for the payment of the Project Costs and Interest Obligation will be paid to Mesa and will be a reduction in the amount of the Advance. Additionally, upon the Project Closeout, VMR promptly will remit to Mesa any unused funds transferred to it from the Advance Account. Upon the Project Closeout, Mesa has the right to transfer funds from the Advance Account into a separate Mesa account. Notwithstanding the foregoing, if Mesa terminates this Agreement prior to the award of any or all contract or issuance of any notice-to-proceed on a Project Phase, the funds in the Advance Account or funds transferred to VMR from the Advance Account will be remitted to Mesa net of any cancellation provisions and will be a reduction in the amount of the Advance.

### **3.3 Requests from the Advance Account.**

A. On or before the beginning of each fiscal year, Mesa and VMR agree to submit to the Project Team its respective fiscal year budgets, which will include budgeting categories and subcategories as agreed to between Mesa and VMR, such as costs for staffing, consultants, overhead and contractors. VMR's costs shall be divided into Standard Cost Categories (SCC's) or as otherwise agreed to between Mesa and VMR. On or before the beginning of each fiscal year, the Project Team shall meet and agree upon the fiscal year budgets. After each meeting, VMR shall include the staffing costs of VMR and Mesa in the Project budget.

B. On or before the beginning of each fiscal year, VMR agrees to submit fiscal year budget requests to Mesa based upon VMR's budgeted Project Costs. VMR agrees to include in its requests the reference to the Project Phases and the specific Advance Account subaccounts for the requests. VMR further agrees to provide direct Project Costs and the staffing costs for both VMR and Mesa. Upon approval of VMR's fiscal year budget requests, Mesa agrees to transfer funds from the appropriate Advance Account subaccount to VMR for VMR's approved budgeted Project Costs.

C. From monies in the accounts held by VMR, VMR will reimburse Mesa its Project Costs, including Mesa's staffing costs.

D. If VMR anticipates the Project Costs to exceed the amount deposited with VMR, VMR shall submit additional requests to Mesa based upon VMR's revised Project Costs. If the Mesa Representative approves VMR's additional requisition request(s), then Mesa agrees to transfer funds to VMR from the appropriate Advance Account subaccount.

E. VMR shall not enter into any obligations beyond the approved Phases without the Mesa Representative's prior authorization.

**3.4 Termination.** If Mesa terminates this Agreement during the Preliminary Engineering phase, Mesa agrees to repay the FTA grant funds expended for the environmental assessment and Preliminary Engineering if the Project is not completed, to the extent required by the terms and conditions of the associated grant award. If Mesa terminates this Agreement prior to the award of any or all contracts for the Design, Preconstruction Services, Right-of-Way Acquisition, Light Rail Vehicle Acquisition or Construction of the Project, Mesa agrees to reimburse any expended STP funds, CMAQ funds or funds provided to the Recipient under any successor or comparable federal transportation funds program if the Project is not completed, to the extent required by the terms and conditions of the associated grant award. If Mesa terminates this Agreement after the award of any or all contracts for the Design, Preconstruction Services, Right-of-Way Acquisition, Light Rail Vehicle Acquisition or Construction of the Project, so long as VMR includes a termination provision in each contract for the Design, Preconstruction Services, Right-of-Way Acquisition, Light Rail Vehicle Acquisition and Construction of the Project and VMR terminates such contracts, in the event there are any other contract or payment claims with the design professional, construction manager at risk or contractor, vendor and other third parties, Mesa will be responsible for such costs up to the termination date. Except as otherwise provided herein, Mesa will not have any additional liability for the Project. Additionally, Mesa will only be responsible to repay any STP funds, CMAQ funds or funds provided to the Recipient under any successor or comparable federal transportation funds program only if the federal law requires it.

### **3.5 Miscellaneous Financing Provisions.**

A. VMR agrees to provide Mesa and Phoenix with monthly reports of the updated Project budget, Project expenditures and the estimated Project Costs of completion. Such monthly reports shall also meet all the FTA guidelines for monthly reporting and tracking of costs, contingency, change orders and project float.

B. VMR shall invest the Advance Account funds it receives from Mesa in accordance with A.R.S. § 35-324. VMR agrees to remit its interest earnings from the funds Mesa transfers to VMR from the Advance Account to Mesa on December 1st and June 1st of each year.

C. Mesa agrees to pay its local match required by any grant for the Project.

D. Mesa is obligated to pay the debt service on the TPANs regardless of whether the STP funds, CMAQ funds and such other funds provided under any successor or comparable federal transportation funds program for the Project are received.

E. Mesa shall be responsible for any federal rebate obligation attributable to the TPANs.

F. Mesa agrees to be responsible for any costs associated with any agreed upon Concurrent Non-Project Activities.

G. Subject to Sections 2.1(C), 3.1(C), 3.3(E), 5.2 and 5.3, Mesa agrees to be responsible for any cost-overruns on the Project.

#### **ARTICLE IV.**

#### **GRANT AGREEMENT AND GRANT PASS-THRU AGREEMENT**

**4.1** Annually commencing federal fiscal year 2016 through federal fiscal year 2024 (or later if necessary to fully finance the Project), MAG agrees to send a letter to ADOT requesting it to flex the STP funds, CMAQ funds or such other funds provided under any successor or comparable federal transportation funds program for the Project from the FHWA to the FTA.

**4.2** Upon the transfer of the federal fiscal year 2016 funds from the FHWA to the FTA (or federal fiscal year 2017, if the STP funds, CMAQ funds or such other funds provided under any successor or comparable federal transportation funds program are unavailable in federal fiscal year 2016), Phoenix agrees to submit an Application for the STP funds, CMAQ funds or such other funds provided under any successor or comparable federal transportation funds program for the Project from the FTA and, after approval by the respective federal agencies, agrees to enter into a Grant Agreement with the FTA regarding the Project. Annually commencing federal fiscal year 2017 through federal fiscal year 2024 (or later if necessary to fully repay the Advance), upon the transfer of the federal fiscal year funds from the FHWA to the FTA, Phoenix agrees to amend the Grant Agreement to add the additional STP funds, CMAQ funds as set forth on Exhibit F or such other funds provided under any successor or comparable federal transportation funds program received from the FTA for the Project. In conjunction with applying for and receiving STP funds, CMAQ funds or such other funds provided under any successor or comparable federal transportation funds program, Phoenix, Mesa and VMR agree to comply with the applicable federal funding requirements. Phoenix, Mesa and VMR agree to execute such documents and perform such acts as are necessary to comply with the applicable federal funding requirements.

**4.3** Upon the availability of the STP funds, CMAQ funds or such other funds provided under any successor or comparable federal transportation funds program in federal fiscal year 2016, subject to the provisions of the Grant Agreement, Phoenix agrees to enter into a Grant Pass-Thru Agreement with Mesa and VMR regarding the Project. Annually commencing federal fiscal year 2017 through federal fiscal year 2024 (or later if necessary to fully repay the

Advance), after the transfer of the federal fiscal year funds from the FHWA to the FTA and upon the amendment of the Grant Agreement, Phoenix agrees to amend the Grant Pass-Thru Agreement with Mesa and VMR to add the additional STP funds, CMAQ funds as set forth on Exhibit F or such other funds provided under any successor or comparable federal transportation funds program received from the FTA for the Project.

**4.4** Commencing in federal fiscal year 2016 through federal fiscal year 2024 (or later if necessary to fully repay the Advance), Phoenix agrees to repay Mesa the amount of the STP funds, CMAQ funds or such other funds provided under any successor or comparable federal transportation funds program that are received by Phoenix and that are attributed, designated or otherwise allocated, to the payment of the Project Costs and which were previously advanced by Mesa for the Project.

**4.5** The projected federal (ALCP) reimbursements for the Project are set forth on Exhibit D, attached hereto. Mesa's required 5.7% matching funds are set forth on Exhibit D attached hereto. VMR agrees to inform Phoenix and Mesa what the eligible costs of the Project are prior to each fiscal year and prior to the execution of the Grant Pass-Thru Agreement or amendment thereto as described herein.

**4.6** Phoenix agrees to repay Mesa the Advance for the Project Costs pursuant to federal laws and regulations, as amended from time to time, from STP funds, CMAQ funds and such other funds provided under any successor or comparable federal transportation funds program pursuant to the estimated Grant Payment Schedule as set forth in Exhibit D. Such repayments are contingent upon federal funds received by Phoenix. If the STP funds, CMAQ funds or such other funds provided under any successor or comparable federal transportation funds program are higher or lower than expected and as shown in the estimated Grant Payment Schedule with such updates as may be necessary from time to time, then the repayment of the Advance will be subject to acceleration or delay as outlined in the ALCP Policies and Procedures.

**4.7** As the Subrecipient, VMR agrees to be responsible with its administrative requirements associated with the federal assistance awards from the FTA associated with the Project through the Grant Pass-Thru Agreement. VMR agrees that these responsibilities include collecting all of the Project Costs and segregating, monitoring and submitting all requisition requests to Mesa.

**4.8** Mesa agrees to comply with all FTA grant requirements.

## **ARTICLE V.** **TERMINATION**

**5.1** This Agreement may be terminated pursuant to Sections 2.1(C), 3.1(C), 5.2, 5.3, 6.3 and 6.6.

**5.2** The Parties acknowledge that Mesa was served with a lawsuit seeking a judicial determination as to whether Mesa has the authority to enter into this Agreement and whether Mesa has the authority to use Mesa's revenues on this Project with or without an election. In the event Mesa is required to hold an election and the voters do not approve such election, Mesa may terminate this Agreement subject to the provisions set forth in Section 3.4. In the event Mesa is otherwise legally prohibited from using its revenues on this Project, Mesa may terminate this Agreement subject to the provisions set forth in Section 3.4.

**5.3** In the event that any clause, provisions, section, subsection, paragraph or Article of this Agreement shall for any reason be determined to be invalid, illegal, or unenforceable in any respect, Mesa may terminate this Agreement subject to the provisions set forth in Section 3.4.

## **ARTICLE VI.**

### **MISCELLANEOUS PROVISIONS**

**6.1** This Agreement will remain in full force and effect until the Project Closeout and Phoenix has repaid Mesa the Advance pursuant to the estimated Grant Payment Schedule; provided however, that this Agreement may be terminated pursuant to any of the termination provisions set forth in Section 5.1 of this Agreement.

**6.2** To the extent permitted by law, each Party (as "indemnitor") agrees to indemnify, defend, save and hold harmless the other Parties (as "indemnitee") for, from and against any and all claims, losses, liability, costs, or other expenses (including, but not limited to, reasonable attorneys' fees) (hereinafter collectively referred to as "claims") arising out of bodily injury of any person (including death), property damage and any other claims (including, but not limited to, claims of derivative or vicarious liability) which are caused by the act, omission, negligence, misconduct or other fault of the indemnitor, its officers, officials, agents or employees.

**6.3** Pursuant to A.R.S. Section 38-511, the State, its political subdivisions or any department or agency of either may, within three years after its execution, cancel any contract, without penalty or further obligation, made by the State, its political subdivisions or any of the departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the State, its political subdivisions or any department or agency of either is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of this Agreement.

**6.4** All books, accounts, reports, files and other records of Phoenix, Mesa and VMR relating to the Agreement or the work done under this Agreement will be subject, at all reasonable times, to inspection and audit by Phoenix and Mesa until six years after Phoenix has repaid the Advance in full. Such records will be available for inspection upon five business days' notice at the office of Phoenix or Mesa, as applicable. Such records under the custody or control of VMR will be available for inspection in accordance with the terms of VMR's by-laws.

**6.5** This Agreement is subject to all applicable provisions of the Americans with Disabilities Act (Public Law 101-336, 42 U.S.C. Sections 12101-12213) (the “Act”) and all applicable federal regulations under the Act, including 28 CFR Parts 35 and 36. The Parties to this Agreement will comply with Executive Order Number 99-4 issued by the Governor of the State and incorporated herein by reference regarding “Non-Discrimination.”

**6.6** The Parties to this Agreement acknowledge and understand that every payment obligation of Mesa and Phoenix under this Agreement is subject to appropriation by Mesa’s City Council or Phoenix’s City Council or, if funded by TPAN proceeds, the deposit of TPAN proceeds in a sufficient amount in the Advance Account. If funds are not appropriated or, if funded by TPAN proceeds, an insufficient amount of TPAN proceeds is deposited in the Advance Account, this Agreement may be terminated by Mesa or Phoenix without penalty on the last day of the fiscal period for which funds were legally available. In the event of such termination, Mesa and Phoenix agree to provide written notice of its intent to terminate 30 calendar days prior to the stated termination date. Mesa will pay VMR all costs and expenses incurred through the termination date. Additionally, Phoenix will pay VMR all costs and expenses incurred through the termination date, but solely from its pass through of federal funds, if available.

**6.7** None of the terms or provisions of this Agreement shall be deemed or construed to create any third party beneficiary rights to any person who is not a party hereto unless expressly otherwise provided.

**6.8** This Agreement shall be governed under the laws of the State of Arizona.

**6.9** In the event that any clause, provisions, section, subsection, paragraph or Article of this Agreement shall for any reason be determined to be invalid, illegal, or unenforceable in any respect, the Parties hereto will negotiate such amendments, modification or supplements of or to this Agreement or take such other appropriate actions and will, to the maximum extent practicable in light of such determination, implement and give effect to the intentions of the Parties as reflected herein and the other provisions of this Agreement will, as so amended, modified or supplemented, or as otherwise affected by such action, remain in full force and effect.

**6.10** Neither Mesa’s nor Phoenix’s obligations hereunder constitute an indebtedness or pledge of the general credit of Mesa or Phoenix within the meaning of any constitutional, charter or statutory provision relating to the incurring of indebtedness or a pledge of the full faith and credit of Mesa or Phoenix. Nothing contained herein shall be construed to require Mesa, Phoenix or VMR to levy an ad valorem tax or exercise of any taxing power to pay any amounts owed hereunder. Notwithstanding the foregoing, Mesa may, but will not be required, to use any Other Lawfully Available Funds to satisfy its obligations.

**6.11** To the extent applicable under A.R.S. Section 41-4401, each Party and its subcontractors warrants their compliance with all federal immigration laws and regulations that relate to their employees and their compliance with the E-verify requirements under A.R.S.

Section 23-214(A). A breach of the above-mentioned warranty by any Party or its subcontractors shall be deemed a material breach of this Agreement and may result in the termination of this Agreement by the non-breaching Parties. Each Party retains the legal right to randomly inspect the papers and records of the other Parties' or its subcontractors' employees who work on this Agreement to ensure that the Parties or its subcontractors are complying with the above-mentioned warranty. Further, VMR shall include a provision in its contracts with contractors and subcontractors requiring compliance with, and a warranty under, A.R.S. Sections 41-4401 and 23-214, and allowing VMR to terminate any such contract for a breach of such warranty and allowing VMR, Mesa and Phoenix to inspect the papers and records of the contractor's and subcontractor's employees to ensure compliance with the above-mentioned laws.

**6.12** All notices or demands upon any Party to this Agreement will be in writing and will be delivered in person or sent by mail addressed as follows:

City of Mesa  
City Manager  
20 East Main Street  
Mesa, Arizona 85211  
PHONE: 480-644-2066

City of Mesa  
Chief Financial Officer  
20 East Main Street  
Mesa, Arizona 85211  
PHONE: 480-644-3606

City of Phoenix  
Public Transit Director  
302 North 1st Ave., Suite 900  
Phoenix, Arizona 85003  
PHONE: 602-262-7242

Valley Metro Rail, Inc.  
Chief Executive Officer  
101 North 1st Ave., Suite 1100  
Phoenix, Arizona 85003  
PHONE: 602-262-7433

Maricopa Association of Governments  
Executive Director  
302 North 1st Avenue, Suite 300  
Phoenix, AZ 85003  
PHONE: 602-254-6300

[SIGNATURES ON FOLLOWING PAGES]

**IN WITNESS WHEREOF**, the Parties have executed this Agreement as of the day and year first above written.

**CITY OF MESA, ARIZONA**  
Christopher J. Brady, City Manager

By: \_\_\_\_\_  
Christopher J. Brady  
City Manager

**ATTORNEY APPROVAL FORM FOR THE CITY OF MESA**

I have reviewed the above-referenced Agreement between the City of Mesa, Arizona, City of Phoenix, Arizona, Valley Metro Rail, Inc. and Maricopa Association of Governments pursuant to Arizona Revised Statutes § 11-951 through § 11-954 and declare this Agreement to be in proper form and within the powers and authority granted to the City of Mesa, Arizona under the laws of the State of Arizona.

No opinion is expressed as to the authority of the City of Phoenix, Arizona, Valley Metro Rail, Inc. or the Maricopa Association of Governments to enter into this Agreement.

Dated this \_\_\_\_ day of \_\_\_\_\_, 201\_\_.

\_\_\_\_\_  
Gust Rosenfeld, Special Counsel



**CITY OF PHOENIX, ARIZONA**  
Ed Zuercher, City Manager

By: \_\_\_\_\_  
Maria Hyatt  
Public Transit Director

ATTEST:

\_\_\_\_\_  
City Clerk – PHOENIX

APPROVED AS TO FORM:

\_\_\_\_\_  
Acting City Attorney - PHOENIX

**ATTORNEY APPROVAL FORM FOR THE CITY OF PHOENIX**

I have reviewed the above-referenced Agreement between the City of Mesa, Arizona, City of Phoenix, Arizona, Valley Metro Rail, Inc. and Maricopa Association of Governments pursuant to Arizona Revised Statutes § 11-951 through § 11-954 and declare this Agreement to be in proper form and within the powers and authority granted to the City of Phoenix, Arizona under the laws of the State of Arizona.

No opinion is expressed as to the authority of the City of Mesa, Arizona, Valley Metro Rail, Inc. or the Maricopa Association of Governments to enter into this Agreement.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_.

\_\_\_\_\_  
Acting City Attorney - PHOENIX

**VALLEY METRO RAIL, INC.**  
Stephen R. Banta, Chief Executive Officer

By: \_\_\_\_\_  
Stephen R. Banta  
Chief Executive Officer

**ATTORNEY APPROVAL FORM FOR VALLEY METRO RAIL, INC.**

I have reviewed the above-referenced Agreement between the City of Mesa, Arizona, City of Phoenix, Arizona, Valley Metro Rail, Inc. and Maricopa Association of Governments and declare this Agreement is within the powers and authority granted to the Valley Metro Rail, Inc. under the laws of the State of Arizona, the Joint Powers Agreement, its Articles of Incorporation and Bylaws.

No opinion is expressed as to the authority of the City of Mesa, Arizona, the City of Phoenix, Arizona or the Maricopa Association of Governments to enter into this Agreement.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_.

\_\_\_\_\_  
General Counsel, Valley Metro Rail, Inc.

**MARICOPA ASSOCIATION OF  
GOVERNMENTS**

Dennis Smith, Executive Director

By: \_\_\_\_\_  
Dennis Smith  
Executive Director

**ATTORNEY APPROVAL FORM FOR THE  
MARICOPA ASSOCIATION OF GOVERNMENTS**

I have reviewed the above-referenced Agreement between the City of Mesa, Arizona, City of Phoenix, Arizona, Valley Metro Rail, Inc. and Maricopa Association of Governments and declare this Agreement is within the powers and authority granted to the Maricopa Association of Governments under the laws of the State of Arizona, its Articles of Incorporation and Bylaws.

No opinion is expressed as to the authority of the City of Mesa, Arizona, the City of Phoenix, Arizona or Valley Metro Rail, Inc. to enter into this Agreement.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_.

\_\_\_\_\_  
\_\_\_\_\_  
Maricopa Association of Governments

**EXHIBIT A**

**ESTIMATED PROJECT COSTS**

<b>Phase Number</b>	<b>Project Phase</b>	<b>Estimated Project Cost</b>
1	Preliminary Engineering Phase - 2013 CMAQ Grant Agreement and First Amendment (\$943,000) and Mesa's local match (\$57,000)	\$1,000,000
2	CMAQ-Funded Phase - 2013 CMAQ Grant Agreement and Second Amendment (\$3,900,000) and Mesa's local match (\$235,737)  - 2014 CMAQ Grant Agreement and Third Amendment (\$571,500) and Mesa's local match (\$34,545)	4,135,737  606,045
3	First Series of TPANs Phase (including estimated financing costs)	32,002,243
4	Second Series of TPANs Phase (including estimated financing costs)	122,000,000
Other Funding	Funding for Transit Center & Operator Facility	2,000,000
	<b>Total</b>	<b>\$161,744,025</b>

## EXHIBIT B

### ESTIMATED PROJECT SCHEDULE

<b>Project Phase</b>	<b>Anticipated Funding Source</b>	<b>Estimated Commencement Date</b>
<u>Preliminary Engineering Phase</u>	\$943,000 CMAQ Funds and Mesa's local match of \$57,000	July 20, 2012 and June 3, 2013
<u>CMAQ-Funded Phase</u> <ul style="list-style-type: none"><li>- portion of Design services</li><li>- portion of Preconstruction Services</li><li>- portion of Right-of-Way Acquisition</li><li>- and other Project Costs</li></ul>	\$4,471,500 CMAQ Funds and Mesa's local match of \$270,282	Summer 2014
<u>First Series of TPANs Phase</u> <ul style="list-style-type: none"><li>- remaining portion of Design services</li><li>- remaining portion of Preconstruction Services</li><li>- remaining portion of Right-of-Way Acquisition</li><li>- Light Rail Vehicle Acquisition, which may be delayed until the Second Series of TPANs as set forth herein</li><li>- and other Project Costs</li></ul>	First Series of TPANs	Summer/Fall 2015
<u>Second Series of TPANs Phase</u> <ul style="list-style-type: none"><li>- Construction</li><li>- and other Project Costs</li></ul>	Second Series of TPANs	June/July, 2016

**EXHIBIT C**  
**AGREEMENTS**

<b>Name of Agreement</b>	<b>Parties to Agreement</b>	<b>Date Signed or Expected to be Signed</b>
Transportation Project Advance Agreement	Mesa, Phoenix, VMR and MAG	March/April 2014
2013 CMAQ Grant Agreement	Phoenix and VMR	February 27, 2013
First Amendment	VMR and Mesa	June 3, 2013
Second Amendment	VMR and Mesa	June 2, 2014
2014 CMAQ Grant Agreement	Phoenix and VMR	Fall 2014
Third Amendment	VMR and Mesa	Fall 2014
Design and Construction Agreement	VMR and Mesa	Fall 2014
Design Contract	VMR and Design Professional	December 2014
CM@R Contract	VMR and CM@R	December 2014
Grant Agreement	FTA and Phoenix	Annually commencing federal fiscal year 2016 (or federal fiscal year 2017), upon the transfer of the federal fiscal year funds from the FHWA to the FTA
Grant Pass-Thru Agreement	Phoenix, Mesa and VMR	Annually commencing federal fiscal year 2016 (or federal fiscal year 2017), upon the transfer of the federal fiscal year funds from the FHWA to the FTA

**EXHIBIT D**

**ESTIMATED GRANT PAYMENT SCHEDULE**

Federal Funds Available for:	Federal Fiscal Year	Programmed Federal Reimbursements (in MAG's RTP and TIP)			Mesa's Matching Funds (5.7%)	Total
		CMAQ	STP	Total Federal		
Project Costs	2013	\$ 4,843,000	\$ 0	\$ 4,843,000	\$ 292,737	\$ 5,135,737
	2014	571,500	0	571,500	34,545	606,045
	2015	0	0	0	0	0
TPAN Debt Service	2016	0	17,272,067	17,272,067	1,044,017	18,316,084
TPAN Debt Service	2017	0	16,656,755	16,656,755	1,006,824	17,663,579
TPAN Debt Service	2018	3,318,905	19,138,164	22,457,069	1,357,426	23,814,495
TPAN Debt Service	2019	3,324,132	23,596,914	26,921,046	1,627,253	28,548,299
TPAN Debt Service	2020	6,068,353	13,230,635	19,298,988	1,166,535	20,465,523
TPAN Debt Service	2021	6,287,515	7,923,256	14,210,771	858,976	15,069,747
TPAN Debt Service	2022	9,206,989	11,475,034	20,682,023	1,250,133	21,932,156
TPAN Debt Service	2023	6,334,126	0	6,334,126	382,869	6,716,995
TPAN Debt Service	2024	1,151,599	2,967,099	4,118,698	248,956	4,367,654
	<b>Total</b>	<b>\$ 41,106,119</b>	<b>\$ 112,259,924</b>	<b>\$ 153,366,043</b>	<b>\$ 9,270,271</b>	<b>\$ 162,636,314*</b>

\*There is an additional \$2,000,000 allocated to funding the Funding for Transit Center & Operator Facility that is treated as pass-through revenues for Mesa.

**EXHIBIT E**

**ESTIMATED TPAN DEBT SERVICE SCHEDULE**

<b>July 1</b>	<b>Estimated TPAN Annual Principal and Interest Payments</b>
2014	
2015	
2016	\$ 18,316,084
2017	17,663,579
2018	23,814,495
2019	28,548,299
2020	20,465,523
2021	15,069,747
2022	21,932,156
2023	6,716,995
2024	4,367,654
<b>Total</b>	<b>\$ 156,894,532</b>



**EXHIBIT F**  
**SAMPLE GRANT-PASS THRU AGREEMENT**

**AGREEMENT NO. \_\_\_\_\_**

**“GRANT PASS-THRU AGREEMENT”)**

**BETWEEN**

**THE CITY OF PHOENIX,**

**THE CITY OF MESA**

**AND**

**VALLEY METRO RAIL, INC.**

**(Grant No. \_\_\_\_\_)**

THIS AGREEMENT is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between the City of Phoenix, a municipal corporation duly organized and existing under the laws of the state of Arizona (hereinafter referred to as “PHOENIX”), the City of Mesa, a municipal corporation duly organized and existing under the laws of the state of Arizona (hereinafter referred to as “MESA”) and VALLEY METRO RAIL, INC., an Arizona nonprofit corporation, duly organized and existing under the laws of the state of Arizona (hereinafter referred to as “SUB-RECIPIENT”).

**RECITALS**

WHEREAS, the City Manager of PHOENIX, is authorized and empowered by provisions of the City Charter to execute contracts; and,

WHEREAS, PHOENIX has Charter authority to provide transit services and Charter and statutory authority to enter into Agreements with other entities within the Phoenix Urban Area to provide transit services [A.R.S. Section 11-951, et seq.; Chapter 2, Section 2, Subsections (c)(i) and (l), Charter of the City of Phoenix, 1969]; and,

WHEREAS, **the City Manager of MESA, is authorized and empowered by provisions of the City Charter to execute contracts; and**

**WHEREAS, MESA has statutory authority under A.R.S. Section 11-951, et seq. to enter into Agreements with other entities regarding transit services; and**

WHEREAS, pursuant to its Articles of Incorporation, SUB-RECIPIENT is organized under A.R.S. § 11-952 which authorizes cities and other public agencies to form a nonprofit corporation to jointly exercise their powers, and under the Urban Mass Transportation Systems Act and more specifically A.R.S. § 40-1152 which authorizes governmental entities to jointly form a nonprofit corporation to provide public transportation services. The initial Members have entered into a Joint Powers Agreement (that has been recorded with the Maricopa County Recorder at recording number 2002-0992011) which provides that (VMR) be organized as the instrumentality to plan, design, construct, and operate the Light Rail Transit Project (“LRT”). The intended activity of the Corporation is to plan, design, construct, and operate the LRT.”

WHEREAS, SUB-RECIPIENT has the power to enter into agreements with governmental entities; and,

WHEREAS, transit activities are one of the types of activities authorized pursuant to the aforementioned statutory authority and such activities do not conflict with any of the provisions of SUB-RECIPIENT's Articles of Incorporation and By-Laws; and,

WHEREAS, PHOENIX, MESA, the SUB-RECIPIENT and the Maricopa Association of Governments ("MAG") entered into a Transportation Project Advance Agreement dated as of \_\_\_\_\_, 20\_\_, (the "TPAN Agreement") whereby Mesa advanced funds to Phoenix to accelerate the design, right-of-way acquisition and construction of the 1.9 mile light rail transit extension on Main Street from Mesa Drive to Gilbert Road in Mesa (the "Project") and Phoenix agreed to repay such funds from FTA grant funds; and,

WHEREAS, under the TPAN Agreement the SUB-RECIPIENT agreed to be responsible for the design and construction of the Project and coordinate the right-of-way acquisition for the Project with Mesa; and,

WHEREAS, PHOENIX successfully applied to the Federal Transit Administration (FTA) for a FTA grant for the purpose of designing, acquiring right-of-way and constructing the Project and same was awarded as Grant No. \_\_\_\_\_; and,

WHEREAS, under the TPAN Agreement, MESA shall receive funds from said Grant; and

WHEREAS, SUB-RECIPIENT shall perform the work as required therein all as set forth in Exhibit "A" hereto which Exhibit is, by this reference, incorporated herein as though fully set forth; and,

WHEREAS, PHOENIX has been authorized by its City Council, MESA has been authorized by its City Council and SUB-RECIPIENT has been authorized by its Board of Directors to enter into this Agreement; NOW, THEREFORE,

### **AGREEMENT**

IT IS HEREBY AGREED, by and between the parties, as follows:

1. Grant Reimbursement. PHOENIX agrees to reimburse MESA for the federal share of the purchase of item/services shown in the "Project Description" box on Exhibit "A." Reimbursement shall not exceed the federal funds allocated to MESA, unless approved in writing by PHOENIX. The federal funds allocated to MESA under this Agreement shall not exceed \$\_\_\_\_\_. MESA shall provide the required local match for these projects. No reimbursements shall be made unless all required reports have been submitted by the SUB-RECIPIENT. This Agreement shall run through federal fiscal year 2024 unless revised by the

parties through an amendment. Funding for uncompleted and unbilled projects will be reassigned at the discretion of PHOENIX, as needed to close out the grant.

A. Application for reimbursement of federal share.

MESA shall submit their application for reimbursement of federal share to:

City of Phoenix  
Public Transit Department  
Fiscal Services Division, Accounts Payable Section  
City of Phoenix  
302 N. 1<sup>st</sup> Ave.; Suite 900  
Phoenix, AZ 85003

The cover letter must identify the City of Phoenix contract number and the period for which the application is submitted.

MESA and the SUB-RECIPIENT shall submit its application with the reimbursement request form that is attached as **Exhibit “B”** to this Agreement.

B. Backup Documentation.

The application for reimbursement must be accompanied by detailed backup documentation for all eligible expenses. At a minimum the documentation shall include, but is not limited to, the following.

1. A listing of all invoiced costs with vendors and payment dates.
2. Copies of paid invoices received from vendors for purchases of supplies and services.
3. All purchases of vehicles shall be accompanied with “Vehicle Inventory Record” form.
4. All other asset purchases shall be accompanied with a “Capital Asset Purchase” form.

2. Exhibits and Incorporation by Reference. Attached hereto are the following Exhibits each of which is, by this reference, incorporated herein as though fully set forth.

- |         |   |   |
|---------|---|---|
| Exhibit | A | Federal Grant Pass Through Agreement Detail Summary     |
| Exhibit | B | FTA Grant Expenditure Reimbursement Request Application |
| Exhibit | C | Required Reports  |
| Exhibit | D | Required Federal Provisions                             |

Exhibit E Partial List of Applicable Laws

Exhibit F Master Grant Agreement, Table of Contents

Exhibit G Required Local Provisions

3. Sub-recipient Performance. SUB-RECIPIENT shall complete the project for which grant funds have been awarded in a proper and timely manner. SUB-RECIPIENT further acknowledges that it is responsible for complying with all federal, state, and local requirements required under the grant. SUB-RECIPIENT and MESA agree that failure to comply with all applicable requirements may result in the withholding of grant funds to MESA for the specific grant.
4. Insurance. SUB-RECIPIENT acknowledges that it has adequate insurance to cover the projects that are provided in Exhibit 'A' in the event of damage or complete loss.
5. Notice. Any notice, consent, or other communication ("NOTICE") required or permitted under this Agreement shall be in writing and either delivered in person, sent by facsimile transmission, deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested, or deposited with any commercial air courier or express service addressed as follows:

If intended for SUB-RECIPIENT:

Valley Metro Rail, Inc.  
101 North 1st Ave., Suite 1100  
Phoenix, Arizona 85003  
Telephone: (602) 262-7433  
FAX: ( ) \_\_\_\_\_

If intended for MESA:

City of Mesa  
City Manager  
20 East Main Street  
Mesa, Arizona 85211  
Telephone: (480) 644-2066  
FAX: ( ) \_\_\_\_\_

If intended for PHOENIX:

Maria Hyatt  
Public Transit Director  
Public Transit Department  
City of Phoenix  
302 N. 1<sup>st</sup> Ave.; Suite 900  
Phoenix, Arizona 85003  
Telephone: (602) 534.6765  
FAX: (602) 495.2002

Notice shall be deemed received at the time it is personally served or, on the day it is sent by facsimile transmission, on the second day after its deposit with any commercial air courier or express service or, if mailed, ten (10) days after the notice is deposited in the United States mail as above provided. Any time period stated in a notice shall be computed from the time the notice is deemed received. Either party may change its mailing address, FAX number, or the person to receive notice by notifying the other party as provided in this section.

Notice sent by facsimile transmission shall also be sent by regular mail to the recipient at the above address. This requirement for duplicate notice is not intended to change the effective date of the notice sent by facsimile transmission.

6. Effective Date: This Agreement shall be in full force and effect upon approval of PHOENIX's City Council, MESA's City Council and SUB-RECIPIENT's Board. The effective date is the date provided above.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

CITY OF PHOENIX, ARIZONA  
Ed Zuercher, City Manager

By \_\_\_\_\_  
Maria Hyatt  
Public Transit Director

ATTEST:

\_\_\_\_\_  
City Clerk - PHOENIX

APPROVED AS TO FORM:

\_\_\_\_\_  
Acting City Attorney - PHOENIX

APPROVED BY PHOENIX CITY COUNCIL BY FORMAL ACTION ON \_\_\_\_\_

CITY OF MESA, ARIZONA

By \_\_\_\_\_  
Christopher Brady, City Manager

ATTEST:

\_\_\_\_\_  
City Clerk - MESA

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney – MESA

APPROVED BY MESA CITY COUNCIL BY FORMAL ACTION ON \_\_\_\_\_

VALLEY METRO RAIL, INC.  
an Arizona nonprofit corporation

By\_\_\_\_\_

APPROVED BY SUB-RECIPIENT'S GOVERNING BODY BY FORMAL ACTION ON:

\_\_\_\_\_



**EXHIBIT “A”**

**FEDERAL GRANT PASS THRU AGREEMENT**

GRANT NUMBER:				
GRANT RECIPIENT: CITY OF PHOENIX				
GRANT SUB- RECIPIENT’S NAME:				
GRANT SUB- RECIPIENT’S ADDRESS:				
TOTAL ELIGIBLE PROJECT COST (TEPC):		\$		
• Federal Share of TEPC:		\$		
• Local Share/Match of TEPC:		\$		
PROJECT(S) DESCRIPTION:				
Ali Code:	Project(s) Description:	Local:	Federal:	Total:

**EXHIBIT “A”**

## **EXHIBIT "B"**

### **FTA Grant Expenditure Reimbursement Request Application**

The information provided will be used by the City of Phoenix Public Transit Department (PTD) to monitor sub-recipient expenditures for FTA-funded projects and disburse FTA funds for eligible costs. No further FTA funds may be disbursed unless this report is completed and submitted as required.

<b>SUB-RECIPIENT ORGANIZATION NAME AND ADDRESS</b>	<b>GRANT AGREEMENT NUMBER</b>		<b>REQUEST NO.</b>
	<b>REPORTING PERIOD (Dates)</b>		
	<b>FROM:</b>	<b>TO:</b>	
	<b>TOTAL</b>	<b>LOCAL MATCH</b>	<b>FTA SHARE</b>
<b>TOTAL ELIGIBLE PROJECT COSTS</b>	\$ -	\$ -	\$ -
<b>TOTAL PREVIOUS PAYMENTS</b>	\$ -	\$ -	\$ -
<b>CURRENT REIMBURSEMENT REQUESTED</b>	\$ -	\$ -	<b>\$ -</b>
<b>REMAINING FUNDING</b>	\$ -	\$ -	\$ -

#### **REQUIRED SIGNATURES**

This document must be signed by the sub-recipient's Transit Manager and Chief Financial Officer or their designated representative(s).

#### **CERTIFICATION**

We certify the financial expenditures submitted for reimbursement with this report, including supporting documentation, are eligible and allowable expenditures, have been incurred compliant with all applicable Federal laws and regulations, have not been previously requested, and all matching requirements have been met. In addition, we understand that any discovery of a violation of a Federal law or regulation, or failure to follow any applicable Federal directives may result in withdrawal of federal participation.

SIGNATURE OF TRANSIT MANAGER OR DESIGNEE	DATE
TYPED OR PRINTED NAME AND TITLE	TELEPHONE
SIGNATURE OF CHIEF FINANCIAL OFFICER OR DESIGNEE	DATE
TYPED OR PRINTED NAME AND TITLE	TELEPHONE

#### ***Instructions***

1. Keep a copy of all documents submitted.
2. All project records, including financial records, must be maintained for 3 years beyond the later of asset disposal or final close-out of the grant with FTA.

*For PTD use only*

Date request received: -	Approved for funds availability (signature/date)
--------------------------	--

## **EXHIBIT “C”**

### **Required Reports**

SUB-RECIPIENT agrees to submit reports and statements or plans as now or hereafter required by PHOENIX or the FTA. Quarterly reports are due on or before the 15th of the month following the end of the quarter, i.e., October 15, January 15, April 15 and July 15; and annual reports are due ninety days (except NTD Report which shall be due 150 days) after the end of the fiscal year (July 1 - June 30). Drug and Alcohol Reports are due January 31 for the previous calendar year.

<b>REPORT</b>	<b>FREQUENCY</b>	<b>DESCRIPTION</b>
DBE Reports	As required by PHOENIX	DBE Participation, Utilization, Annual Goal Setting, Progress, and Information reports
Grant Status Report	Quarterly	Status of each project by grant number
NTD Report – Close Out Letter	Annually	Copy for information only
Fixed Assets Status Report	Annually	Inventory of all FTA funded assets
Single Audit Report	Annually	Copy of federally required audit
Drug and Alcohol Reports	Annually	FTA Drug and Alcohol Testing
<b><u>For JARC or New Freedom FTA Grants</u></b>		
Service Profile Information	Annually or as required by FTA	Evaluation of Grant Accomplishments
Data Collection Sheet	Annually or as required by FTA	Grant Performance Information

The reports and required submissions listed above may be increased, revised, reorganized, deleted or changed as required by FTA guidelines. **All reports must be current before any FTA funds will be disbursed by PHOENIX.**

## **EXHIBIT “C”**

## **EXHIBIT "D"**

### **Required Federal Provisions**

1. SUB-RECIPIENT shall permit the authorized representatives of PHOENIX, the United States Department of Transportation, and the Controller General of the United States to inspect and audit all data, books, records and reports relating to this Agreement and SUB-RECIPIENT's performance hereunder. PHOENIX's audit shall be at SUB-RECIPIENT's sole cost and expense. All required records shall be maintained for a minimum of three years, after the grant has been formally closed.
2. The parties warrant that no person has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage or contingent fee; and, further, that no member or delegate to Congress, the City Council or any employee of PHOENIX, the City Council or any employee of MESA or SUB-RECIPIENT, has any interest, financial or otherwise, in this Agreement.
3. SUB-RECIPIENT shall fully comply with the Disadvantaged Business Enterprise (DBE) Regulations of the U.S. Department of Transportation (USDOT), 49 CFR Part 26 and with the FTA-approved goal submitted by PHOENIX as the recipient on behalf of the region. SUB-RECIPIENT shall abide by all stipulations, regulations, and procedures set forth in the FTA-approved City of Phoenix DBE Program Plan. The Transit Civil Rights Officer of the City of Phoenix Public Transit Department and representative(s) of the City of Phoenix Equal Opportunity Department will meet annually with SUB-RECIPIENT to cooperatively determine DBE participation for all FTA assisted projects.
4. In performing the services for which federal funding is provided under this Agreement, SUB-RECIPIENT agrees to comply with all laws, rules, regulations, standards, orders or directives (hereinafter "Laws") applicable to this Agreement, to the services provided pursuant to this Agreement, and to PHOENIX as the designated recipient of FTA funding. The Laws referred to above include federal, state and local laws, and include, but is not limited to, those items set forth in Exhibit "D."

**EXHIBIT "D," page 2**

5. The parties acknowledge that federal funds are being used for the work, services and/or operations provided under this Agreement. In that regard the City of Phoenix, as the designated grant recipient, is obligated to accept and comply with all of the terms and conditions set forth in the Federal Transit Administration (FTA) Master Grant Agreement. In order for MESA to receive funding under this Agreement with the City of Phoenix, SUB-RECIPIENT is required to similarly accept and comply with all such terms and conditions and SUB-RECIPIENT does hereby specifically agree to be bound thereby. A copy of the Master Grant Agreement has been provided to SUB-RECIPIENT and additional copies are available from the City of Phoenix. The Master Grant Agreement for FY 2015 and any subsequent revisions are, by this reference, incorporated herein as though fully set forth. Further, a summary of some of the terms of the Master Grant Agreement, as set forth its Table of Contents, are attached hereto as Exhibit "F" and are, by this reference, incorporated herein. The items listed in Exhibit "F" are illustrative only and are set forth in the Exhibit for SUB-RECIPIENT's ease of reference; SUB-RECIPIENT is solely responsible for complying with all of the terms and conditions of the Master Grant Agreement and any subsequent revisions whether or not they are set forth in Exhibit "F".
6. SUB-RECIPIENT understands and acknowledges the applicability of the Immigration Reform and Control Act of 1986 (IRCA) and agrees to comply with the IRCA in the performance of this Agreement.
7. SUB-RECIPIENT shall fully comply with Equal Employment Opportunity (EEO) regulations of the U.S. Department of Transportation (USDOT) Urban Mass Transportation Administration (UMTA) Circular 4704.1. SUB-RECIPIENT shall provide an EEO Program Plan when they employ 50 or more transit-related employees and requests or receives capital or operating assistance under Section 3, 4(i), or 9 of the UMT Act; assistance under 23 U.S.C. 142 (a) (2) or any combination thereof, in excess of \$1 million in the previous Federal fiscal year; or requests or receives planning assistance under Section 8 and/or 9 in excess of \$250,000 in the previous Federal fiscal year. SUB-RECIPIENT shall fully comply with EEO regulations as they pertain to subcontractors. Any subcontractor with 50 or more transit-related employees shall provide an EEO Program Plan.

**EXHIBIT "D," page 2**

## **EXHIBIT “E”**

### **Partial List of Applicable Laws**

- A. Federal Codes. SUB-RECIPIENT shall comply with Title VI of the Civil Rights Act of 1964, 78 Stat. 252, 42 U.S.C. 2000d to U.S.C. 2000d-4 (hereinafter referred to as the Act) and all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in federally-assisted programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964 (hereinafter referred to as the Regulations) and other pertinent directives, to the end that in accordance with the Act, Regulations and other pertinent directives, no person in the United States shall, on the grounds of race, color, sex or national origin be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which SUB-RECIPIENT receives federal financial assistance, directly or indirectly, from the Department of Transportation, including the Federal Transit Administration, and hereby gives assurance that it will promptly take any measures necessary to effectuate this Agreement. This assurance is required by Subsection 21.7(a)(1) of the Regulations.

More specifically and without limiting the above general assurance, SUB-RECIPIENT hereby gives the following specific assurances with respect to the project:

1. SUB-RECIPIENT shall insert the following notification in all solicitations for bids for work or material subject to the Regulations and made in connection with a project under 49 U.S.C. chapter 53 and, in adapted form in all proposals for negotiated agreements:

CONTRACTOR, in accordance with Title VI of the Civil Rights Act of 1964, 78 Stat. 252, 42 U.S.C. 2000d to 2000d-4 and Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, non-discrimination in federally-assisted programs of the Department of Transportation issued pursuant to such Act, hereby notifies all bidders and proposers that it will affirmatively ensure that in regard to any contract or procurement entered into pursuant to this advertisement, Disadvantaged Business Enterprise will be afforded full opportunity to submit bids and proposals in response to this invitation and will not be discriminated against on the grounds of race, color, sex or national origin in consideration for an award.

**EXHIBIT "E," page 1**

2. If SUB-RECIPIENT carries out a program of training under Section 5312 of Title 49, United States Code chapter 53, the assurance shall obligate SUB-RECIPIENT to make selection of the trainee or fellow without regard to race, color, sex or national origin.
  3. Where SUB-RECIPIENT receives federal financial assistance to carry out a program under Title 49, United States Code chapter 53, the assurance shall obligate SUB-RECIPIENT to assign transit operators and to furnish transit operators without regard to race, color, sex or national origin.
  4. Where SUB-RECIPIENT carries out a program under Title 49, United States Code chapter 53, routing, scheduling, quality of service, frequency of service, age and quality of vehicles assigned to routes, quality of stations serving different routes and location of routes may not be determined on the basis of race, color, sex or national origin.
  5. This assurance obligates SUB-RECIPIENT for the period during which federal financial assistance is extended to the project.
  6. SUB-RECIPIENT shall provide for such methods of administration for the program as are found by PHOENIX to give reasonable guarantee that it, its contractors, sub-contractors, transferees, successors in interest and other participants under such program will comply with all requirements imposed or pursuant to 49 U.S.C. chapter 53, the Regulations and this assurance.
  7. SUB-RECIPIENT agrees that PHOENIX has a right to seek judicial enforcement with regard to any matter arising under 49 U.S.C. chapter 53, the Regulations and this assurance.
- B. Compliance with FTA Regulations. During the performance of this Agreement, SUB-RECIPIENT, for itself, its assignees and successors in interest agrees as follows:
1. SUB-RECIPIENT shall comply with the Regulations relative to nondiscrimination in federally assisted programs of the Department of Transportation (DOT), Title 49, Code of Federal Regulations, Part 21, as they may be amended from time to time (hereinafter referred to as the Regulations), which are incorporated herein by this reference and made a part of this contract.
  2. With regard to the work performed by it during the contract, SUB-RECIPIENT shall not discriminate on the grounds of race, color, sex or

**EXHIBIT "E," page 2**

national origin in the selection and retention of sub-contractors, including procurement and leases of equipment.

3. In all solicitations, either by competitive bidding or negotiation, made by SUB-RECIPIENT for work to be performed under a sub-contract, including procurement of materials or leases of equipment, each potential sub-contractor or supplier shall be notified by SUB-RECIPIENT of the sub-contractor's obligations under this Agreement and the Regulations relative to non-discrimination on the grounds of race, color, sex or national origin.
4. SUB-RECIPIENT shall provide all information and reports required by the Regulations or directives issued pursuant thereto, and shall permit access to its books, records, accounts, other sources of information and its facilities as may be determined by PHOENIX or the FTA to be pertinent to ascertain compliance with such Regulations, orders and instructions. Where any information required of SUB-RECIPIENT is in the exclusive possession of another who fails or refuses to furnish this information, SUB-RECIPIENT shall so certify to PHOENIX, or the FTA, as appropriate, and shall set forth what efforts it has made to obtain the information.
5. In the event of SUB-RECIPIENT's noncompliance with the nondiscrimination provisions of this contract, PHOENIX shall impose such contract sanctions as it or the FTA may determine to be appropriate, including, but not limited to:
  - a) Withholding of payments to SUB-RECIPIENT under the grant award until SUB-RECIPIENT complies; and/or,
  - b) Cancellation, termination or suspension of this Agreement, in whole or in part.
6. SUB-RECIPIENT shall include the FTA provisions included in paragraphs 1 through 5 of Section B, in every sub-contract, including procurement of materials and leases of equipment, unless exempt by the Regulations, or directives issued pursuant thereto. SUB-RECIPIENT shall take such action with respect to any sub-contract or procurement as PHOENIX or the FTA may direct as a means of enforcing such provisions, including sanctions for noncompliance: provided, however, that, in the event SUB-RECIPIENT becomes involved in, or is threatened with, litigation with a sub-contractor or supplier as a result of such direction, SUB-RECIPIENT may request that PHOENIX enter into such litigation to protect the interests of PHOENIX, and, in addition, SUB-RECIPIENT may request the United States to enter into such litigation to protect the interests of the United States.



7. SUB-RECIPIENT hereby adopts the Title VI investigation and tracking procedure developed by PHOENIX. SUB-RECIPIENT agrees that PHOENIX personnel shall conduct Title VI investigations. The determinations made by PHOENIX of Title VI complaints shall be binding upon SUB-RECIPIENT. SUB-RECIPIENT shall maintain a list of any active Title VI investigations conducted by any governmental entity, including PHOENIX and shall maintain a Title VI complaint log of closed investigations for three (3) years. SUB-RECIPIENT shall provide information to the public concerning its Title VI obligations and apprise the public of protections offered by Title VI.
8. SUB-RECIPIENT specifically avows that, where applicable, it is and will provide fair and equitable labor protective arrangements, as reflected in 49 U.S.C. § 5333(b), otherwise known as 13(c). Specifically as it applies to SUB-RECIPIENT Valley Metro Rail, Inc., SUB-RECIPIENT acknowledges its understanding of potential rights available to unions pursuant to an agreement dated September 8, 1976, as it has been revised by amendment and/or side letter, for the project, as that project is defined under the agreement.
9. SUB-RECIPIENT shall comply with the following Statutes and Regulations:
  - 18 U.S.C. 1001
  - Section 5323(d) of 49 U.S.C. chapter 53
  - Section 5323(f) of 49 U.S.C. chapter 53
  - Section 5307(k) of 49 U.S.C. chapter 53
  - Section 5309(h) of 49 U.S.C. chapter 53
  - Section 5301 of 49 U.S.C. chapter 53
  - Section 5333 of 49 U.S.C. chapter 53 which requires compliance with applicable labor requirements.
  - Section 5310 of 49 U.S.C. chapter 53 which provides, among other things, for the planning and design of mass transportation facilities to meet the special needs of senior persons and persons with disabilities.

Section 5332 of 49 U.S.C. chapter 53 which, among other things, prohibits discrimination on the basis of race, color, creed, national origin, sex or age.

Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000d which, among other things, prohibits discrimination on the basis of race, color or national origin by recipients of federal financial assistance.

Title VII of the Civil Rights Act of 1964, 42 U.S.C. 2000e which, among other things, prohibits discrimination in employment.

Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. 794 which, among other things, prohibits discrimination on the basis of disability.

49 CFR Part 600 et seq. regulations promulgated by FTA.

49 CFR Parts 21, 23, 25, 26 and 27 regulations promulgated by the Department of Transportation governing Title VI, Minority Business Enterprise (Disadvantaged Business Enterprise/ Women's Business Enterprise), Relocation and Land Acquisition, Disadvantaged Business Enterprise in Department of Transportation Programs and Nondiscrimination on the basis of disability, respectively.

46 CFR Part 381 regulations promulgated by the Maritime Administration governing cargo preference requirements.

36 CFR Part 800 regulations promulgated by the Advisory Council on Historic Preservation.

31 CFR part 205 regulations promulgated by the Department of the Treasury governing letter of credit.

40 CFR subchapters C & D regulations promulgated by the Environmental Protection Agency pertaining to administration of clean air and water pollution requirements.

29 CFR Parts 5 and 215 regulations promulgated by the Department of Labor pertaining to construction labor and transit employee protections.

- C. Drug and Alcohol Testing. SUB-RECIPIENT shall have in place, maintain, and implement a plan and a program for compliance with U.S. DOT Drug and Alcohol Regulations, as specified in 49 CFR 40, 49 CFR 653 and 49 CFR 654. Said plan and program shall be modified to incorporate and comply with such other regulations as were adopted in the USDOT and published in the Federal Register as of February 14, 1994 and any subsequent changes thereto.

**EXHIBIT "E," page 5**

## **EXHIBIT “F”**

### **UNITED STATES OF AMERICA DEPARTMENT OF TRANSPORTATION FEDERAL TRANSIT ADMINISTRATION**

#### **MASTER AGREEMENT**

**For Federal Transit Administration Agreements authorized by  
49 U.S.C. chapter 53, Title 23, United States Code (Highways), the  
Moving Ahead for Progress in the 21<sup>st</sup> Century Act (MAP-21),  
the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users  
(SAFETEA-LU), as amended by the SAFETEA-LU Technical Corrections Act of 2008,  
or other Federal laws that FTA administers.**

**FTA MA(19)  
October 1, 2014**

<http://www.fta.dot.gov>

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## **EXHIBIT "G"**

### **Required Local Provisions**

1. Transactional Conflicts of Interest. All parties hereto acknowledge that this Agreement is subject to cancellation by either party pursuant to the provisions of A.R.S. Section 38-511.
2. Assignability; Successors and Assigns. This Agreement, and any rights or obligations hereunder, shall not be transferred or assigned by SUB-RECIPIENT OR MESA without the prior written consent of PHOENIX. Any attempt to assign without such prior written consent shall be void.
3. Employment and Organization Disclaimer. This Agreement is not intended to, and will not, constitute, create, give rise to, or otherwise recognize a joint venture, partnership, or formal business association or organization of any kind as existing between the parties, and the rights and the obligations of the parties shall be only those expressly set forth herein. None of the parties is the agent of the other nor is any of the parties authorized to act on behalf of the other parties. SUB-RECIPIENT shall be liable to PHOENIX for any financial liability arising from any finding to the contrary by any forum of competent jurisdiction.
4. Entire Agreement; Modification (No Oral Modification). This Agreement, and any Exhibits, Attachments, or Schedules attached hereto, constitute the full and complete understanding and agreement of the parties. It supersedes and replaces any and all previous representations, understandings, and agreements, written or oral, relating to its subject matter. There shall be no oral alteration or modification of this Agreement; this Agreement and its terms, may not be modified or changed except in writing signed by both parties.
5. Invalidity of Any Provisions. This Agreement shall remain in full force and effect even if one or more of its terms or provisions have been held to be invalid or unenforceable. Such a holding shall result in the offending term or provision being ineffective to the extent of its invalidity or unenforceability without invalidating the remaining terms and provisions hereof; this Agreement shall thereafter be construed as though the invalid or unenforceable term or provision were not contained herein.

6. Compliance with Laws, Permits and Indemnity. SUB-RECIPIENT and MESA shall comply with all applicable laws, ordinances, regulations and codes of federal, state and local governments. Further, SUB-RECIPIENT shall be solely responsible for obtaining all approvals and permits necessary to perform the work called for under this Agreement. In addition, to the extent permitted by law, SUB-RECIPIENT and MESA shall indemnify, defend, save and hold harmless PHOENIX from all loss, cost and damage by reason of any violation of the provisions of this paragraph and from any liability including, but not limited to, fines, penalties and other costs arising therefrom.
7. Applicable Law and Litigation. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Arizona. Any and all litigation between the parties arising from this Agreement shall be litigated solely in the appropriate state court located in Maricopa County, Arizona.
8. Inspection and Audit. The provisions of Section 35-214, Arizona Revised Statutes, shall apply to this Agreement. PHOENIX shall perform the inspection and audit function specified therein.
9. Non-waiver. Should PHOENIX fail or delay in exercising or enforcing any right, power, privilege or remedy under this Agreement such failure or delay shall not be deemed a waiver, release or modification of the requirements of this Agreement or of any of the terms or provisions thereof.
10. Labor Protective Provisions. SUB-RECIPIENT shall fully cooperate with PHOENIX in meeting the legal requirements of the labor protective provisions of Section 5333(b) of Title 49 U.S. Code [formerly Section 13(c) of the Federal Transit Act of 1964, as amended (49 U.S.C. 1609)] and the Labor Agreements and side letters currently in force and certified by the United States Department of Labor. Changes, including changes in service and any other changes that may adversely affect transit employees, shall be made only after due consideration of the impact of such changes on Section 5333(b) protections granted to employees. SUB-RECIPIENT shall defend and indemnify PHOENIX from any and all claims and losses due, or alleged to be due, in whole or in part, to the consequences of changes made by SUB-RECIPIENT, that were not requested by PHOENIX which result in grievances, claims and/or liability.
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