

When recorded mail to:

Escudilla Mountain DWID
PO Box 371
Nutrioso, AZ 85932-0371

2026-000500

Page 1 of 5

OFFICIAL RECORDS OF APACHE COUNTY

Larry Noble, Recorder

01/21/2026 08:40 AM Recording Fee: \$0.00

Resolution 2026-1

Caption

Cover Sheet

DO NOT REMOVE

This is part of an official document.

RESOLUTION NO. 2026-1

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ESCUDILLA MOUNTAIN DOMESTIC WATER IMPROVEMENT DISTRICT OF APACHE COUNTY, ARIZONA, APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT WITH THE WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA FROM ITS DRINKING WATER REVOLVING FUND PROGRAM; DELEGATING THE DETERMINATION OF CERTAIN MATTERS RELATING THERETO TO THE CHAIRPERSON OF THE DISTRICT'S BOARD OF DIRECTORS OR HIS DESIGNEE; PROVIDING FOR THE TRANSFER OF CERTAIN MONEYS AND MAKING CERTAIN COVENANTS AND AGREEMENTS WITH RESPECT THERETO; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY SUCH LOAN AGREEMENT

WHEREAS the Escudilla Mountain Domestic Water Improvement District of Apache County, Arizona, (the "District") has heretofore applied to the Water Infrastructure Finance of Arizona (the "Authority"), for a loan (the "Loan") from the Authority's Drinking Water State Revolving Fund Program (the "Program") to provide funds for the design and construction of a standpipe which will connect the customers of the District to a reliable water source (the "Project"); and

WHEREAS the terms and conditions under which the Loan will be made and the obligations of the District with respect to the Loan will be set forth in a loan agreement to be executed and delivered by the District and the Authority (the "Loan Agreement"); and

WHEREAS the Loan and the loan repayments payable by the District pursuant to the Loan Agreement (the "Loan Repayments") will be secured by a pledge of the amounts collected from special assessments levied by the District against properties identified by the District as benefiting from the Project, including all amounts which may be collected or applied toward the payment of the assessments through the sales of properties for delinquencies or otherwise (but not penalties or costs payable to the District) (the "Source of Repayment"); and

WHEREAS the Board of Directors of the District has determined that it will be beneficial to the citizens and customers of the District to enter into and to perform the Loan Agreement, whereby the District will borrow up to \$550,000 from the Authority, of which \$337,500 is forgivable principal; and

WHEREAS the Loan shall be repaid on or before twenty (20) years from the date of the execution and delivery of the Loan Agreement and shall bear interest at a rate not to exceed five percent (5.00%) per annum; and

WHEREAS, it is hereby found and determined that the population of the District is less than 50,000; and

WHEREAS there has been placed on file with the District and presented at the meeting at which this Resolution was adopted the proposed form of the Loan Agreement.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Escudilla Mountain Domestic Water Improvement District of Apache County, Arizona, as follows:

SECTION 1. The form, terms and provisions of the Loan Agreement, in the form of such document (including the exhibits thereto) presented at the meeting at which this Resolution was adopted are hereby approved, with such insertions, omissions and changes, not inconsistent with the application of the District to the Authority of the requirements of the federal government or the Authority, as shall be approved by the Chairperson of the District's Board of Directors or his designee, the execution of such document being conclusive evidence of such approval, and the Chairperson of the District's Board of Directors, or his designee, is hereby authorized and directed, as applicable, for and on behalf of the District, to execute and deliver the Loan Agreement.

SECTION 2. For the payment of the principal of and interest on the Loan, the District shall pay the Loan Repayments provided for in the Loan Agreement. The District shall also pay all other amounts required to be paid by the District pursuant to the provisions of the Loan Agreement.

SECTION 3. The obligation of the District to pay the Loan Repayments provided for in the Loan Agreement as well as to make the other payments provided for in the Loan Agreement is limited to payment from the Source of Repayment which is pledged therefor pursuant to the Loan Agreement, and the obligations of the District pursuant to the Loan Agreement shall not constitute nor give rise to a general obligation of the District or any claim against any ad valorem property taxing powers, or constitute an indebtedness within the meaning of any statutory or constitutional debt limitation applicable to the District.

SECTION 4. The appropriate officials and officers of the District are hereby authorized and directed to take all actions necessary or reasonably required to carry out, give effect to and to consummate the transactions contemplated by the Loan Agreement and by this Resolution, including, without limitation, the execution and delivery of any closing and other documents reasonably required to be delivered in connection therewith.

SECTION 5. If any section, paragraph, subdivision, sentence, clause or phrase of this Resolution is for any reason held to be illegal or unenforceable, such decision will not affect the validity of the remaining portions of the Resolution. The Board of Directors of the District hereby declares that it would have adopted this Resolution and each and every other section, paragraph, subdivision, sentence, clause or phrase hereof and authorized the execution and delivery of the Loan Agreement pursuant hereto irrespective of the act that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Resolution may be held illegal, invalid or unenforceable. All ordinances, resolutions, or parts thereof, inconsistent herewith, are hereby waived to the extent only of such inconsistency. This waiver shall not be construed as reviving any

ordinance or resolution or any part thereof.

SECTION 6. All actions of the officers and agents of the District including the Board of Directors of the District which conform to the purposes and intent of this Resolution and which further the execution and delivery of the Loan Agreement as contemplated by this Resolution, whether heretofore or hereafter taken, are hereby ratified, confirmed, and approved. The proper officers and agents of the District are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the District as may be necessary to carry out the terms and intent of the Resolution.

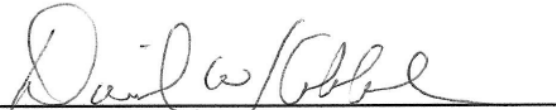
SECTION 7. All acts and conditions necessary to be performed by the District or to have been met precedent to and in the execution and delivery of the Loan Agreement in order to make it a legal, valid and binding obligation of the District will at the time of delivery of the Loan Agreement have been performed and have been met, in regular and due form as required by law, and no statutory, charter or constitutional limitation of indebtedness or taxation will have been exceeded in the execution and delivery of the Loan Agreement.

SECTION 8. All formal actions of the Board of Directors of the District concerning and relating to the passage of this Resolution were taken in an open meeting of the Board of Directors of the District, and all deliberations of the Board of Directors of the District were in meetings open to the public, in compliance with all legal requirements.

SECTION 9. After the execution and delivery of the Loan Agreement and upon receipt of the Loan from the Authority, this Resolution shall be and remain irrevocable until the Loan and the Loan Agreement and the interest thereon shall have been fully paid, cancelled, and discharged.

SECTION 10. This Resolution is effective immediately.

PASSED AND ADOPTED by the Board of Directors of the Escudilla Mountain Domestic Water Improvement District of Apache County, Arizona, this 17th day of January, 2026.

A handwritten signature in black ink, appearing to read "David Knobbe", written over a horizontal line.

David Knobbe, Chairperson