



**PUBLIC NOTICE
THE ELOY CITY COUNCIL
Meets
MONDAY, AUGUST 24, 2026
6:00 PM
ELOY CITY COUNCIL CHAMBERS
595 NORTH C STREET
ELOY, ARIZONA 85131
For a
REGULAR MEETING**

AGENDA

I. Call to Order

II. Roll Call

III. Moment of Silence

IV. Pledge of Allegiance

V. Public Appearances

Those wishing to **ADDRESS THE CITY COUNCIL** may do so by signing in on a form provided by the City Clerk, identifying the topic(s) or agenda item(s). **ACTION** taken as a result of public comment regarding non agenda items will be limited to directing staff to study the matter or rescheduling the matter for further consideration and decision at a later date.

SPEAKERS SHALL BE LIMITED TO THREE (3) MINUTES.

A. Scheduled

B. Unscheduled

VI. Reports and Announcements

A. Mayor's Announcements

B. Council Members' Announcements

C. City Manager's Announcements

VII. Consent Agenda

A. Approval of Minutes — August 10, 2026, Regular Council Meeting

Michelle Hall

B. A Resolution of the Mayor and Eloy City Council Correcting Scrivener's Error in Resolution No. 25-1616 regarding a Notice to Increase Rates and

Michelle Hall

Charges of the Wastewater System for the City of Eloy, and Renumbering said Resolution as Resolution No. 25-1616.1

- C. A Resolution of the Mayor and Eloy City Council Correcting Scrivener's Error in Resolution No. 25-1617 regarding a Notice of Intention to Increase Rates and Charges of the Potable Water System for the City of Eloy and Renumbering said resolution as Resolution No. 25-1617.1 Michelle Hall
- D. A Resolution of the Mayor and Eloy City Council Correcting Scrivener's Error in Resolution No. 25-1621 regarding an Application for Proposition 202 Grant Funds for Purchasing one (1) SCBA/Equipment Washer for the Eloy Fire District and Renumbering said resolution as Resolution No.25-1621.1 Michelle Hall
- E. A Resolution of the Mayor and Eloy County Council Correcting the scrivener's error in resolution no. 25-1631 regarding an Application for a Conditional Use Permit to allow outdoor storage on the properties located at 4650 and 4712 N. Tumbleweed Road, Eloy, Arizona, case no. cup 2025-005, Desert Septic, and renumbering said resolution as resolution no. 25-1631.1 Michelle Hall
- F. An Ordinance 26-1005 of the Mayor and City Council of the City of Eloy, Pinal County, Arizona, Adding Section 12-2(D) to the Eloy City Code Authorizing the City Attorney and City Clerk to Correct Scrivener's Errors in the City Code, Ordinances, Resolutions, and Minutes Adopted by the City Council or Other Public Body; Repealing Conflicting Provisions, and Setting an Effective Date. Michelle Hall

VIII. Business: Possible Discussion and/or Action on the Following:

- A. Annette Gaston, from PFM Asset Management, LLC, will make a presentation on the City's investment portfolio as of June 30, 2026. Brian Wright

IX. Executive Session

Possible executive session for discussion/consultation for legal advice with the city attorney and/or city staff concerning any of the agenda items, pursuant to A.R.S. §38-431.03 (A) (3) and (4).

X. Adjournment

POSTED BY 8:30 AM ON AUGUST 21, 2026 AT ELOY CITY HALL, ELOY POST OFFICE, AND CITY WEBSITE: www.elayaz.gov

THE FACILITY WILL BE OPEN TO THE PUBLIC 30 MINUTES PRIOR TO THE START OF THE MEETING AND SEATING WILL BE AVAILABLE FOR “REASONABLY ANTICIPATED ATTENDANCE.”

A handwritten signature in cursive script that reads "Michelle Hall". The signature is written in dark ink and is positioned above a horizontal line.

Michelle Hall, Interim City Clerk

INDIVIDUALS WITH SPECIAL ACCESSIBILITY NEEDS MAY CONTACT MICHELLE HALL, ADA COORDINATOR FOR THE CITY OF ELOY AT 520-466-9201 OR 520-466-7455 (TDD). IF POSSIBLE, SUCH REQUESTS SHOULD BE MADE 72 HOURS IN ADVANCE. ONE OR MORE MEMBERS OF THE COUNCIL AND/OR STAFF MAY PARTICIPATE BY TELEPHONIC OR VIDEO MEANS.

**CITY OF ELOY
REQUEST FOR COUNCIL ACTION**

Agenda Item: V.A.

Date: 8/24/2026

Date submitted:
01/16/2026

Action: Other

Subject: Scheduled

Date requested:
8/24/2026

TO: Mayor and City Council

FROM:

RECOMMENDATION:

DISCUSSION:

FISCAL IMPACT:

Approved as to Form:



Stephen R. Cooper, City Attorney

**CITY OF ELOY
REQUEST FOR COUNCIL ACTION**

Agenda Item: **V.B.**

Date: **8/24/2026**

Date submitted:
01/16/2026

Action: Other

Subject: Unscheduled

Date requested:
8/24/2026

TO: Mayor and City Council

FROM:

RECOMMENDATION:

DISCUSSION:

FISCAL IMPACT:

Approved as to Form:



Stephen R. Cooper, City Attorney

**CITY OF ELOY
REQUEST FOR COUNCIL ACTION**

Agenda Item: **VII.A.**

Date: **8/24/2026**

Date submitted:
01/16/2026

Action: Formal

**Subject: Approval of Minutes —
August 10, 2026, Regular Council
Meeting**

Date requested:
8/24/2026

TO: Mayor and City Council

FROM:

RECOMMENDATION:

DISCUSSION:

FISCAL IMPACT:

Approved as to Form:

A handwritten signature in blue ink, appearing to read "Stephen R. Cooper", is written over a horizontal line.

Stephen R. Cooper, City Attorney



**CITY OF ELOY
MINUTES**

CITY COUNCIL REGULAR MEETING

MONDAY, AUGUST 10, 2026

6:00 PM

ELOY CITY COUNCIL CHAMBERS,

595 NORTH C STREET, ELOY, ARIZONA 85131

I. Call to Order

Mayor Sutton called the meeting to order at 6:00 pm.

II. Roll Call

Present:

Andrew Sutton, Mayor

Michelle Tarango, Vice-Mayor

Sara Curtis, Councilmember

JoAnne Galindo, Councilmember

Jose Garcia, Councilmember

Dan Snyder, Councilmember

Michael Vodrazka, Councilmember

Staff Present:

Mackenzie Letcher, City Manager

Stephen Cooper, City Attorney

Michelle Hall, Interim City Clerk

III. Moment of Silence

Mayor Sutton called for a moment of silence.

IV. Pledge of Allegiance

The Pledge of Allegiance was led by Councilmember Snyder.

V. Public Appearances

A. Scheduled: None

B. Unscheduled:

Ann Howard, a resident of the Wilson Ranch area, addressed the Council regarding automated license plate reader cameras ("Flock cameras") in the city and Pinal County. She urged the Council to be aware of the ongoing online discussion about the technology. Council thanked Ms. Howard for her comments.

VI. Reports and Announcements

A. Mayor's Announcements:

Mayor Sutton reported on the following:

Thanked all candidates who ran in the July 21 Primary Election and congratulated those elected, including Vice-Mayor Tarango and Councilmember Garcia.

On July 16, met at City Hall with City Manager Letcher, city staff, and representatives from the offices of Senator Mark Kelly and Senator Ruben Gallego.

On July 22, toured the Kitt Solar site with Councilmember Vodrazka and Councilmember-Elect Dunfee noting the project is in the final stages of testing.

On August 6, attended the Pinal Alliance Forum at Robson Ranch focused on education and workforce readiness, with emphasis on third-grade reading programs; expressed disappointment that no Eloy education representatives attended and stated he would follow up on whether an invitation was sent.

Attended the Eloy Chamber mixer at the old clubhouse.

Attended the Pinal Partners Breakfast in Casa Grande on energy, where it was reported that APS and SRP each experienced record peak deliveries of more than nine gigawatts.

Welcomed Congressman Juan Ciscomani to Eloy City Hall, noting he has helped secure more than \$1 million in funding for Eloy and is working to secure an additional \$6 million for improvements and repaving along Frontier Street.

B. Council Members' Announcements:

Councilmembers provided brief updates on community events, recognitions, and project involvement:

Councilmember Vodrazka commented on the Pinal Alliance Forum, noting the need to accelerate development of facilities to support future energy needs.

Councilmember Galindo reminded the community of the Eloy Fiestas Patrias hosted by Corazon de Latinos Unidos on September 11 and 12, which typically draws 2,500 to 3,000 visitors, and invited parade entries.

Councilmember Garcia noted this is the 75th year of the Eloy Fiestas Patrias, which began in 1951 and spans three generations.

Councilmember Garcia reported attending the food truck meeting and the chamber mixer at the new Hideout event center.

C. City Manager's Announcements:

City Manager Letcher announced:

The successful sale on July 9, 2026, of approximately \$22 million in utility revenue bonds to fund water, sewer, and capital infrastructure improvements.

Questionnaire No. 3 for the Eloy Air Park Area Plan (airport master plan) is live online through August 21, 2026.

Introduced two new Management Analysts: Abraham Macy (strategic planning, communications, and the Ask Eloy program) and Erick Lemos (economic development). Both addressed the Council and answered questions.

1. Ask Eloy Presentation:

Management Analyst Abraham Macy presented Ask Eloy, a new single-email system (ask@eloyaz.gov) for resident questions, comments, and concerns. Inquiries are logged, classified, and routed to designated department liaisons with identified backups. Since launch, nine inquiries have been logged; 100% were answered within the two-business-day target and eight of nine were answered the same day. Examples included faded roadway striping, early-morning aircraft noise (FAA jurisdiction), and zoning setback confirmation. Council discussion included follow-up and tracking procedures, backup staffing, telephone versus email responses, and a suggestion to incorporate a resident satisfaction survey, which staff agreed to review. Council expressed strong support for the program.

2. Police Chief Sergio Banales Council Briefing:

Police Chief Sergio Banales presented a video message from Pinal County Attorney Brad Miller reporting that, when prison-related incidents are separated from community-based offenses, criminal cases filed from Eloy declined nearly 25% over three years, from 246 cases in 2023 to 185 cases in 2025. Chief Banales reported on department initiatives, including a new Support Services Supervisor, Operations Sergeant, and Personnel and Training Corporal; a formal department training plan; monthly management meetings; a three-year strategic plan; succession planning; implementation of Lexipol policy management; upgraded Axon body cameras with AI-assisted report writing; an employee wellness program; and expanded community engagement programs (Coffee with a Cop, Cops and Clergy, Adopt-a-School, National Night Out, Christmas with a Cop, and Red Ribbon Week). Councilmembers praised the department's community policing efforts and shared personal accounts of positive interactions with officers and staff.

3. Quarterly Financial Report for the Period Ending June 30, 2026:

Finance Director Brian Wright presented the preliminary quarterly financial report for the period ending June 30, 2026. Highlights included:

The General Fund ended the fiscal year with an approximately \$9.3 million negative variance, as expected, due to transfers to other funds for capital projects; excluding those transfers, the General Fund ended approximately \$5.4 million positive.

Local sales tax collections totaled approximately \$11.1 million, approximately \$1.5 million above budget, driven largely by construction sales tax (\$1.4 million in the fourth quarter compared to \$329,000 in the same quarter of the prior year).

Manufacturing tax collections were up approximately 40%, wholesale up approximately 31%, and utilities/communications up approximately 14%.

State shared revenue decreased by approximately \$340,000, as anticipated.

Water, wastewater, and sanitation funds ended the year with positive operating variances.

All departments operated within their adopted budget authority; several capital projects will roll over to fiscal year 2026-2027.

Councilmember Snyder requested additional information on the composition of the manufacturing tax category and the construction projects driving the increase; Director Wright agreed to provide category information to Council through the City Manager.

VII. Consent Agenda

Mayor Sutton asked if any items were to be removed for discussion. No items were pulled.

- A.** Approval of Minutes -July 13, 2026, Regular Council Meeting.
- B.** Consideration of approving the transfer of surplus law enforcement motorcycle to the Arizona Governor's Office of Highway Safety.
- C.** Approve the Annual Development Impact Fee Report for the City of Eloy ending June 30, 2026.
- D.** Request for approval of Case No. MSCP2026-001 Maverik, a Master Sign Program and Comprehensive Sign Package to be used on an approximately 4.25-acre site zoned General Commercial (C-2) Planned Area Development Overlay, located at 1120 South Sunshine Boulevard.
- E.** Approval to Utilize Sourcewell Contract No. 101221-SCA with Sewer Equipment Co. of America for the Purchase of a Western Star 47X Chassis and Truck-Mounted Combination Sewer Cleaner for an Amount Not to Exceed \$750,000. This equipment purchase was identified and approved in the City of Eloy FY 2026-2027 Capital Improvement Plan (CIP).
- F.** Approval to Utilize Arizona Department of Transportation (ADOT) Statewide Contract No. CTR078503 with Empire Southwest LLC for the Purchase of a Caterpillar 304 Mini Hydraulic Excavator for an Amount Not to Exceed \$120,000. This equipment purchase was identified and approved in the City of Eloy FY 2026-2027 Capital Improvement Plan (CIP).
- G.** Adopt Resolution No. 26-1673 Amending Resolution No. 26-1664 Designating the Chief Fiscal Officer for Officially Submitting the Fiscal Year 2026-2027 Expenditure Limitation Report to the Arizona Auditor General.
- H.** Authorization to open a checking account at Enterprise Bank and Trust for the Flexible Spending Account (FSA) program.

I. Adopt Resolution No. 26-1674 authorizing officers/agents to deposit, transfer, withdraw, open, and close accounts with Meeder Investment Management.

J. Adopt Ordinance No. 26-1004 approving an amendment to Chapter 5, Section 5-9: Amendments to the 2018 International Residential Code and Section 5-15: Amendments to the 2018 International Fire Code, clarifying when an Eloy Fire District approval and permit is required, and declaring an emergency.

K. Authorize the Eloy Police Department to Renew the Federal Equitable Sharing Agreement (ESAC) and Approve the Annual Certification Report for FY 2026-2027.

L. Adoption of Resolution No. 26-1675, declaring and adopting the results of the City of Eloy Primary Election held on July 21, 2026.

M. Consideration and Possible Action to Approve a Three- Year Enterprise Agreement with Environmental Systems Research Institute, Inc. (Esri) for Geographic Information System (GIS) Software, Licensing, Maintenance, and Online Services, for a Total Amount Not to Exceed \$67,137.60 Over the Three -Year Agreement Term.

Motion: Councilmember Garcia moved to approve the Consent Agenda as presented.

Second: Councilmember Vodrazka

Vote: Motion passed 7-0 by roll call vote.

Following the vote, Larry Fink, owner of the 170-acre property at the southwest corner of Sunshine Boulevard and Interstate 10, provided an update on the surrounding development, noting that a preliminary plat has been submitted, county flood mapping requirements are being resolved, and Maverik remains under contract for five acres of the site.

VIII. Business: Possible Discussion and/or Action on the Following:

A. Discussion and Consideration of Fiscal Year 2026-2027 Community Partnership Funding Awards in the Total Amount of \$99,500

Management Analyst Abraham Macy presented three community partnership funding agreements totaling \$99,500: (1) Pinal Hispanic Council — \$3,000 lump sum for the Eloy Veterans Day Parade and cookout and the Wreaths Across America ceremony; (2) Greater Eloy Chamber of Commerce — \$71,500 paid on quarterly invoices for chamber operations (\$47,500), the Sunland Visitor Center and museum (\$15,000) [VERIFY: visitor center name — transcript renders it "Summan"], and the GLOW event (\$5,000, paid once annually); (3) Corazon de Latinos Unidos — \$25,000 lump sum paid on reimbursement for the Eloy Fiestas Patrias, an increase from \$15,000 the prior year.

Council Discussion: Mayor Sutton expressed support for the organizations' work in the community.

Motion: Councilmember Curtis moved to approve Item A as presented.

Second: Vice Mayor Tarango

Vote: Motion passed 7-0 by roll call vote.

B. Consideration and Possible Action to Approve the Purchase and Installation of a New Playground System for Shumway Park through Miracle Recreation, Utilizing the Sourcewell Cooperative Purchasing Contract, and Authorize Purchase Contract No. 101625-PLP in the Amount of \$245,811.69

Paul Anchondo, Community Services, presented the request to approve the purchase and installation of a new playground system for Shumway Park from Miracle Recreation utilizing Sourcewell cooperative purchasing contract No. 101625-PLP in the amount of \$245,811.69. The existing system is over 15 years old; the new system will double the play space and include integrated shade structures and a handicap-accessible swing. The project was not included in the Capital Improvement Plan but was awarded a \$29,000 grant, and funding is available from the City's 2% food tax.

Council Discussion: Councilmember Vodrazka asked about the playground base and surfacing (rubber mulch-style surfacing, 12 inches). Councilmembers expressed support for the added shade structures and handicap-accessible equipment and suggested future landscaping and shade additions.

Motion: Councilmember Garcia moved to approve Item B.

Second: Councilmember Vodrazka

Vote: Motion passed 7-0 by roll call vote.

C. Conduct a public hearing, and consider adopting Resolution No. 26-1676, finding that the applicable criteria have been met, and approve a three-year time extension to the previously approved Conditional Use Permit (Case No.: CUP2023-057) to allow a Solar, Utility Scale Generation and Battery Energy Storage System Facility, submitted by Nate Tonnemacher of Rose Law Group, on behalf of Milligan Energy Center, LLC, generally located south and east of the intersection of Milligan Road and South Eleven Mile Corner Road, consisting of approximately 33 acres

Mayor Sutton opened the public hearing.

Dan Symer, AICP, Community Development, stated the request extends an existing conditional use permit adjacent to the Milligan substation and that staff recommends approval of the three-year extension.

John Gillespie, Rose Law Group, on behalf of Milligan Energy Center, LLC (Orsted), stated the extension is needed to finalize a power purchase agreement with APS and to complete hydrology and environmental studies.

No members of the public spoke. Mayor Sutton closed the public hearing.

Motion: passed unanimously by voice vote. The Clerk read the resolution by title.

Motion: Councilmember Snyder moved to approve Resolution No. 26-1676 as presented.

Second: Councilmember Vodrazka

Vote: Motion passed 6-1 by roll call vote, with Councilmember Garcia voting no.

D. Consideration and Possible Action to Approve Resolution No. 26-1677 Authorizing the Acquisition of Real Property Interests, Including Rights of Way, Easements, and Other Property Rights, Necessary for the Construction of the Sunland Gin Road Improvement Project, and Authorizing the Use of Eminent Domain if Voluntary Acquisition Efforts Are Unsuccessful

City Attorney Stephen Cooper presented Resolution No. 26-1677 authorizing the acquisition of real property interests necessary for construction of the Sunland Gin Road Improvement Project, and authorizing the use of eminent domain if voluntary acquisition efforts are unsuccessful. Mr. Cooper explained the engineering plans reached 100% approval on July 28, 2026; the project is funded in part with state and federal monies; and staff recommends acquiring fee title where facilities such as lighting will be installed rather than easements to avoid future use conflicts. Appraisals and voluntary negotiations will be attempted first, with condemnation proceedings initiated only if necessary.

Council Discussion: Councilmember Garcia asked how many businesses would be affected; staff responded approximately a handful of parcels, with one group of property owners currently opposed, and stated the City would work to avoid harming any business.

Councilmember Snyder confirmed the federal funds are in addition to the \$5 million in state funding; City Manager Letcher stated the total project cost now exceeds \$8 million.

Motion: Councilmember Garcia moved to read Resolution No. 26-1677 by title only; Councilmember Snyder seconded the motion. The motion passed by unanimous voice vote. The Clerk read the resolution by title.

Motion: Councilmember Vodrazka moved to approve Resolution No. 26-1677 as presented.

Second: Councilmember Curtis

Vote: Motion passed 7-0 by roll call vote.

IX. Executive Session

No Executive Session was held.

X. Adjournment

Mayor Sutton commended E1 on the debut of the Council Chambers' new audio-visual system. Councilmember Snyder cautioned members to check their email screening filters, as legitimate emails may be screened out.

With no further business, Mayor Sutton adjourned the meeting at 7:33 pm

BY:

Andrew Sutton, Mayor

ATTEST:

Michelle Hall, Interim City Clerk

APPROVED AS TO FORM:

Stephen R. Cooper, City Attorney

CITY OF ELOY
REQUEST FOR COUNCIL ACTION

Agenda Item: **VII.B.**

Date: **8/24/2026**

Date submitted:
08/05/2026

Action: Resolution

Subject: A Resolution of the Mayor and Eloy City Council Correcting Scrivener's Error in Resolution No. 25-1616 regarding a Notice to Increase Rates and Charges of the Wastewater System for the City of Eloy, and Renumbering said Resolution as Resolution No. 25-1616.1

Date requested:
8/24/2026

TO: Mayor and City Council

FROM:

RECOMMENDATION:

Staff recommends the Adoption of Resolution No. 25-1616.1, correcting Scrivener's Error in Resolution No. 25-1616 regarding a notice to increase rates and charges of the Wastewater System for the City, and renumbering said Resolution as Resolution No. 25-1616.1

DISCUSSION:

The City Attorney was advised by the Interim City Clerk that she had discovered the scrivener's errors in the numbering of approximately four (4) resolutions. These four resolutions had each been assigned a number that had already been used for a prior resolution, resulting in duplicate resolution numbers.

City Staff is submitting these four resolutions for Council approval to assign each one a new, corrected resolution number. Each resolution will remain effective as of its original date of passage by the City Council. The other resolution, which was passed with the same resolution number, will not be affected by this amended resolution.

It has come to the attention of the Interim City Clerk that there are two Resolutions, Nos. 25-1616, approved by the Eloy City Council. One resolution addresses a Notice of Intention to Increase wastewater utility rates approved on May 27, 2025, and one resolution was a Minor General Plan Amendment Case No. GPA2024-002 Eloy Commons North, approved on August 11, 2025.

FISCAL IMPACT:

The other resolution, which was passed with the same resolution number, will not be affected by this amended resolution.

Approved as to Form:

A handwritten signature in blue ink, appearing to read "Stephen R. Cooper", written over a solid black horizontal line.

Stephen R. Cooper, City Attorney

RESOLUTION NO. 25-1616.1

A RESOLUTION OF THE MAYOR AND ELOY CITY COUNCIL CORRECTING SCRIVENER'S ERROR IN RESOLUTION NO. 25- 1616 REGARDING A NOTICE OF INTENTION TO INCREASE RATES AND CHARGES OF THE WASTEWATER SYSTEM FOR THE CITY AND RENUMBERING SAID RESOLUTION AS RESOLUTION NO. 25-1616.1

WHEREAS, the Eloy City Council on May 27, 2025, adopted a Resolution No. 25-1616 Regarding a Notice of Intention to Increase Rates and Charges of the Wastewater System for the City; and,

WHEREAS, it has come to the attention of the Interim City Clerk that there are two Resolution Nos. 25-1616 approved by the Eloy City Council. One resolution addresses a Notice of Intention to Increase Wastewater utility rates approved on May 27, 2025, and one resolution that was a Minor General Plan Amendment Case No. GPA2024-002 Eloy Commons North approved on August 11, 2025; and

WHEREAS, the Eloy City Council has determined that the scrivener or typographical errors considered in context are insubstantial; and,

WHEREAS, the Eloy City Council nonetheless desires to correct the scrivener's error in the Numbering of Resolution 25-1616.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Eloy City Council that Resolution No. 25-1616, Regarding a Notice of Intention to Increase Rates and Charges of the Wastewater System for the City, is hereby Renumbered as Resolution No. 25-1616.1.

BE IT FURTHER RESOLVED by the Mayor and Eloy City Council that Resolution No. 25-1616, Regarding a Minor General Plan Amendment Case No. GPA2024-002 Eloy Commons North shall not be affected by this Resolution.

BE IT FURTHER RESOLVED by the Mayor and Eloy City Council, Pinal County, that the above-referenced corrections are effective nunc pro tunc to May 27, 2025.

PASSED AND ADOPTED by the City of Eloy, Arizona, Mayor and Council, this ____th day of August, 2026.

BY:

Andrew Sutton, Mayor

ATTEST:

APPROVED AS TO FORM:

Michelle Hall, Interim City Clerk

Stephen Cooper, City Attorney

CITY OF ELOY
REQUEST FOR COUNCIL ACTION

Agenda Item: **VII.C.**

Date: **8/24/2026**

Date submitted:
08/05/2026

Action: Resolution

Subject: A Resolution of the Mayor and Eloy City Council Correcting Scrivener's Error in Resolution No. 25-1617 regarding a Notice of Intention to Increase Rates and Charges of the Potable Water System for the City of Eloy and Renumbering said resolution as Resolution No. 25-1617.1

Date requested:
8/24/2026

TO: Mayor and City Council

FROM:

RECOMMENDATION:

Staff recommends the adoption of Resolution No. 25-1617.1, correcting Scrivener's Error in Resolution No. 25-1617.1 regarding a notice to increase rates and charges of the potable water system for the City of Eloy and renumbering said resolution as Resolution No. 25-1617.1

DISCUSSION:

The City Attorney was advised by the Interim City Clerk that she had discovered the scrivener's errors in the numbering of approximately four (4) resolutions. These four resolutions had each been assigned a number that had already been used for a prior resolution, resulting in duplicate resolution numbers.

City Staff is submitting these four resolutions for Council approval to assign each one a new, corrected resolution number. Each resolution will remain effective as of its original date of passage by the City Council. The other resolution, which was passed with the same resolution number, will not be affected by this amended resolution.

It has come to the attention of the Interim City Clerk that there are two Resolutions, Nos. 25-1617. One resolution addresses a Notice of Intention to Increase Potable Water utility rates, approved on May 27, 2025, and another addresses a Minor General Plan Amendment, Case No. GPA2024-004 Eloy Commons South approved on August 11, 2025.

FISCAL IMPACT:

Approved as to Form:

A handwritten signature in blue ink, appearing to read "Stephen R. Cooper". The signature is fluid and cursive, with the first name "Stephen" and last name "Cooper" being the most legible parts. There is a horizontal line drawn through the middle of the signature.

Stephen R. Cooper, City Attorney

RESOLUTION NO. 25-1617.1

A RESOLUTION OF THE MAYOR AND ELOY CITY COUNCIL CORRECTING SCRIVENER'S ERROR IN RESOLUTION NO. 25- 1617 REGARDING A NOTICE OF INTENTION TO INCREASE RATES AND CHARGES OF THE POTABLEWATER SYSTEM FOR THE CITY AND RENUMBERING SAID RESOLUTION AS RESOLUTION NO. 25-1617.1

WHEREAS, the Eloy City Council on May 27, 2025, adopted a Resolution No. 25-1617 Regarding a Notice of Intention to Increase Rates and Charges of the Potable Water System for the City; and,

WHEREAS, it has come to the attention of the Interim City Clerk that there are two Resolution Nos. 25-1617. One resolution addresses a Notice of Intention to Increase Potable Water utility rates, approved on May 27, 2025, and another addresses a Minor General Plan Amendment, Case No. GPA2024-004 Eloy Commons South approved on August 11, 2025; and

WHEREAS, the Eloy City Council has determined that the scrivener or typographical errors considered in context are insubstantial; and,

WHEREAS, the Eloy City Council nonetheless desires to correct the scrivener's error in the Numbering of Resolution 25-1617.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Eloy City Council that Resolution No. 25-1617, Regarding a Notice of Intention to Increase Rates and Charges of the Potable Water System for the City, is hereby Renumbered as Resolution No. 25-1617.1.

BE IT FURTHER RESOLVED by the Mayor and Eloy City Council that Resolution No. 25-1617, Regarding a Minor General Plan Amendment Case No. GPA2024-004 Eloy Commons South shall not be affected by this Resolution.

BE IT FURTHER RESOLVED by the Mayor and Eloy City Council, Pinal County, that the above-referenced corrections are effective nunc pro tunc to May 27, 2025.

PASSED AND ADOPTED by the City of Eloy, Arizona, Mayor and Council, this ____th day of August, 2026.

BY:

Andrew Sutton, Mayor

ATTEST:

APPROVED AS TO FORM:

Michelle Hall, Interim City Clerk

Stephen Cooper, City Attorney

CITY OF ELOY

REQUEST FOR COUNCIL ACTION

Agenda Item: **VII.D.**

Date: **8/24/2026**

Date submitted:
08/05/2026

Action: Resolution

Subject: A Resolution of the Mayor and Eloy City Council Correcting Scrivener's Error in Resolution No. 25-1621 regarding an Application for Proposition 202 Grant Funds for Purchasing one (1) SCBA/Equipment Washer for the Eloy Fire District and Renumbering said resolution as Resolution No.25-1621.1

Date requested:
8/24/2026

TO: Mayor and City Council

FROM:

RECOMMENDATION:

Staff recommends adoption of Resolution No. 25-1621.1, correcting Scrivener's Error in Resolution No. 25-1621 regarding an application for Proposition 202 grant funds for purchasing one (1) SCBA/Equipment washer for the Eloy Fire District and renumbering said resolution as Resolution No.25-1621.1

DISCUSSION:

The City Attorney was advised by the Interim City Clerk that she had discovered the scrivener's errors in the numbering of approximately four (4) resolutions. Specifically, these four resolutions had each been assigned a number that had already been used for a prior resolution, resulting in duplicate resolution numbers.

City Staff is submitting these four resolutions for Council approval to assign each one a new, corrected resolution number. Each resolution will remain effective as of its original date of passage by the City Council. The other resolution, which was passed with the same resolution number, will not be affected by this amended resolution.

It has come to the attention of the Interim City Clerk that there are two Resolutions, Nos. 25-1621. One resolution addresses an Application for Proposition 202 Grant Funds from the Ak Chin Indian Community in the amount of \$32,518.00 for the use of funds towards the Costs of Purchasing One (1) SCBA/Equipment Washer for the Eloy Fire District approved on June 23, 2025, and one that was a Development Agreement with CCAZ Holdings, L.L.C. Contract No. 2025-011-COE approved on August 11, 2025.

FISCAL IMPACT:

Approved as to Form:

A handwritten signature in blue ink, appearing to read "Stephen R. Cooper", is written over a solid black horizontal line.

Stephen R. Cooper, City Attorney

RESOLUTION NO. 25-1621.1

A RESOLUTION OF THE MAYOR AND ELOY CITY COUNCIL CORRECTING SCRIVENER'S ERROR IN RESOLUTION NO. 25- 1621 REGARDING AN APPLICATION FOR PROPOSITION 202 GRANT FUNDS FOR PURCHASING ONE (1) SCBA/EQUIPMENT WASHER FOR THE ELOY FIRE DISTRICT AND RENUMBERING SAID RESOLUTION AS RESOLUTION NO. 25-1621.1

WHEREAS, the Eloy City Council on June 23, 2025, adopted a Resolution No. 25-1621 Regarding a Submission of an Application for Proposition 202 Grant Funds from the Ak Chin Indian Community in the amount of \$32,518.00 for the use of funds towards the Costs of Purchasing One (1) SCBA/Equipment Washer for the Eloy Fire District; and,

WHEREAS, it has come to the attention of the Interim City Clerk that there are two Resolution Nos. 25-1621. One resolution addresses an Application for Proposition 202 Grant Funds from the Ak Chin Indian Community in the amount of \$32,518.00 for the use of funds towards the Costs of Purchasing One (1) SCBA/Equipment Washer for the Eloy Fire District approved on June 23, 2025 and one that was a Development Agreement with CCAZ Holdings, L.L.C. Contract No. 2025-011-COE approved on August 11, 2025; and,

WHEREAS, the Eloy City Council has determined that the scrivener or typographical errors considered in context, are insubstantial; and,

WHEREAS, the Eloy City Council, nonetheless, desires to correct the scrivener error contained within the Numbering of Resolution 25-1621.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Eloy City Council that Resolution No. 25-1621, an Application for Proposition 202 Grant Funds from the Ak Chin Indian Community in the amount of \$32,518.00 for the use of funds towards the Costs of Purchasing One (1) SCBA/Equipment Washer for the Eloy Fire District is hereby Renumbered as Resolution No. 25-1621.1.

BE IT FURTHER RESOLVED by the Mayor and Eloy City Council that Resolution No. 25-1621, Regarding a Development Agreement with CCAZ Holdings, L.L.C. Contract No. 2025-011-COE shall not be affected by this Resolution.

BE IT FURTHER RESOLVED by the Mayor and Eloy City Council, Pinal County, that the above-referenced corrections are effective nunc pro tunc to June 23, 2025.

PASSED AND ADOPTED by the City of Eloy, Arizona Mayor and Council, this _th day of August, 2026.

BY:

Andrew Sutton, Mayor

ATTEST:

APPROVED AS TO FORM:

Michelle Hall, Interim City Clerk

Stephen Cooper, City Attorney

CITY OF ELOY

REQUEST FOR COUNCIL ACTION

Agenda Item: VII.E.

Date: 8/24/2026

Date submitted:
08/05/2026

Action: Resolution

Subject: A Resolution of the Mayor and Eloy County Council Correcting the scrivener's error in resolution no. 25-1631 regarding an Application for a Conditional Use Permit to allow outdoor storage on the properties located at 4650 and 4712 N. Tumbleweed Road, Eloy, Arizona, case no. cup 2025-005, Desert Septic, and renumbering said resolution as resolution no. 25-1631.1

TO: Mayor and City Council

FROM:

RECOMMENDATION:

Staff recommends the adoption of Resolution No. 25-1631.1

DISCUSSION:

The City Attorney was advised by the Interim City Clerk that she had discovered scrivener's errors in the numbering of approximately four (4) resolutions. Specifically, these four resolutions had each been assigned a number that had already been used for a prior resolution, resulting in duplicate resolution numbers.

City Staff is submitting these four resolutions for Council approval to assign each one a new, corrected resolution number. Each resolution will remain effective as of its original date of passage by the City Council. The other resolution, which was passed with the same number, will not be affected by this amended resolution.

It has come to the attention of the Interim City Clerk that there are two Resolutions, Nos. 25-1631. One resolution addresses a Conditional Use Permit to Allow Outdoor Storage on the properties located at 4650 and 4712 N. Tumbleweed Road, Eloy, Arizona, Case No. CUP2025-005, Desert Septic approved on September 8, 2025, and one that was a Resolution Authorizing an Application to the Arizona Smart Fund for a Grant for Design and other Engineering Services/Match/Grant

FISCAL IMPACT:

Approved as to Form:

A handwritten signature in blue ink, appearing to read "Stephen R. Cooper". The signature is fluid and cursive, with the first name "Stephen" and last name "Cooper" being the most legible parts. There is a horizontal line drawn through the middle of the signature.

Stephen R. Cooper, City Attorney

RESOLUTION NO. 25-1631.1

A RESOLUTION OF THE MAYOR AND ELOY CITY COUNCIL CORRECTING SCRIVENER'S ERROR IN RESOLUTION NO. 25- 1631 REGARDING AN APPLICATION FOR A CONDITIONAL USE PERMIT TO ALLOW OUTDOOR STORAGE ON THE PROPERTIES LOCATED AT 4650 and 4712 N. TUMBLEWEED ROAD ELOY, ARIZONA CASE NO. CUP 2025-005 DESERT SEPTIC AND RENUMBERING SAID RESOLUTION AS RESOLUTION NO. 25-1631.1

WHEREAS, the Eloy City Council on September 8, 2025, adopted a Resolution No. 25-1631 Regarding a Conditional Use Permit to Allow Outdoor Storage on the properties located at 4650 and 4712 N. Tumbleweed Road Eloy Arizona Case No. CUP2025-005 Desert Septic; and,

WHEREAS, it has come to the attention of the Interim City Clerk that there are two Resolution Nos. 25-1631. One resolution addresses a Conditional Use Permit to Allow Outdoor Storage on the properties located at 4650 and 4712 N. Tumbleweed Road Eloy Arizona Case No. CUP2025-005, Desert Septic approved on September 8, 2025 and one that was a Resolution Authorizing an Application to the Arizona Smart Fund for a Grant for Design and other Engineering Services/Match/Grant Development and Submission pursuant to Title 28, Chapter 2, Article 2, Arizona Revised Statutes and Declaring an Emergency approved on August 11, 2025; and,

WHEREAS, the Eloy City Council has determined that the scrivener or typographical errors considered in context, are insubstantial; and,

WHEREAS, the Eloy City Council, nonetheless, desires to correct the scrivener error contained within the Numbering of Resolution 25-1631.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Eloy City Council that Resolution No. 25-1631, Conditional Use Permit to Allow Outdoor Storage on the properties located at 4650 and 4712 N. Tumbleweed Road Eloy Arizona Case No. CUP2025-005, Desert Septic approved on September 8, 2025 is hereby Renumbered as Resolution No. 25-1631.1.

BE IT FURTHER RESOLVED by the Mayor and Eloy City Council that Resolution No. 25-1631, Regarding a Resolution Authorizing an Application to the Arizona Smart Fund for a Grant for Design and other Engineering Services/Match/Grant Development and Submission pursuant to Title 28, Chapter 2, Article 2, Arizona Revised Statutes and Declaring an Emergency shall not be affected by this Resolution.

BE IT FURTHER RESOLVED by the Mayor and Eloy City Council, Pinal County, that the above-referenced corrections are effective nunc pro tunc to September 8, 2025.

PASSED AND ADOPTED by the City of Eloy, Arizona Mayor and Council, this _th day of August, 2026.

BY:

Andrew Sutton, Mayor

ATTEST:

APPROVED AS TO FORM:

Michelle Hall, Interim City Clerk

Stephen Cooper, City Attorney

CITY OF ELOY

REQUEST FOR COUNCIL ACTION

Agenda Item: **VII.F.**

Date: **8/24/2026**

Date submitted:
08/17/2026

Action: Ordinance

Subject: An Ordinance 26-1005 of the Mayor and City Council of the City of Eloy, Pinal County, Arizona, Adding Section 12-2(D) to the Eloy City Code Authorizing the City Attorney and City Clerk to Correct Scrivener's Errors in the City Code, Ordinances, Resolutions, and Minutes Adopted by the City Council or Other Public Body; Repealing Conflicting Provisions, and Setting an Effective Date.

Date requested:
8/24/2026

TO: Mayor and City Council

FROM:

RECOMMENDATION:

Staff recommends the adoption of Ordinance No. 26-1005, adding Section 12-2(D) to the Eloy City Code, authorizing the City Attorney and City Clerk to correct scrivener's errors in the City Code, ordinances, resolutions, and minutes adopted by the City Council or other public body, without the need for re-adoption.

DISCUSSION:

The Interim City Clerk discovered scrivener's errors in the numbering of four resolutions adopted in 2025, each of which had been assigned a resolution number that had already been used for a prior resolution. Each of these duplicate numbering errors required Council to separately adopt a corrective resolution renumbering the affected item.

Going forward, the City Clerk's Office will monitor the issuance of resolution and ordinance numbers to help prevent duplicate assignments. City Staff is also submitting this corrective Ordinance for Council's approval to establish a standing procedure for addressing any scrivener's errors that may still occur.

To address the recurrence of this issue and provide a standing procedure for correcting similar clerical errors going forward, City Staff and the City Attorney's Office have prepared this Ordinance adding Section 12-2(D) to the Eloy City Code. The Ordinance authorizes the City Attorney and City Clerk to correct scrivener's errors defined to include misspellings, grammatical errors, numbering errors, cross-referencing errors, and inconsistencies with the City's adopted style rules, in the City Code, ordinances, resolutions, and minutes, without requiring the underlying item to be re-adopted by Council.

Each correction made under this authority must be accompanied by a scrivener's note and reported to Council within three months at a regular meeting. The Ordinance further provides that no correction made under this authority may constitute a substantive alteration, or otherwise change the meaning, intent, or effect, of the originally adopted item; any correction that would substantively alter the original action still requires formal action by the City Council or applicable public body.

FISCAL IMPACT:

None. This Ordinance establishes an administrative correction procedure and has no fiscal impact to the City.

Approved as to Form:

A handwritten signature in blue ink, appearing to read "Stephen R. Cooper", is written over a solid black horizontal line.

Stephen R. Cooper, City Attorney

ORDINANCE NO.: 26-1005

AN ORDINANCE OF THE MAYOR AND CITY COUNCIL OF THE CITY OF ELOY, PINAL COUNTY, ARIZONA, ADDING SECTION 12-2 (D) TO THE ELOY CITY CODE AUTHORIZING THE CITY ATTORNEY AND CITY CLERK TO CORRECT SCRIVENER'S ERRORS IN THE CITY CODE, ORDINANCES, RESOLUTIONS, AND MINUTES ADOPTED BY THE CITY COUNCIL OR OTHER PUBLIC BODY; REPEALING CONFLICTING PROVISIONS, AND SETTING AN EFFECTIVE DATE.

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ELOY, ARIZONA, AS FOLLOWS:

SECTION I. SECTION 12-2 (D) IS ADDED TO THE ELOY CITY CODE AS FOLLOWS:

D. AUTHORITY TO CORRECT SCRIVENER'S ERRORS. The City Attorney and City Clerk are hereby each individually authorized to correct scrivener's errors in the City Code, ordinances, resolutions, and minutes adopted by the City Council or other public body without the need for re-adoption of the City Code provision, ordinance, resolution, or minutes.

1. For the purposes of this Section, a **scrivener's error** includes one (1) or more of the following:

1. A misspelling;
2. A grammatical error;
3. A numbering error;
4. A cross-referencing error; or
5. An inconsistency with the rules of style adopted for the reformatted Eloy Code.

2. A correction to an ordinance, resolution, or minutes shall be accompanied by a scrivener's note on or attached to the corrected ordinance, resolution, or minutes. Any such correction shall be reported within three (3) months of such correction at a regular meeting of the City Council.

3. Corrections to complete sections of the City Code shall be noted therein.

4. No correction made under this authority shall constitute a substantive alteration of, or otherwise change the meaning, intent, or effect of, the originally adopted City Code provision, ordinance, resolution, or minutes. Any correction that would substantively alter the meaning, intent, or effect of the original action shall require formal action by the City Council or the applicable public body.

Section No. 2: Any provision of the City of Eloy Municipal Code, all Ordinances and/or parts of Ordinances in conflict with the provisions of this Ordinance or any part thereof adopted herein by this reference are hereby repealed.

Section No. 3: If any section, subsection, sentence, clause, phrase or portion of this Ordinance or any part of the code adopted herein by this reference is for any reason held to be invalid or unconstitutional by the decision of any Court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

Section No. 4: The passage of this Ordinance is effective thirty (30) days after the passage of this Ordinance by the Eloy City Council.

PASSED AND ADOPTED by the Mayor and City Council of the City of Eloy, Arizona, on this 24th day of August, 2026.

BY:

Andrew Sutton, Mayor

ATTEST:

Michelle Hall, Interim City Clerk

APPROVED AS TO FORM:

Stephen R. Cooper, City Attorney

**CITY OF ELOY
REQUEST FOR COUNCIL ACTION**

Agenda Item: **VIII.A.**

Date: **8/24/2026**

Date submitted:
08/14/2026

Action: Formal

Subject: Annette Gaston, from PFM Asset Management, LLC, will make a presentation on the City's investment portfolio as of June 30, 2026.

Date requested:
8/24/2026

TO: Mayor and City Council

FROM: Brian Wright, Finance Director

RECOMMENDATION:

Annette Gaston of PFM Asset Management will present to the City Council the City's Investment Portfolio as of June 30, 2026.

DISCUSSION:

PFM Assets Management has been the City's Investment Advisor since 2015. Annette Gaston will present the City Investment Portfolio and update the City Council on current economic conditions.

FISCAL IMPACT:

None

Approved as to Form:



Stephen R. Cooper, City Attorney

City of Eloy

Investment Portfolio Summary Quarter Ending June 30, 2026

Annette Gaston, Director

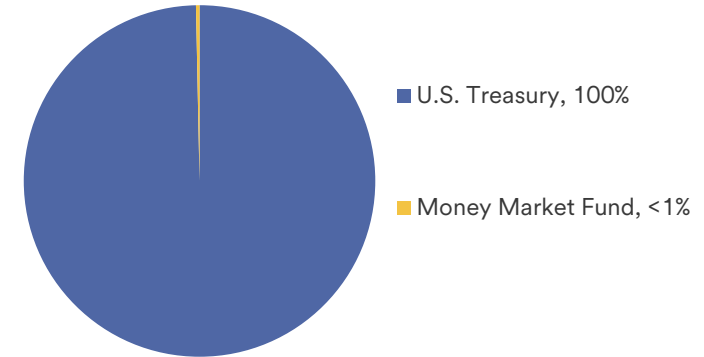
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A division of U.S. Bancorp Asset Management, Inc.

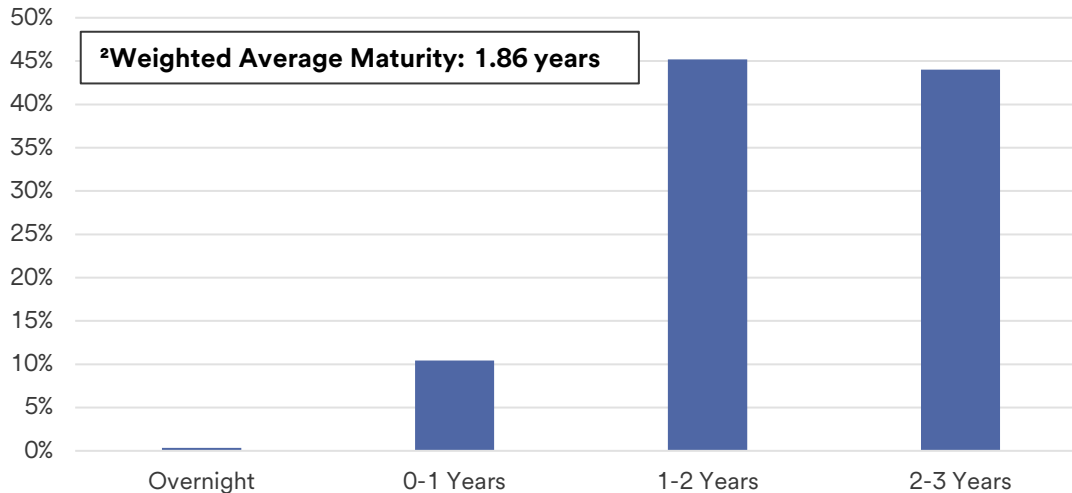
pfmam.com

Account Summary	Ending Value as of 3/31/26	Ending Value as of 6/30/26
Market Value ¹	\$35,021,546.12	\$35,184,545.46
Book Value ¹	\$35,004,355.91	\$35,387,962.13
Unrealized Gain/(Loss)	\$17,190.21	(\$203,416.67)
Market Yield	3.82%	4.16%
Yield at Cost	3.97%	3.91%

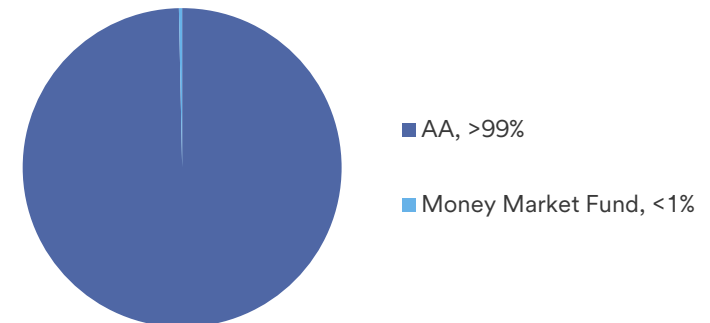
Sector Distribution



Maturity Distribution



Credit Quality (S&P Ratings)



1. Market Value and Book Value exclude accrued interest and include \$115,295.23 in Money Market Funds as of 06/30/2026.
2. Weighted average maturity includes cash balances and uses book values for weighting. Accrued interest is excluded.

Security Type and Issuer Compliance^{1,2}

City of Eloy as of
06/30/26

Security Type	Book Value	% of Portfolio Permitted by Policy	
U.S. Treasury	\$35,272,666.90	100%	100%
Money Market Fund	\$115,295.23	<1%	100%
Total Book Value	\$35,387,962.13	100%	

Maturity Bucket	Portfolio	% of Portfolio Permitted by Policy	
Overnight	\$115,295	0.33%	No Limit
0-6 Months	\$0	0.00%	No Limit
6-12 Months	\$3,696,247	10.44%	No Limit
1-2 Years	\$15,995,871	45.20%	No Limit
2-3 Years	\$15,580,550	44.03%	No Limit
Total Book Value	\$35,387,962.13	100%	

Issuer	Book Value	% of Portfolio	Permitted by Policy
United States Treasury	\$35,272,666.90	100%	100%
Money Market Fund	\$115,295.23	<1%	100%
Total Book Value	\$35,387,962.13	100%	

Accrual Basis Earnings	4/1/2026 through 6/30/2026
Estimated Earnings	\$359,808
Total Estimated Earnings	\$359,808

1. Investment policy dated April 2015.
2. Maturity distribution does not include accrued interest.

Current Market Themes

- ▶ U.S. growth remains resilient as AI-driven investment offsets a moderating consumer
 - ▶ Headline inflation may be at or near its peak as the energy shock fades, though flare-ups in the Middle East conflict and potential delayed passthroughs to core inflation remain key risks
 - ▶ The labor market is in balance, though real wage growth remains modest
 - ▶ AI investment continues to drive growth while fueling inflation in tech-related categories
- ▶ The Federal Reserve (Fed) left policy rates unchanged at 3.50-3.75%
 - ▶ New Fed Chair Kevin Warsh stressed restoring price stability
 - ▶ Forward guidance was removed to refocus markets on economic fundamentals and incoming data rather than the Fed's policy response
 - ▶ Nine participants projected a 2026 rate hike though Warsh did not submit projections
- ▶ Treasury yields moved higher on a more hawkish Fed
 - ▶ Given current pricing of Fed rate hikes, we continue to find value in the front end
 - ▶ Longer-term rates face two-sided risks from inflation and growth dynamics
 - ▶ Credit spreads remain tight as resilient growth, stable labor conditions, and strong demand outweigh valuation concerns

Market Outlook

- The Federal Reserve (Fed) unanimously voted to keep the federal funds target range at 3.50%–3.75% during Kevin Warsh's first meeting as Fed Chair. While the policy decision was broadly expected, the meeting marked a notable shift in communication strategy as forward guidance was removed from the policy statement and replaced with a more analytical and data-dependent approach to policymaking.
- Chair Warsh repeatedly affirmed the Fed's commitment to price stability and announced five task forces focused on communications; balance sheet policy; data and analytical frameworks; productivity and employment trends (including AI); and the Fed's inflation framework. While the reviews could meaningfully change how the Fed communicates and evaluates economic conditions, the Committee's 2% inflation target remains outside their scope.
- Inflation remained above the Fed's target in May, though the picture was mixed. Headline PCE rose to 4.1% year-over-year, largely reflecting elevated energy prices. Core PCE increased to 3.4% year-over-year, reflecting ongoing stickiness in services sectors while goods inflation moderated as tariff-related pressures continue to fade. We believe inflation may be at or near its peak as the recent decline in oil and gasoline prices should help moderate energy-related inflation pressures in the months ahead. Potential flare-ups in the Middle East remain a key risk to the outlook.
- Economic growth remained solid on the surface as Q1 GDP was revised up to 2.1% from 1.6%. However, consumer spending made its weakest contribution to GDP since Q1 2022. Business investment remained a bright spot, particularly within technology, software, and AI-related capital spending.
- Labor-market data increasingly pointed toward normalization rather than acceleration. June payroll growth came in below expectations with 57,000 created, while prior months were revised lower. The unemployment rate ticked lower to 4.2%, though the bulk of that decline was the direct result of a declining labor force participation rate. At the same time, job openings remained elevated and layoffs stayed historically low, highlighting a labor market that appears to be cooling gradually rather than deteriorating abruptly. Wage growth continued to moderate and remained below headline inflation, reinforcing concerns surrounding household purchasing power and the durability of consumer spending.

Economic Update



Current Market Themes



- ▶ U.S. growth remains resilient as AI-driven investment offsets a moderating consumer
 - ▶ Headline inflation may be at or near its peak as the energy shock fades, though flare-ups in the Middle East conflict and potential delayed passthroughs to core inflation remain key risks
 - ▶ The labor market is in balance, though real wage growth remains modest
 - ▶ AI investment continues to drive growth while fueling inflation in tech-related categories

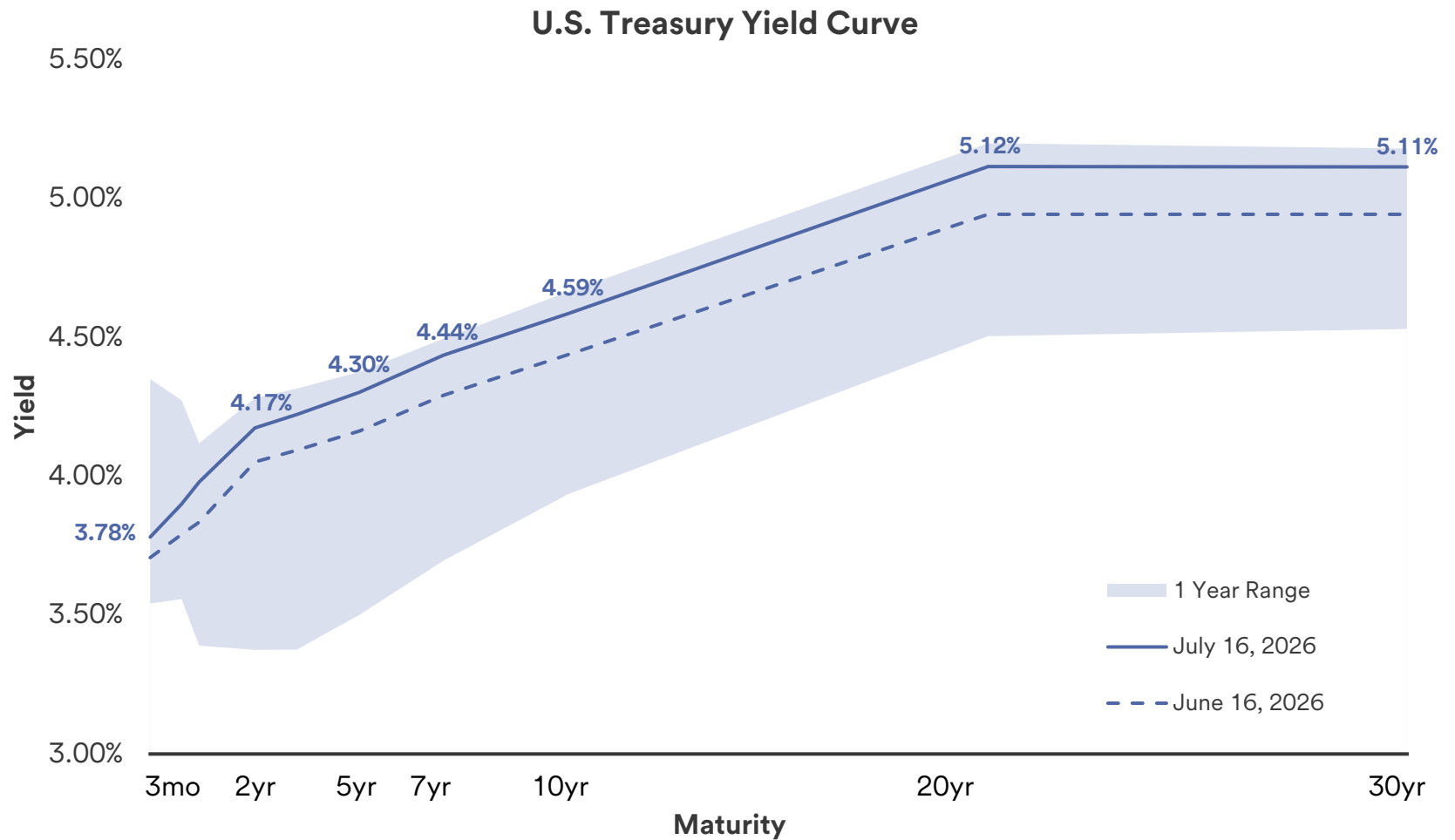


- ▶ The Federal Reserve (Fed) left policy rates unchanged at 3.50-3.75%
 - ▶ New Fed Chair Kevin Warsh stressed restoring price stability
 - ▶ Forward guidance was removed to refocus markets on economic fundamentals and incoming data rather than the Fed's policy response
 - ▶ Nine participants projected a 2026 rate hike though Warsh did not submit projections



- ▶ Treasury yields moved higher on a more hawkish Fed
 - ▶ Given current pricing of Fed rate hikes, we continue to find value in the front end
 - ▶ Longer-term rates face two-sided risks from inflation and growth dynamics
 - ▶ Credit spreads remain tight as resilient growth, stable labor conditions, and strong demand outweigh valuation concerns

Treasury Yields Rise Across the Curve



Source: Bloomberg Finance L.P., as of July 16, 2026.

Factors Shaping Our Economic Outlook

Negative

- ▶ Geopolitical uncertainty and supply chain disruptions
- ▶ Savings rate near record low
- ▶ Increasing retail credit card balances

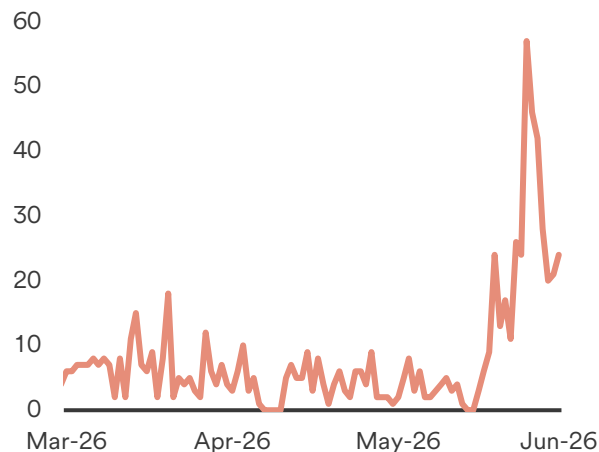
Neutral

- ▶ Fed policy uncertainty
- ▶ Core inflation passthrough from energy shock modest thus far
- ▶ U.S. growth near trend but led by AI investment

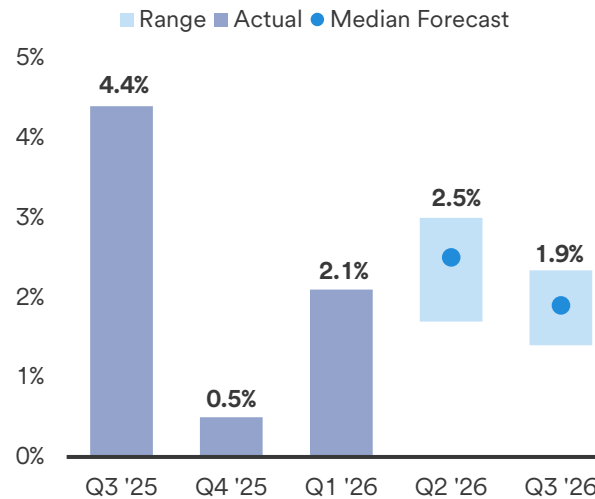
Positive

- ▶ Low layoffs and stable unemployment rate
- ▶ Corporate fundamentals
- ▶ Supportive fiscal policy

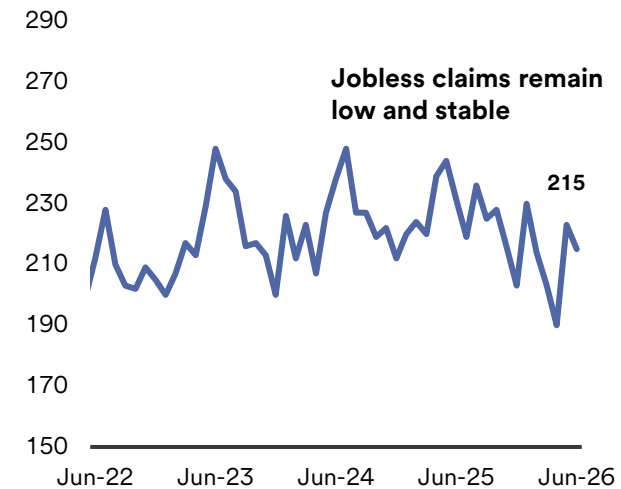
Hormuz Ship Traffic
Daily Volume



U.S. GDP Forecasts



Initial Jobless Claims



Sources: Bloomberg Finance L.P. as of June 30, 2026, Bureau of Economic Analysis as of March 31, 2026, and Department of Labor as of June 19, 2026. Survey responses after June 26, 2026, included in median and forecast range. Shading represents the central 80% of the forecasts.

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