

**LAKE HAVASU CITY, ARIZONA
SERVICES AGREEMENT**

This Services Agreement ("Agreement") is made and entered into by and between Lake Havasu City, an Arizona municipal corporation ("City") and Clothes Closet, Inc. ("Agency"). The Parties agree as follows:

1. TERM

This Agreement commences on February 1, 2026, and terminates as of June 30, 2027. This Agreement may be renewed at the expiration of its term by mutual agreement of both parties. The renewal may be for a maximum of three (3) additional twelve (12) month-periods or less if agreeable to both Parties.

2. AGENCY RESPONSIBILITIES

2.1. Assistance to City Problem-Solving Court Participants, City Court justice involved individuals, and City Police Department contacts:

A. Agency agrees to provide the following services to City Problem-Solving Court Participants, City Court justice involved individuals, and City Police Department contacts.

- i. Laundry Services
- ii. Cooling/Warming Stations
- iii. Transportation Coordination
- iv. Clothing and hygiene products
- v. Internet and Computer workstation
- vi. Showers

B. Agency agrees to provide space for service agencies to perform intake services and provide educational and support programs for individuals in need.

3. CITY RESPONSIBILITIES

3.1. City agrees to provide a list of City Problem-Solving Court Participants to Agency as needed.

3.2. City agrees to compensate Agency as follows:

City agrees to provide funding to Agency in the amount of \$60,000 per fiscal year. The funds provided will be released to Agency by City in four (4) equal disbursements, issued on or about the third Friday of August, November, February and May after the required quarterly reports are received. Any funds not spent in accordance with the terms and conditions of this Agreement shall be refunded to City within thirty (30) days of the date of demand made upon Agency by City for those funds.

4. REPORTING REQUIREMENTS

4.1. Agency agrees to submit quarterly reports to City including: number of individuals served (include repeat individuals); total Community Resource Team forms; total Community Resource Team referrals; total grant applications submitted; total grant funds received; and total educational and support programs provided. Quarterly reports are to be submitted per the following schedule:

City Contract # 500757

Report Period	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr / FYE
Due Date	Jul 1 - Sep 30	Oct 1 - Dec 31	Jan 1 - Mar 31	Apr 1 - Jun 30
	Nov. 15	Feb. 15	May 15	Aug. 15

- 4.2. For the first quarterly report, the reporting period will be February 1, 2026, through March 31, 2026, with the quarterly report due on May 15, 2026.
- 4.3. Quarterly reports must be submitted before the corresponding quarterly funds are issued to Agency.
- 4.4. Agency agrees to make presentations to the Mayor and City Council as reasonably requested by the City. Presentations may include a report of Agency activities under this Agreement and any other information the Agency wishes to provide or any specific information requested by the City Council.
- 4.5. All reports and related supporting documents shall be filed with the Lake Havasu City Court, 92 Acoma Blvd. N., Lake Havasu City, AZ 86403. City may, at its sole discretion, withhold payments if Agency fails to fulfill its responsibilities under this Agreement.

5. AGENCY'S STATUS

- 5.1. It is understood and agreed by the parties that Agency is and shall remain an independent contractor under this Agreement and that Agency shall be liable to City for any financial liability arising from any finding to the contrary by any forum of competent jurisdiction.
- 5.2. Agency agrees to comply with Lake Havasu City Code Chapter 3.30, Employment of Unauthorized Aliens.
- 5.3. If applicable, Agency warrants compliance with ARS § 41-4401 and that it is compliant with all federal immigration laws. Breach of this section is a material breach of this Agreement.
- 5.4. Agency must comply with ARS §§ 1-501 and 1-502 with regard to demonstrating lawful legal presence in the United States when applying to receive a local public benefit.

6. CONFLICT OF INTEREST

- 6.1. Agency stipulates that its officers and employees do not now have a conflict of interest and further agrees for itself, its officers, and its employees that it will not agree to or accept employment for the performance of any work or services with any individual business, corporation, or government unit that would create a conflict of interest in the performance of its obligations pursuant to this Agreement.
- 6.2. This Agreement may be cancelled pursuant to ARS § 38-511.

7. LIABILITY AND INDEMNITY

- 7.1. Nothing in this Agreement shall be construed to give any person other than City and Agency any legal or equitable right, remedy or claim under this Agreement; but it shall be held to be for the sole and exclusive benefit of City and Agency.
- 7.2. Agency agrees to indemnify, defend, save and hold harmless City, its departments, agencies, boards, commissions, officers, officials, agents, volunteers, and employees (hereinafter referred to as "Indemnitee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Agency or any of its owners, officers, directors, agents, employees, or contractors. This Indemnity includes any claim or amount arising out of or recovered under the Workers' Compensation law or arising out of the failure of such Agency to conform to any federal, state, or local law, statute, ordinance, rule, regulation, or court decree. It is the specific intention of the parties that the Indemnitee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnitee, be indemnified by Agency from and against any and all claims. It is agreed that

Agency will be responsible for primary loss investigation, defense, and judgment costs where this indemnification is applicable.

7.3 Agency shall procure and maintain until all of their obligations under this Agreement have been discharged, insurance as outlined below. The *insurance requirements* herein are minimum requirements for this Agreement and in no way limit the indemnity covenants contained in this Agreement. The City in no way warrants that the minimum limits contained herein are sufficient to protect the Agency from liabilities that might arise out of the performance of the services under this Agreement by Agency, and Agency is free to purchase additional insurance.

A. GENERAL LIABILITY

1. Each Claim	\$1,000,000
2. Annual Aggregate	\$2,000,000

- i. In the event that the general liability insurance required by this Agreement is written on a claims-made basis, Agency warrants that any retroactive date under the policy shall precede the effective date of this Agreement; and that either continuous coverage will be maintained or an extended discovery period will be exercised for a period of two (2) years beginning at the time work under this Agreement is completed.
- ii. The policy shall cover negligent acts, errors or omissions arising from delivery of the services under this Agreement.

B. NOTICE OF CANCELLATION: Each insurance policy required by the insurance provisions of this Agreement shall not be suspended, voided, cancelled, reduced in coverage or in limits without ten (10) business days written notice to the City. Such notice shall be mailed directly to Lake Havasu City, City Attorney/Contracts, 2330 McCulloch Blvd. North, Lake Havasu City, Arizona 86403 and shall be sent by certified mail, return receipt requested.

C. ACCEPTABILITY OF INSURERS: Insurance is to be placed with duly licensed or approved non-admitted insurers in the state of Arizona with an "A.M. Best" rating of not less than A- VII. The State of Arizona in no way warrants that the above-required minimum insurer rating is sufficient to protect Agency from potential insurer insolvency.

D. VERIFICATION OF COVERAGE:

- 1. Agency shall furnish City with certificates of insurance as required by this Agreement. The certificates for each insurance policy are to be signed by a person authorized by that insurer to issue coverage on its behalf.
- 2. All certificates and endorsements are to be received and approved by City at least ten (10) days before work commences. Each insurance policy required by this Agreement must be in effect at or prior to commencement of services under this Agreement and remain in effect for the duration of the Agreement. Failure to maintain the insurance policies as required by this Agreement, or to provide evidence of renewal, is a material breach of contract.
- 3. All certificates required by this Agreement shall be sent directly to Lake Havasu City, City Attorney/Contracts, 2330 McCulloch Blvd. North, Lake Havasu City, Arizona 86403. The contract number and description shall be noted on the certificate of insurance. City reserves the right to require complete, certified copies of all insurance policies required by this Agreement at any time.

E. APPROVAL: Any modification or variation from the insurance requirements in this Agreement shall be made by the contracting agency in consultation with the Risk Management Division. Such action will not require a formal Agreement amendment, but may be made by administrative action.

8. DISCRIMINATION

Agency shall not discriminate on the grounds of race, color, sex, religion, age, disability status, or national origin with respect to the programs and services it maintains and provides. Violation of this section will result in automatic termination of this Agreement and Agency must promptly repay to City all funds provided and distributed pursuant to this Agreement.

9. NON-APPROPRIATION OF FUNDS

The Parties acknowledge that the funds to be distributed pursuant to this Agreement are tax funds. In the event that the projected income is not attained, there is a possibility that some or all of the funds set

forth herein will not be available. In the event income falls short of the projected income, City may, in its sole discretion, reduce or delete some of the funding set forth in this Agreement. City will give as much notice as possible if the amount of the funding must be reduced. Should City be unable to provide some or all of the funding set forth in this Agreement, following notice of same to Agency by City, the Parties agree this Agreement automatically will be amended or cancelled to reflect said change without further action and without penalty to either Party.

11. NOTICE

Any notice provided herein shall be given to City by delivery of the same personally to the City to the address below, or by causing the same to be mailed by certified mail addressed to Lake Havasu City Court, 92 Acoma Boulevard South, Lake Havasu City, AZ 86403. Any notice directed to Agency shall be mailed by ordinary mail to the Agency at the address given below in this instrument, or at such other address as may be furnished to City in writing.

12. ASSIGNMENT

Agency may not assign its rights in this Agreement without the written consent of City; and it shall extend to and be binding upon the heirs, executors, administrators, successors, and assigns of the Parties hereto.

13. PARTIAL INVALIDITY

If any term, covenant, condition, or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby.

14. GOVERNING LAW

The laws of the State of Arizona shall be applied in interpreting and construing this Agreement.

15. WAIVER OF PERFORMANCE

No failure by City or Agency to insist upon the strict performance of any term or condition hereof or to exercise any right, power or remedy consequent upon a breach thereof and no submission by Agency or acceptance by City during the continuance of any such breach shall constitute a waiver of any such breach or of any such term. No waiver of any breach shall affect or alter this Agreement, which shall constitute in full force and effect, nor the respective rights of Agency or City with respect to any other then existing or subsequent breach.

16. NO PARTNERSHIP; NO THIRD PARTY RIGHTS

Nothing contained in this Agreement shall create any partnership, joint venture or other arrangement between City and Agency. Except as expressly provided herein, no term or provision of this Agreement is intended to or shall be for the benefit of any person not a party.

17. SECTION HEADINGS

The section headings contained in this Agreement are for purposes of convenience and reference only and shall not limit, describe or define the meaning, scope or intent of any of the terms or provisions hereof. All grammatical usage herein shall be deemed to refer to the masculine, feminine, neuter, singular, plural as the Agreement may require.

18. TERMINATION CLAUSE

This Agreement may be terminated by either Party upon ninety (90) days written notice to the other Party of its intention to terminate. Upon termination, the installment payment for that period shall be calculated on a pro-rata basis to the date of actual termination.

19. ISRAEL

If applicable, Agency certifies that it is not currently engaged in, and agrees for the duration of this

Agreement that it will not engage in, a boycott of goods and services from Israel, as defined in A.R.S. § 35-393.

20. FORCED LABOR OF ETHNIC UYGHURS CERTIFICATION

Agency certifies that it does not currently, and agrees for the duration of the Agreement that it will not, use: (1) the forced labor of ethnic Uyghurs in the People's Republic of China; (2) any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China; or (3) any contractors, subcontractors, or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China. If Agency becomes aware it is not in compliance with this certification, it shall notify the City within five business days after becoming aware. This Agreement will terminate upon failure to remedy the noncompliance within 180 days of the notification. (A.R.S. § 35-394)

21. ENTIRE AGREEMENT

This writing represents the entire agreement of the Parties and merges and supersedes any and all prior understandings, whether oral or written, touching on the subject matter hereto and any amendment or modification hereof shall be effective only if in writing signed by both parties.

22. MULTIPLE ORIGINALS

This Agreement may be signed in duplicate originals for the purpose of providing each party with a completely executed original.

23. SIGNATURES

LAKE HAVASU CITY

Jess Knudson, City Manager

Date

CLOTHES CLOSET, INC.

Signed by:

Christine Watson

Christine Watson, CEO

1/7/2026

Date

APPROVED AS TO FORM:

Lake Havasu City Attorney's Office

DocuSigned by:

kelly Garry

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