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**AGENDA
TOWN OF CAMP VERDE
REGULAR SESSION
MAYOR AND COUNCIL
473 S. MAIN STREET, SUITE 106
WEDNESDAY, NOVEMBER 17, 2021 at 6:30 P.M.**

ZOOM MEETING LINK:

<https://us02web.zoom.us/j/87848009160?pwd=OUNDZIVRNIIQcW5mTkdcM0g1cDBRUT09>

One Tap Mobile: 1-253-215-8782 or 1-346-248-7799

Meeting ID: 878 4800 9160

Passcode: 832818

Note: Council member(s) may attend Council Sessions either in person, by telephone, or internet/video conferencing.

1. **Call to Order**
2. **Roll Call.** Council Members Jackie Baker, Bill LeBeau, Cris McPhail Jessie Murdock, Robin Whatley, Vice Mayor Joe Butner, and Mayor Dee Jenkins.
3. **Pledge of Allegiance**
4. **Consent Agenda** – All those items listed below may be enacted upon by one motion and approved as consent agenda items. Any item may be removed from the Consent Agenda and considered as a separate item if a member of Council requests.
 - a) **Approval of the Minutes:**
 - 1) Regular Session – November 3, 2021 Page 5
 - 2) Regular Executive Session – November 3, 2021 (recorded and on file)
 - b) **Set Next Meeting, Date and Time:**
 - 1) Regular Session – Wednesday December 1, 2021 at 6:30 p.m.
 - 2) Regular Session – Wednesday December 15, 2021 at 6:30 p.m.
 - 3) Regular Session – Wednesday January 5, 2022 at 6:30 p.m.
5. **Call to the Public for items not on the Agenda. (Please complete Request to Speak Card and turn in to the Clerk.)** Residents are encouraged to comment about any matter NOT included on the agenda. State law prevents the Council from taking any action on items not on the agenda. At the conclusion of an open call to the public, individual members of the public body may respond to criticism made by those who have addressed the public body, may ask staff to review a matter or may ask that a matter be put on a future agenda. However, members of the public body shall not discuss or take legal action on matters raised during an open call to the public unless the matters are properly noticed for discussion and

legal action. (Pursuant to ARS §38-431.01(H))

6. **Discussion, Consideration and Possible Approval to submit an application for State Grants in Aid Construction SGIA-C 2022 Grant Funds of \$50,000 to Build the Shelter Canopy for an Automated Library Branch.** Staff Resource: Kathy Hellman Page 13
7. **Discussion, Consideration and Possible Approval of request for funding from CIP Reserve Funds for projects to include screen and recoat Gym floor and stage, repair/replace flooring/ceilings and HVAC in Rooms 204 & 305 and demolish the old Circle K building at end of Main Street.** Staff Resource: Mike Marshall Page 17
8. **Discussion, Consideration and Possible Approval to adopt Resolution 2021-1080, A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF CAMP VERDE, YAVAPAI COUNTY, ARIZONA APPROVING AN APPLICATION FOR FINAL PLAT TO DEVELOP AN 11-LOT RESIDENTIAL SUBDIVISION KNOWN AS “SALT MINE RANCHES” ON APPROXIMATELY 10 ACRES. THE PROPOSED PROJECT IS ZONED R1L-35 (RESIDENTIA: SINGLE-FAMILY LIMITED, 35,000 SQUARE-FOOT MINIMUM LOT SIZE) AT 97 SALT MINE ROAD ON APN 404-01-045, IN CAMP VERDE, YAVAPAI COUNTY, ARIZONA.** Staff Resource: John Knight Page 21
9. **Discussion, Consideration, and Possible Approval to adopt Resolution 2021-1079 - A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF CAMP VERDE, 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 MANAGER AND THE FINANCE DIRECTOR; PROVIDING FOR THE TRANSFER OF CERTAIN MONEYS AND MAKING CERTAIN COVENANTS AND AGREEMENTS WITH RESPECT THERETO; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY SUCH LOAN AGREEMENT AND THIS RESOLUTION AND DECLARING AN EMERGENCY.** Staff Resource Russ Martin Page 33
10. **Call to the Public for items not on the Agenda. (Please complete Request to Speak Card and turn in to the Clerk.)** Residents are encouraged to comment about any matter NOT included on the agenda. State law prevents the Council from taking any action on items not on the agenda. At the conclusion of an open call to the public, individual members of the public body may respond to criticism made by those who have addressed the public body, may ask staff to review a matter or may ask that a matter be put on a future agenda. However, members of the public body shall not discuss or take legal action on matters raised during an open call to the public unless the matters are properly noticed for discussion and legal action. (Pursuant to A.R.S. §38-431.01(H))
11. **Council Informational Reports.** These reports are relative to the committee meetings

that Council members attend. The Committees are: Copper Canyon Fire & Medical District, Yavapai College Governing Board, Yavapai Apache Nation, Intergovernmental Association, NACOG Regional Council, Verde Valley Regional Economic Organization (VVREO), League Resolutions Committee, Arizona Municipal Risk Retention Pool, Verde Valley Transportation Org, Verde Valley Transit Committee, Verde Valley Water Users, Verde Valley Homeless Coalition, Verde Front, Verde Valley Steering Committee of MAT Force, Public Safety Personnel Retirement Board, Phillip England Center for the Performing Arts Foundation. In addition, individual members may provide brief summaries of current events. The Council will have no discussion or take action on any of these items, except that they may request that the item be placed on a future agenda.

12. Manager/Staff Report Individual members of the Staff may provide brief summaries of current events and activities. These summaries are strictly for informing the Council and public of such events and activities. The Council will have no discussion, consideration, or take action on any such item, except that an individual Council member may request that the item be placed on a future agenda.

13. Adjournment

Note: Upon a public majority vote of a quorum of the Town Council, the Council may hold an executive session, which will not be open to the public, regarding any item listed on the agenda but only for the following purposes: (1) Discussion or consideration of personnel matters (A.R.S. §38-431.03(A)(1)); (2) Discussion or consideration of records exempt by law (A.R.S. §38-431.03(A)(2)); (3) Discussion or consultation for legal advice with the attorneys of the public body. (A.R.S. §38-431.03(A)(3)); (4) Discussion or consultation with the attorneys of the public body in order to consider its position and instruct its attorneys regarding the public body's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation (A.R.S. § 38-431.03(A)(4)); (5) Discussion or consultation with designated representatives of the public body to consider its position and instruct its representatives regarding negotiations with employee organizations (A.R.S. §38-431.03(A)(5)); (6) Discussion, consultation or consideration for negotiations by the town or its designated representatives with members of a tribal council, or its designated representatives, of an Indian reservation located within or adjacent to the city (A.R.S. §38-431.03(A)(6)); (7) Discussion or consultation with designated representatives of the town to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property (A.R.S. §38-431.03(7)).

CERTIFICATION OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at the Town of Camp Verde and Bashas on 11-12-2021 at 9:00 a.m. in accordance with the statement filed by the Camp Verde Town Council with the Town Clerk

Cindy Pemberton

Cindy Pemberton, Town Clerk

Pursuant to A.R.S. §38-431.01 Meetings shall be open to the public - All meetings of any public body shall be public meetings and all persons so desiring shall be permitted to attend and listen to the deliberations and proceedings. All legal action of public bodies shall occur during a public meeting. The Town of Camp Verde Council Chambers is accessible to persons with disabilities. Those with special accessibility or accommodation needs, such as large typeface print, may request these at the Office of the Town Clerk at 928-554-0021.

DRAFT MINUTES
TOWN OF CAMP VERDE
REGULAR SESSION
MAYOR AND COUNCIL
473 S MAIN STREET, SUITE 106
WEDNESDAY, NOVEMBER 3, 2021 at 6:30 P.M.

Note: Council member(s) may attend Council Sessions either in person or by telephone, video, or internet conferencing.

1. Call to Order

Mayor Dee Jenkins called the meeting to order at 6:30 p.m.

2. Roll Call

Mayor Dee Jenkins, Vice Mayor Joe Butner, Councilor Bill LeBeau, Councilor Robin Whatley, Councilor Jesse Murdock, and Councilor Cris McPhail are present. Councilor Jackie Baker is absent.

Also Present

Town Manager Russ Martin, Town Clerk Cindy Pemberton, and Rec Secretary Jennifer Reed.

3. Pledge of Allegiance

Councilor McPhail led the Pledge.

4. Consent Agenda – All those items listed below may be enacted upon by one motion and approved as consent agenda items. Any item may be removed from the Consent Agenda and considered as a separate item if a member of Council requests.

a) Approval of the Minutes:

1. Work Session – October 13, 2021
2. Regular Session – October 20, 2021
3. Special Session – October 27, 2021
4. Special Executive Session – October 27, 2021 (recorded & on file)

b) Set Next Meeting, Date and Time:

2. Regular Session – Wednesday, November 17, 2021 at 6:30 p.m.
3. Regular Session – Wednesday, December 1, 2021 at 6:30 p.m.
4. Regular Session – Wednesday, December 15, 2021 at 6:30 p.m.

c) Approval and Possible Appointment of Veronica Pineda as Assistant Magistrate.

Vice Mayor Butner had some corrections: to the:

1. In the October 13, 2021 Work Session Minutes on page 5, about midway down the sentence should say, "*Vice Mayor Joe Butner mentioned that the ~~Town~~*

County used to have some modular buildings that they rotated around and utilized.”

2. In the October 20, 2021 Regular Session Minutes on page 7 in Councilor McPhail’s report, the spelling of Amanda’s last name should be Honwyte
3. In the October 20, 2021 Regular Session Minutes on page 8 in Vice Mayor Butner’s report, the sentence should read, “Improvements to the shoulder of Middle Verde Road ~~may~~ **could** be problematic.”
4. In the October 20, 2021 Regular Session Minutes on page 8 in Mayor Jenkins report the spelling of the Senator’s last name should be spelled, Sinema.

Motion made by Vice Mayor Butner to approve the consent agenda with the minutes as corrected. Second was made by Councilor McPhail. **Motion** carried 6-0.

Mayor Jenkins would like to move agenda Item 9 to right before Item 13.

5. **Call to the Public for items not on the Agenda. (Please complete Request to Speak Card and turn in to the Clerk.) Residents are encouraged to comment about any matter NOT included on the agenda. State law prevents the Council from taking any action on items not on the agenda. At the conclusion of an open call to the public, individual members of the public body may respond to criticism made by those who have addressed the public body, may ask staff to review a matter or may ask that a matter be put on a future agenda. However, members of the public body shall not discuss or take legal action on matters raised during an open call to the public unless the matters are properly noticed for discussion and legal action. (Pursuant to ARS §38-431.01(H))**

John Martinez with the Verde Valley Sinfonietta, gave out booklets on the sinfonietta. He explained a sinfonietta is a smaller, organized orchestra and they perform at the Sedona Performing Arts Center. Their next performance is Sunday, November 7, 2021 at 2:30p.m. You can get more information or purchase tickets at www.vvsinfonietta.org.

Sheri Hauser from the Camp Verde Chamber gave an update.

6. **Special Announcements and presentations**

- **Proclamation Declaring November 27, 2021 as Small Business Saturday**

Mayor Jenkins read the proclamation and declared it so.

7. **Discussion, Consideration and Possible Approval of up to \$135,000 using Gila Communications and Motorola to replace dispatch consoles with New K Core Motorola consoles and accompanying software/hardware.** Staff Resource: Corey Rowley.

Marshal Rowley stated due to recent failure of dispatch consoles have required Gila Communications to temporarily “Band Aide” our current system that is beyond its years and has left them with only one temporary dispatch console. There are no available parts for this equipment that can even be serviced. If our current temporary fix goes down we will absolutely be without dispatch services.

Original funding approved on August 18, 2021 under Gila quote #2046 was \$110,000.00. The replacement equipment in dispatch cost is \$135,000.00 for a total of both not to exceed \$245,000.00. If the replacement is done at the same time as the work on the mountain, it would save on labor funds.

Councilor McPhail asked what funds would be used. Town Manager Russ Martin stated this could come out of the Capital Improvement Fund.

Motion by Councilor Murdock to approve and amend current standard professional services agreement for Communication System work by Gila Communications to replace dispatch consoles with needed software and hardware by adding \$135,000 for a new not to exceed total of \$245,000. Second was made by Councilor McPhail. Motion passes 6-0.

8. Discussion, Consideration and Possible Approval regarding office relocation and potential use of the soon to be vacated Archeological Center at 295 S. Main Street. Staff Resource: Russ Martin

Town Manager Russ Martin stated Economic Development Department gave a proposal to the council to use this space. The lease expires in June. The Town could move the Economic Development Department into the space. Mr. Martin described how the building could be used and the remodeling that would need to be done. Staff is asking to utilize the space in the moment and reorganize the other buildings/office spaces.

Councilor LeBeau did not like the idea of letting the Town occupy the Archeology Center. It is a prime piece of realty on Main Street. He suggests offering incentives to open business' in that spot and to convert it to commercial use asap.

Councilor Whatley said the Town has a severe lack of space. She thinks we need to hold on to every inch of space as we are out of space. She likes the idea of having the Economic Development on Main Street. Open a Business Center like the one in Cottonwood.

Vice Mayor Butner said having the Town occupy the space is the exact opposite step we should take if we want more businesses on Main Street. We do not need more government on Main Street. He gave a number of alternatives for the Economic Development Department to move into.

Motion by Vice Mayor Butner to direct staff to begin the process for sale of the Archeology Center once the center would be completely vacated or the lease is up whichever came first. The consideration for what land would come with the building to ensure adequate parking/access is consistent with zoning/use requirements into the future. Second was made by Councilor LeBeau.

Councilor McPhail is opposed to selling the building. We have opportunity to have more business. The Marshall Office will be available soon after the Justice Center is built. We should use our space wisely.

The motion was clarified and read back into the record by Vice Mayor Butner. *“direct staff to begin the process for sale of the Archeology Center once the center would be completely vacated or the lease is up whichever came first. The consideration for what land would come with the building to ensure adequate parking/access is consistent with zoning/use requirements into the future.”*

Councilor Murdock feels that keeping this building would show case to potential investors in the community. There is more to the Town than Main Street and they are marketable.

Mayor Jenkins researched this item. She does not support the Economic Development Plan. Space is a problem and is needed. Her opinion is to intend to sell it long term but support the Building Department and their growth. Temporarily use the Archeology Center with the caveat of selling it. There are other empty spaces on Main Street. It is the nicest space and would need the least amount of work for buildings on Main Street. Having Economic in front of Public Works would still solve our goal of having them being on Mainstreet and being the face of our marketing development.

The motion was again read back into the record by Vice Mayor Butner. *“direct staff to begin the process for sale of the Archeology Center once the center would be completely vacated or the lease is up whichever came first. With consideration for what land would come with the building to ensure adequate parking/access is consistent with zoning/use requirements into the future.”*

Roll Call Vote:

Mayor Jenkins: no

Vice Mayor Butner: aye

Councilor Whatley: no

Councilor Murdock: no

Councilor Baker: absent

Councilor LeBeau: aye

Councilor McPhail: no

Motion failed 4-2.

Motion by Councilor Murdock to approve the temporary use for a Business Center and relocate Economic Development Center to the Archeological Center as space allows until such time as Town Council directs an alternative use or possible sale. Second was made by Councilor McPhail.

Vice Mayor Butner asked Mayor Jenkins to clarify where she thinks the Economic Department should move to. Mayor Jenkins stated she would support, in the short term, is for Economic Development to move temporarily into the Archeology Center with the goal of them relocating to Public Works at the time the center is sold. This would be temporary. She does not want to hold on to the building indefinitely.

Vice Mayor Butner stated the motion does not say anything about a time frame. Mayor Jenkins stated her understanding is that they plan to remodel Public Works in a year. So the maximum time would be a year.

Vice Mayor Butner would need a limitation stated in the motion for him to support it.

Councilor Murdock didn't want to put a time limit in her motion with everything going on right now. The need is now, there are a lot of moving pieces. The best option is to continue with the property we have now.

The motion was again read back into the record by Councilor Murdock, *“move to approve the temporary use for a Business Center and relocate Economic Development Center to the Archeological Center as space allows until such time as Town Council directs an alternative use or possible sale.”*

Roll Call Vote:

Mayor Jenkins: no

Vice Mayor Butner: aye

Councilor Whatley: no

Councilor Murdock: no

Councilor Baker: absent

Councilor LeBeau: aye

Councilor McPhail: no

Motion failed 4-2.

Motion by Councilor Murdock to approve the temporary use for a Business Center and relocate Economic Development to the Archeological Center as space allows until such time or review upon (1) year as Town Council directs an alternative use or possible sale. Second was made by Councilor McPhail.

Vice Mayor Butner wants to have a time limit on it and not a “review”. He would like the motion to say not to exceed 1 year. He cannot support the motion as presently stated.

Councilor Whatley cannot predict what will happen in the future. She supports reviewing it again in one year.

Councilor Murdock read the definition of review. If it is necessary in a year then we should sell it, if it is not necessary we should hold on to it.

Councilor LeBeau doesn't think if there is no time limit stated then we will never get those offices out of there.

Mayor Jenkins asked the manager for clarification. Would that prompt him to bring this item back to Council in a year to review? Mr. Martin stated yes. We will be talking about this in a budget cycle. It will be formalizing direction to get a formal review to possibly sell or a different use of the property.

Councilor McPhail asked Mr. Martin what happens if something happens in three months? Mr. Martin stated the Council has the opportunity to bring it forward at a meeting.

Public Comment:

Dori Blair, Public Works Analyst, would like the Council to consider that they cannot guarantee to secure the materials to remodel the offices within the year.

Roll Call Vote:

Mayor Jenkins: yes
Vice Mayor Butner: no
Councilor Whatley: yes
Councilor Murdock yes
Councilor Baker: absent
Councilor LeBeau: no
Councilor McPhail: yes

Motion passes 4-2.

10. **Call to the Public for items not on the Agenda. (Please complete Request to Speak Card and turn in to the Clerk.) Residents are encouraged to comment about any matter NOT included on the agenda. State law prevents the Council from taking any action on items not on the agenda. At the conclusion of an open call to the public, individual members of the public body may respond to criticism made by those who have addressed the public body, may ask staff to review a matter or may ask that a matter be put on a future agenda. However, members of the public body shall not discuss or take legal action on matters raised during an open call to the public unless the matters are properly noticed for discussion and legal action. (Pursuant to A.R.S. §38-431.01(H)).**
No public to speak.
11. **Council Informational Reports.** These reports are relative to the committee meetings that Council members attend. The Committees are: Copper Canyon Fire & Medical District, Yavapai College Governing Board, Yavapai Apache Nation, Intergovernmental Association, NACOG Regional Council, Verde Valley Regional Economic Organization (VVREO), League Resolutions Committee, Arizona Municipal Risk Retention Pool, Verde Valley Transportation Org, Verde Valley Transit Committee, Verde Valley Water Users, Verde Valley Homeless Coalition, Verde Front, Verde Valley Steering Committee of MAT Force, Public Safety Personnel Retirement Board, Phillip England Center for the Performing Arts Foundation. In addition, individual members may provide brief summaries of current events. The Council will have no discussion or take action on any of these items, except that they may request that the item be placed on a future agenda.

Councilor McPhail attended Trunk or Treat on Halloween, the Marshall's Youth Board, and the Yavapai Apache Nation Tribal Council Meetings.

Councilor Murdock attended Trunk or Treat on Halloween and thanked the Council for hosting the event on Halloween.

Councilor Whatley attended the Fire Department Open House on Cherry Road. She also thanked the town staff for doing the chip seal.

Mayor Jenkins participated in the Verde Valley Raceway at the Equestrian Center and waived the green flag. She also attended the ribbon cutting of the Cherry Road Fire Station as well as the biweekly Mayor/Managers Meeting, joined the Web X for the WIFA Meeting, and the Halloween Trunk or Treat on Main Street.

- 12. Manager/Staff Report** Individual members of the Staff may provide brief summaries of current events and activities. These summaries are strictly for informing the Council and public of such events and activities. The Council will have no discussion, consideration, or take action on any such item, except that an individual Council member may request that the item be placed on a future agenda.

Town Manager Russ Martin:

- WIFA loan was formally approved, the rate will be below 2% for 25 years.
- Town offices will be closed on Veteran's Day.
- The Town is hosting a big event this weekend. The Block Party is set for Thursday, November 4, 2021 from 6pm-11pm, a Rodeo on Friday night and Saturday during the Day as well as night. We anticipate a significant crowd.

- 9. Discussion and Consideration of the Town Manager's Quarterly performance review and/or negotiation of the Town Manager's employment contract.** Pursuant to A.R.S. § 38-431.03(A)(1); Discussion or consideration of employment, assignment, appointment, promotion, demotion, dismissal, salaries, disciplining or resignation of a public officer, appointee or employee of any public body. Staff Resource: Russ Martin

Motion by Councilor McPhail to adjourn to Executive Session. Second was made by Councilor Whatley. **Motion** passes 6-0.

Meeting break: 7:34 p.m.

Regular Meeting reconvened: 8:45 p.m.

13. Adjournment

Mayor Jenkins adjourned the meeting at 8:46 p.m.

Mayor Dee Jenkins

Attest: Town Clerk Cindy Pemberton

CERTIFICATION

I hereby certify that the foregoing Minutes are a true and accurate accounting of the actions of the Mayor and Common Council of the Town of Camp Verde during the Regular Session of the Town Council of Camp Verde, Arizona, held on November 3,

2021. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this _____ day of _____, 2021.

Cindy Pemberton, Town Clerk

DRAFT

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Agenda Item Submission Form – Section I

Meeting Date: November 17, 2020

- Consent Agenda Decision Agenda Executive Session Requested
- Presentation Only Action/Presentation

Requesting Department: Library

Staff Resource/Contact Person: Kathy Hellman

Agenda Title (be exact): Discussion and Possible Permission to Apply for SGIA-C 2022 Grant Funds of \$50,000 to Build the Shelter Canopy for an Automated Library Branch

List Attached Documents: Intent to Apply for SGIA Construction Funds

Estimated Presentation Time: 5 minutes

Estimated Discussion Time: 5 minutes

Reviews and comments Completed by:

- Town Manager: _____ **Department Head:** Kathy D Hellman
- Town Attorney Comments:** _____
- Risk Management:** _____
- Finance Department**
Fiscal Impact:
Budget Code: _____ **Amount Remaining:** _____
Comments:

Background Information: The Library submitted an Intent to Apply for State Grants in Aid Construction (SGIA-C) funds at the end of September. In October we received notice based on our Intent to Apply for SGIA Construction funds, that, "you are invited to apply for an SGIA Construction award." We are seeking permission from Council to submit an application for SGIA-C funding request for 2022 as outlined in the Intent to Apply.

Recommended Action (Motion): Grant permission to the Library Director to apply for State Grants in Aid Construction 2022 Funds of \$50,000 with a \$50,000 required match to build the shelter canopy for an automated library branch in Verde Lakes Estates.

Instructions to the Clerk: None

INTENT TO APPLY FOR SGIA CONSTRUCTION FUNDS

From: Arizona State Library <mail@grantapplication.com>

Sent: Wednesday, September 22, 2021 5:18 PM

To: Kathy Hellman

Subject: Your Application Submission

Thank you for your submission. Your application has been submitted successfully, and the tracking number is 25265. You can view your in-progress and submitted applications through your account dashboard by clicking here. You will be receiving more information on the status of your application shortly. For your records, here is a copy of the contents of your application.

SGIAC 2022 Intent to Apply

Thank You! Your application has been submitted.

SGIAC Intent to Apply Form: Please review the Construction Guidelines before submitting this form.

Organization Information

Library Name Camp Verde Community Library
Library Address 130 N Black Bridge Road
City Camp Verde State AZ Zip Code 86322

Project Administrator

Prefix Mrs.
First Name Kathy
Last Name Hellman
E-mail kathy.hellman@campverde.az.gov
Phone 928-554-8381
Fax

Legal Administrator (if different from Project Administrator)

Prefix <None>
First Name
Last Name
E-mail
Phone
Fax

Project Information

Project Title
Shelter Canopy and Foundation for Envisionware 24-Hour Library

Please provide a brief description of the proposed construction project.

The year of the pandemic highlighted many aspects of the digital divide across the United States. Camp Verde Community Library (CVCL) seeks ways to bridge the gap in the digital divide by offering WiFi hotspots, laptops, adult education, workforce development and training, and one-on-one tech support. Recently, residents of the Verde Lakes Camp Verde area had difficulty getting information about the Backbone Fire that was threatening their community due

to the EOC's reliance on communication means that require an Internet connection. The lack of affordable Internet access in the Verde Lakes area would be remediated by CVCL's plans to build and install an Envisionware 24-Hour Library™ Model 340D branch in Verde Lakes. Additionally, the majority of residents in Verde Lakes are families with only one vehicle so they do not have transportation to the main library. The 24-Hour Library provides access to free WiFi, a digital screen for communicating emergencies and other information, as well as access to library materials and resources in a community that struggles to get connected. Model 340D requires a cement foundation and protective canopy to house it. CVCL plans to increase the size of the canopy and add picnic-style tables and benches for community members to sit in a shaded area to use the WiFi provided by the 24-Hour Library. It is for the construction of the foundation and canopy for the 24-Hour Library that CVCL intends to apply for SGIAC grant funds.

Letter of support from governing authority
Letters of Support -CVCL.pdf

Type of Construction
New Building Construction

Project Start Date 11/10/2021
Project End Date 6/30/2022

Budget Total estimated cost of project
\$ 100,000

Local Match Cash match--must be at least 50% of project budget and available by Dec. 31, 2021.
\$ 50,000

Amount of SGIAC Funds Requested
\$ 50,000

This 2022 SGIA Construction Intent to Apply Form must be submitted electronically by 11:59PM on September 30, 2021 to be considered.

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Agenda Item 7



Town of Camp Verde

Agenda Item Submission Form – Section I

Meeting Date: November 17, 2021

Consent Agenda Decision Agenda Executive Session Requested

Presentation Only Action/Presentation Special Session

Requesting Department: Public Works – Parks & Recreation Division

Staff Resource/Contact Person: Michael Marshall

Agenda Title (be exact): Discussion, consideration and possible approval of request for funding from CIP Reserve Funds for projects to include screen and recoat Gym floor and stage, repair/replace flooring/ceilings and HVAC in Rooms 204 & 305 and demolish the old Circle K building at end of Main Street.

List Attached Documents: Current Allocations for CIP Fund Reserve Use

Estimated Presentation Time: 5 minutes

Estimated Discussion Time: 10 minutes

Reviews Completed by:

Department Head: reviewed by Ron Long **Town Attorney Comments:**

Finance Review: Budgeted Unbudgeted N/A

Finance Director Comments/Fund:

Fiscal impact: NTE \$170,000

Budget Code: CIP Reserve Funds **Amount Remaining:** \$386,941

Comments: See attached document for most recent update to fund uses.

Background Information:

Gym floor should be “screened & recoated” every 2 – 4 years to help preserve and extend life of major floor sanding, striping and refinish. Screen & recoat last done in 2014. This will also add striping for three pickle-ball courts and stage floor will be sanded down to bare wood and refinished. Recent damage by a promotor to the floor which was covered by insurance and repairs paid by Maintenance for other damage could have been minimized by better floor periodic maintenance like this. Estimated to be \$7,000

Rooms 204 & 305 have very old, worn and torn carpeting. Unable to get truly clean and not appropriate based on room uses. Room 204 would receive commercial vinyl plank flooring for dance and birthday parties. Room 305 would receive commercial carpet squares like in 300 building offices. Ceiling in Room 305 was partially removed during roof

renovations in 2016 and never repaired. A drop ceiling would be added and HVAC ducts to existing system and new ceiling lights added. Room 204 currently has a swamp cooler and a gas wall heater. Both are very loud and inefficient. They would be replaced with a mini-split HVAC unit. Estimated to be \$57,000

Demolition of the Old Circle K building. This is fairly straightforward; however, the difficulty is in a potential reuse that staff has looked into over the past two years and the building's roof is complicated and would need significant work if it was reused. Additionally, when the intersection is completed the road would limit the building/parking, etc. necessary for its reuse as the road will come close to the front in the previously identified best alignment. Estimated to be about \$100,000 demolition with limited asbestos removal required.

Recommended Action (Motion): Move to approve request not to exceed \$170,000 from CIP Reserve Funds for gym floors, renovations to rooms 204 & 305 and demolition of the Old Circle K building.

Instructions to the Clerk:

Agenda Item Submission Form – Section II (Staff Report)

Town of Camp Verde

Agenda Item Submission Form – Section II (Staff Report)

Department: Public Works – Parks & Recreation Division

Staff Resource/Contact Person: Michael Marshall

Contact Information: (928) 554-0828 michael.marshall@campverde.az.gov

Background: These two meeting rooms are used an average 56 times per month by our partner instructor classes like Yoga and Qigong, individuals for birthday parties, baby showers, organizations like the Boy Scouts, Churches and other community groups as well as our Summer Day Camp. This translates to somewhere between 4,000 and 5,000 individuals in these rooms annually. The floors are worn out, not appealing and not satisfactory for use such as yoga or kids at summer camp.

Statement of the Problem or Opportunity: Repairing the flooring, ceiling and HVAC in these rooms will allow us to provide better quality services and have rooms more functional for their intended uses.

Alternatives/Options/Solutions:

1) Do nothing – continue status quo – These rooms are not in a proper condition to continue to utilize and charge fees for. Our reputation and ability to attract users will be degraded.

2) Refer for further study – This problem and the appropriate solutions are readily apparent and further study will not change the recommendations.

3) Approve the funding request – Council approval will allow us to improve the aesthetic appeal and utility of these rooms for the benefit of the public.

Comparative Analysis:

Option 1 continues to present a worn and inferior product to the public

Option 2 creates unnecessary delay without a substantive change as a benefit.

Option 3 allows us to continue providing a full range of services to the public with more appropriate facility conditions and features

Fiscal impact to the Town: NTE \$56,500 from CIP Reserve Funds

Other Impacts: N/A

Conclusion: Approval of this funding request allows P&R to continue providing a full range of services to the public under more appropriate conditions

Recommendation: Staff recommends Option 3, approval of funding request.

**AzCares Act Funds
September 2021**

Award Amount: \$1,284,341

Item	Date Auth	Acnt	\$ Auth	as of 9/30/21	Over/(Under)
CVAA - Infrastructure	09/02/20	03-800-20-804000	\$100,000	\$102,022	\$2,022
CVAA - Sewer	12/02/20	03-800-20-804000	\$52,800	\$50,655	-\$2,145
CVAA - Restrooms	02/17/21	03-800-20-811000	\$43,000	\$8,818	-\$34,182
	06/02/21	03-800-20-811000	\$16,000		
CVAA - Safety/Lighting	02/17/21	03-800-20-804000	\$13,500		
WW - Sewer Line to Arena & ConFees	02/17/21	31-490-20-804000	\$37,000	\$49,316	\$12,316
Meals on Wheels Auto Match	09/02/20	01-999-20-793000	\$12,500	\$12,500	\$0
Streets Man Lift	09/02/20	03-480-20-831000	\$31,000	\$35,420	\$4,420
CVMO Spillman Server	09/02/20	03-600-20-800000	\$35,000		
FF/Cliffs Lights	09/02/20	03-480-20-831000	\$50,000	\$28,159	-\$21,841
Wilshire & Industrial Dr. roundabouts	09/02/20	03-480-20-804000	\$34,000		
CPE Grant Program	09/02/20	19-177-20-751200	\$5,000	\$979	-\$4,021
CVMO Extra costs for 5 vehicles	10/07/20	03-600-20-821000	\$50,000	\$59,531	\$9,531
CDBG Sidewalk Match	11/04/20	09-480-20-804000	\$125,000	\$80,273	-\$44,727
Library Grant Match	01/20/21	08-701-20-811211	\$54,000	\$5,218	-\$48,783
Pool Filter & Heater	02/17/21	03-820-20-810000	\$60,000		
Sidewalk Repairs	02/17/21	03-420-20-751600	\$14,100	\$19,947	\$5,847
Gazebo Repair	02/17/21	03-420-20-751600	\$43,000		
	06/02/21	03-420-20-751600	\$5,000		
Montezuma Castle Repave	02/17/21	03-480-20-871400	\$110,000		
CVMO Less Lethal Equipment	09/22/21	03-600-20-754000	\$12,000		
Total Allocated			\$902,900	\$452,838	-\$127,409
Remaining Funds Available					<u>\$381,441</u>

General Fund/ Remaining Cares Act CIP

Allocated Amount: \$1,381,441

Item	Date Auth	Acnt	\$ Auth	Total Project
Road Chip Seal	09/02/20		\$687,000	
Designs	08/11/21			
Finnie Flat/MCH Streetscape			\$25,000	
Main St./MCH Intersection			\$50,000	
Old Highway 279 Paving			\$10,000	
Old Highway 279 Cherry Creek Wash			\$80,000	
Out of Africa Connect to Old 279			\$35,000	\$200,000
School Road Study	09/15/21		\$12,500	\$25,000
Arena Concessions	09/15/21		\$55,000	
COMSTAT	08/18/21		\$40,000	
		21/22 Budget Allocated	\$994,500	
		Remaining	\$386,941	



Agenda Item Submission Form – Section I

Meeting Date: Wednesday, November 17, 2021

- Consent Agenda Decision Agenda Executive Session Requested
- Presentation Only Action/Presentation Pre-Session Agenda

Requesting Department: Community Development

Staff Resource/Contact Person: John Knight, Community Development Director

Agenda Title (be exact): A Resolution of the Mayor and Common Council of the Town of Camp Verde, Arizona for Final Plat 20210507, submitted by Randy McDonald, for the purpose of developing an 11-lot Subdivision, known as "Salt Mine Ranches on approximately 10 acres. The proposed project is zoned R1L-35 and is located at 97 Salt Mine Road on APN 404-01-045, in Camp Verde, Yavapai County, Arizona.

List Attached Documents:

1. Resolution No. 2021-1080
2. Vicinity, Land Use & Zoning Map
3. Final Plat - five (5) sheets (full-size plans available at Community Development)
4. Council Resolution 2021-1073, Approving Preliminary Plat 20210062 known as "Salt Mine Ranches"

Estimated Presentation Time: 5 minutes

Estimated Discussion Time: 10 minutes

Reviews Completed by: Town Attorney (resolution), Public Works, and Copper Canyon Fire

Background Information: In February of 2021, an application for Preliminary Plat was submitted by Sean Perrotto of Trico Engineering, on behalf of property owner, McDonald Bros Construction Company. This application proposed subdivision of parcel 404-01-045 into an 11-lot Subdivision to be known as "Salt Mine Ranches." On June 3, 2021, the Planning and Zoning Commission recommended council approve the Preliminary Plat. On July 8, 2021, the Town Council approved Preliminary Plat 20210062 via Resolution No 2021-1073.

Located on APN 404-01-045, off of Salt Mine Road, 0.25 miles west of the junction of State Highway 260 and Salt Mine Road. This parcel is zoned R1L-35 (Residential: Single Family Limited, 35,000 Square-foot Minimum Lot Size). This proposed Subdivision meets or exceeds zoning requirements.

This application proposes to subdivide a 10 acre parcel into 11-lots ranging in size from 0.80 to 1.23 acres which includes a 24-foot wide private road, directly accessing Salt Mine Road. Additionally, it includes residential water service with fire flow and fire hydrants. Individual septic systems will be provided for each lot. Owner, Brian McDonald, advised the Planning & Zoning Commission on June 3, 2021, that if/when the Town of Camp Verde supplied sewer service to this location, they would be willing to provide an easement to the Town in order to install and supply sewer services to this Subdivision.

Yavapai County Environmental Services has indicated this lot/subdivision cannot use flood irrigation on properties which have individual sanitary sewer systems. The developer received an ADEQ approval to construct water to the location and for Camp Verde Water Systems to operate the system in accordance with their regulations.

This project is located within the Salt Mine Character Area of the Town's General Plan. The existing zoning and proposed development of site-built, single family residences is consistent with the Town's stated character and properties of this Area.

The Final Plat application was received on August 26, 2021. These documents have been reviewed, revised per the Town Engineer and Fire Marshall, and have been conditionally approved. Per the Fire Marshall and Town Engineer the remaining condition for the Subdivision design is to change the radius of the turn-around at the southern end of the private road to the minimum accepted radius to provide for safe emergency vehicle turn-around; specified on C-4, sheet 4 of 5 of the Grading, Drainage, Road & Utility Plan dated 03November2021.

Staff hereby recommend approval of the Final Plat application with the following stipulations:

- Redesign of the turn radius to meet required Fire standards for safe turn-around of emergency equipment;
- Continued work with the Community Development Staff to name the private road, meeting Enhanced 911 criteria;
- Submittal of appropriate Commercial Grading, Drainage and Utility building permit application/s with signed permits issued before further development, grading, or utility installation proceeds on the parcel.

Recommended Action (Motion):

I MOVE TO APPROVE RESOLUTION 2021-1080 OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF CAMP VERDE, YAVAPAI COUNTY, ARIZONA, APPROVING FINAL PLAT 20210507 SUBMITTED BY RANDY AND BRIAN MCDONALD FOR THE PURPOSE OF DEVELOPING AN 11-LOT SUBDIVISION, KNOWN AS "SALT MINE RANCHES" ON APPROXIMATELY 10 ACRES. THE PROPOSED PROJECT IS ZONED R1L-35 AND IS LOCATED AT 97 SALT MINE ROAD ON APN 404-01-045, IN CAMP VERDE, YAVAPAI COUNTY ARIZONA"



RESOLUTION 2021-1080

A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF CAMP VERDE, YAVAPAI COUNTY, ARIZONA APPROVING AN APPLICATION FOR FINAL PLAT TO DEVELOP AN 11-LOT RESIDENTIAL SUBDIVISION KNOWN AS “SALT MINE RANCHES” ON APPROXIMATELY 10 ACRES. THE PROPOSED PROJECT IS ZONED R1L-35 (RESIDENTIAL: SINGLE-FAMILY LIMITED, 35,000 SQUARE-FOOT MINIMUM LOT SIZE) AT 97 SALT MINE ROAD ON APN 404-01-045, IN THE TOWN OF CAMP VERDE, YAVAPAI COUNTY, ARIZONA.

WHEREAS, a request for approval of Final Plat 20210507 was filed by Randy McDonald (“Applicant”), on behalf of property owner, McDonald Bros Construction Company (“Owner”), for parcel 404-01-045, on August 26, 2021; and

WHEREAS, a Preliminary Plat was reviewed and recommended for council approval by the Planning and Zoning Commission at a regular meeting on June 3, 2021; and

WHEREAS, the proposed Preliminary Plat is in compliance with the currently adopted General Plan and was given a recommendation of conditional approval to proceed with assurance of compliance with the Planning and Zoning Ordinance under the Final Plat processing guidelines; and

WHEREAS, The Town Council reviewed and approved the Preliminary Plat of “Salt Mine Ranches” in a Regular Session on July 7, 2021, in a public hearing that was advertised and posted according to state law and Town Code; and

WHEREAS, the purpose of the Final Plat is to allow for development of 11-lots ranging in size from 0.80 to 1.23 acres, to be developed with single-family homes on an existing 10 acre parcel located at 97 W. Salt Mine Road; and

WHEREAS, the the Owner will develop and maintain a private road which satisfies Town of Camp Verde private road standards;

NOW, THEREFORE, THE MAYOR AND COMMON COUNCIL OF THE TOWN OF CAMP VERDE DO HEREBY RESOLVE AS FOLLOWS:

- A. The Applicant must work with the Community Development Department to vet an appropriate name for the private road which will be part of the Subdivision in accordance with Town Code requirements. Proposed name will be required to meet or exceed Enhanced 911 criteria.**
- B. The Applicant must work with the Building Department to submit all required documents to obtain an Approved Building Permit for Grading, Drainage and installation of Underground Utilities prior to additional development of the parcel.**
- C. The proposed Final Plat of “Salt Mine Ranches” shall be in compliance with the currently adopted General Plan and Planning and Zoning Ordinance, and the proposed use shall not constitute a threat to the health, safety, welfare or convenience to the general public and should be approved.**
- D. The Mayor and Common Council of the Town of Camp Verde hereby approve Final Plat 20210507 for the purpose of developing the “Salt Mine Ranches” Subdivision located on APN 404-01-045**

**PASSED AND ADOPTED by the Mayor and Common Council of the Town of Camp Verde,
Yavapai County, Arizona, this 17th day of November 2021.**

Dee Jenkin, Mayor

Date

Attest:

Approved as to form:

Cindy Pemberton, Town Clerk

Date

William Sims

Bill Sims, Town Attorney

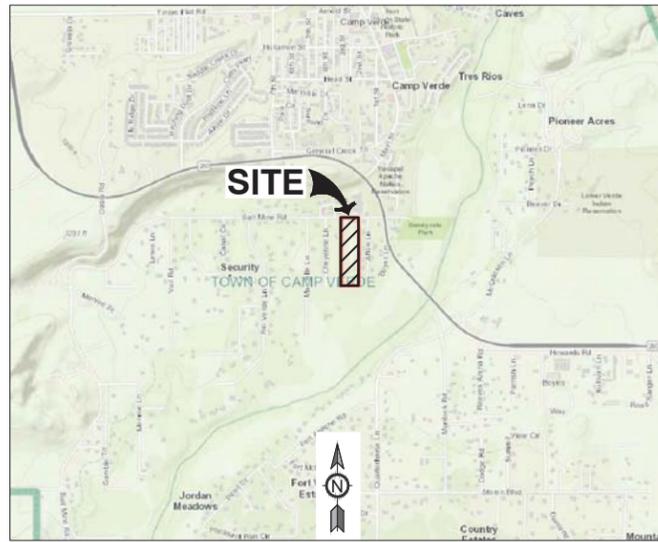
Salt Mine Ranches IMPROVEMENT PLANS

APN 404-01-045

Clarence Drive

TOWN OF CAMP VERDE, YAVAPAI COUNTY, ARIZONA

ALL THAT PORTION OF LOT 1 SECTION 6, TOWNSHIP 13 NORTH, RANGE 5
EAST, GILA & SALT RIVER BASE & MERIDIAN, YAVAPAI COUNTY, ARIZONA.



VICINITY MAP
SCALE: N.T.S.

DRAWING INDEX

NO.	TITLE
C-1	COVER SHEET
C-2	GENERAL NOTES
C-3	GRADING, DRAINAGE, ROAD & UTILITY PLAN I
C-4	GRADING, DRAINAGE, ROAD & UTILITY PLAN II
C-5	GENERAL DETAILS

FLOOD INFORMATION:

THIS SITE IS IDENTIFIED ON A FLOOD INSURANCE RATE MAP (FIRM) PANEL NUMBER 04025C2186H, YAVAPAI COUNTY, EFFECTIVE OCTOBER 16, 2015. THE SITE IS LOCATED WITHIN TWO (2) DIFFERENT FLOOD ZONE AREAS. THE GREATER PORTION OF THE PROPERTY IS LOCATED WITHIN A ZONE 'X' DESIGNATION, WHICH IS DESCRIBED AS '0.2% ANNUAL CHANCE FLOOD HAZARD; AREAS OF 1% ANNUAL CHANCE FLOOD WITH AVERAGE DEPTH LESS THAN ONE SQUARE MILE.' THE SOUTHERN PORTION IS LOCATED WITHIN SPECIAL FLOOD HAZARD AREA ZONE 'AE'.

DIRT QUANTITIES

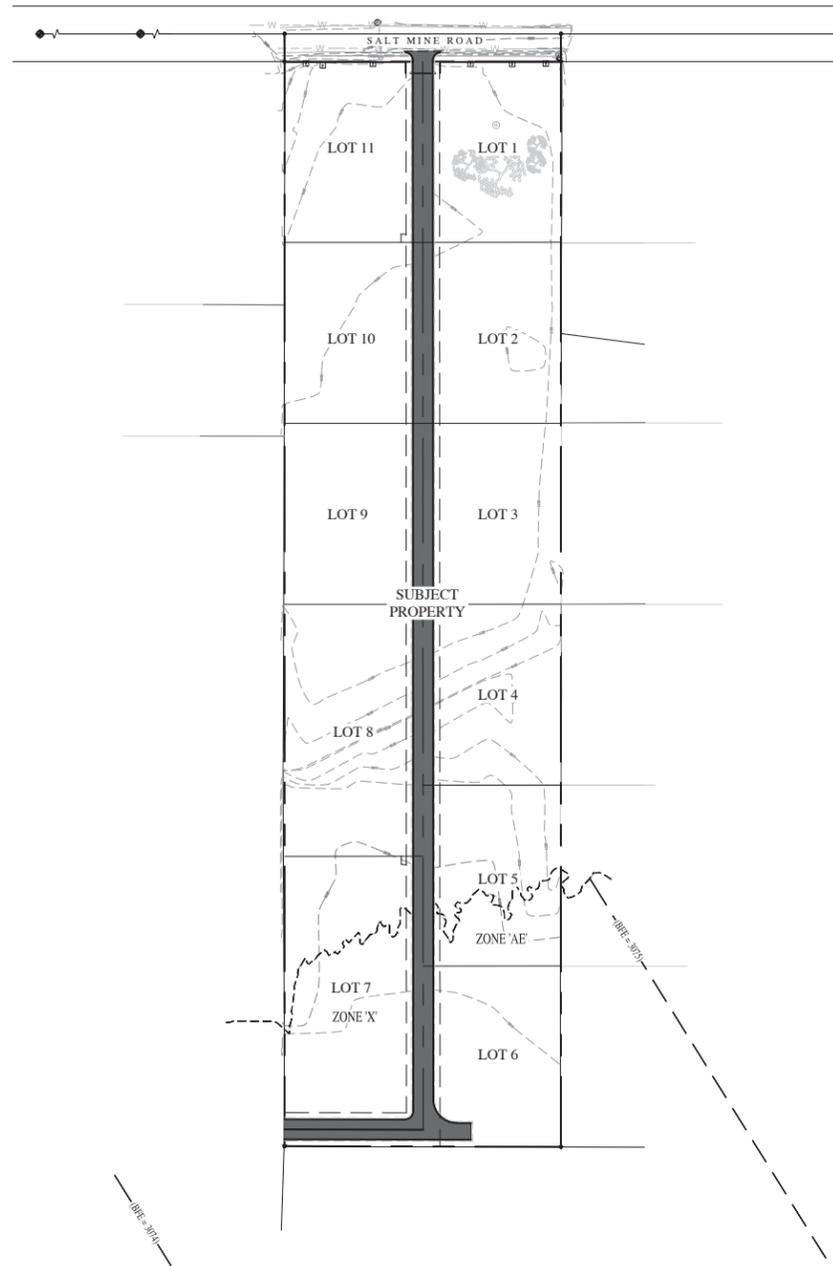
RAW QUANTITIES	
CUT:	9,559 CY
FILL:	2,362 CY
TOTAL:	7,197 CY EXPORT

EARTHWORK NOTE:

EARTHWORK VOLUMES ARE CALCULATED BASED UPON THE FINISHED SURFACE CONTOURS AS SHOWN IN THESE PLANS. THE QUANTITIES SHOWN ARE A RAW CALCULATED ESTIMATE AND MAY NOT REFLECT ACTUAL QUANTITIES OBSERVED DURING CONSTRUCTION. THE CONTRACTOR SHALL PERFORM THEIR OWN CALCULATION TO OBTAIN BID QUANTITIES.

BENCHMARK:

AN ELEVATION OF 3079.67 FEET WAS ESTABLISHED ON THE 3/4" REBAR WITH CAP STAMPED "RLS 26925" (BENCHMARK #1), LOCATED AT THE NORTHWEST CORNER OF THE SUBJECT PARCEL.
CONTOUR INTERVAL = 1.00'



OWNER/TEAM INFORMATION

OWNER

SALT MINE RANCHES, LLC
1363 SOUTH CHEYENNE LANE
CAMP VERDE, AZ 86322-6972
PH: (928) 300-8660
CONTACT: BRIAN McDONALD

CIVIL ENGINEER

TRICO ENGINEERING, LLC
231 SWANSON AVENUE, STE. 204
LAKE HAVASU CITY, AZ 86403
PH: (928) 230-8969
CONTACT: SEAN PERROTTO, P.E.

SURVEYOR

HERITAGE LAND SURVEYING
& MAPPING INC.
PO BOX 3270
CAMP VERDE, AZ 86322
PH: (928) 567-9170
CONTACT: CLINT GILLESPIE, R.L.S.

UTILITY COMPANIES

SANITARY SEWER SERVICE

PRIVATE FOR EACH LOT

ELECTRIC SERVICE
APS ELECTRIC
PO BOX 60015
PRESCOTT, AZ 86304-6015
PH: (602) 371-7171

WATER SERVICE

CAMP VERDE WATER SYSTEM
473 S MAIN STREET STE. 102
CAMP VERDE, AZ 86322
PH: (928) 567-5281

STORM WATER FACILITIES

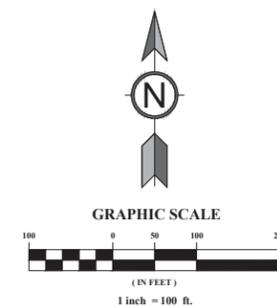
CAMP VERDE STORM WATER
MANAGEMENT DIVISION
395 S MAIN STREET
CAMP VERDE, AZ 86332
PH: (928) 554-0820

LEGEND

---	SUBJECT PROPERTY LINE / RIGHT-OF-WAY
---	ADJACENT PROPERTY LINE
---	STREET CENTERLINE
---	EXISTING EASEMENT
---	EXISTING INDEX CONTOUR
---	EXISTING INTERMEDIATE CONTOUR
---	PROPOSED INDEX CONTOUR
---	PROPOSED INTERMEDIATE CONTOUR
---	EXISTING PAVED ROADWAY
---	EXISTING FENCE
---	EXISTING RETAINING WALL
---	PROPOSED RETAINING WALL
---	PROPOSED SCREEN WALL
---	EXISTING OVERHEAD LINE
---	EXISTING MISC. UTILITIES
---	EXISTING WATER LINE
---	EXISTING SANITARY SEWER LINE
---	EXISTING UNDERGROUND CABLE
---	EXISTING UNDERGROUND TELEPHONE
---	PROPOSED WATER LINE
---	PROPOSED SANITARY SEWER LINE
---	EXISTING STORM INLET/CATCH BASIN
---	EXISTING MANHOLE
---	EXISTING WATER VALVE
---	EXISTING FIRE HYDRANT
---	EXISTING SIGN
---	EXISTING UTILITY POLE W/ GUY
---	POLE & GUY WIRE
---	EXISTING ELECTRIC BOX
---	BENCHMARK

ESTIMATE OF QUANTITIES

ROADWAY IMPROVEMENTS	QUANTITY
AC PAVEMENT SAW-CUT:	44 LF
8" AGGREGATE BASE COURSE:	4,010 SY
2" AC PAVEMENT:	4,010 SY
WATER IMPROVEMENTS	QUANTITY
8" CL350 DUCTILE IRON PIPE:	1,452 LF
8" GATE VALVE:	4 EA
8" D.I. FITTINGS:	2 EA
2" BLOW-OFF VALVE:	1 EA
FIRE HYDRANT ASSEMBLY:	3 EA
SERVICE CONNECTION:	11 EA



NO.	DATE	DESCRIPTION



TRICO
ENGINEERING, LLC
LAKE HAVASU CITY, AZ 86403
231 SWANSON AVENUE, STE. 204
LAKE HAVASU CITY, AZ 86403
(928) 230-8969

Salt Mine Ranches
APN #404-01-045
LOT 1 OF S56, T13N, R5E
YAVAPAI COUNTY, ARIZONA

COVER SHEET	
DATE:	NOVEMBER 3, 2021
DRAWN BY:	EJP
CHECKED BY:	SDP
PROJECT NO.:	20446
APPROVED BY:	SDP



DRAWING NO.:
C-1
SHEET 1 OF 5

GENERAL NOTES:

- ALL DESIGNS AND CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE UNIFORM STANDARD SPECIFICATIONS AND DETAILS PUBLISHED BY THE MARICOPA ASSOCIATION OF GOVERNMENTS, LATEST ADDITIONS, AS AMENDED BY THE CITY.
- THE DEVELOPER IS REQUIRED TO CONTACT THE UTILITY COMPANIES FOR LOCATION OF EXISTING AND PROPOSED BURIED CONDUIT OR CABLE WHICH MUST BE SHOWN ON PLANS TO ENSURE THAT NO CONFLICTS ARISE BEFORE APPROVAL CAN BE GIVEN. CONFLICTS THAT ARISE SHALL BE THE RESPONSIBILITY OF THE DEVELOPER.
- ANY CONTRACTOR FOUND WORKING ON A PROJECT WITHOUT AN OFFICIAL SET OF STAMPED, APPROVED DRAWINGS BY THE COMMUNITY DEVELOPMENT DEPARTMENT, SHALL BE ISSUED A STOP WORK ORDER UNTIL FURTHER NOTICE.
- IF FILL IS TO BE TRANSPORTED OFF SITE, THE NAME AND ADDRESS OF THE PROPERTY OWNER WHERE THE FILL IS TO BE PLACED WILL BE REQUIRED ALONG WITH EVIDENCE OF PERMISSION FROM THAT PROPERTY OWNER. A GRADING PERMIT WILL BE REQUIRED FOR THE EXPORT OR IMPORT OF MATERIALS.
- A STATEMENT FROM THE PROPERTY OWNER OR AGENT ASSUMING FULL RESPONSIBILITY FOR THE PERFORMANCE OF THE OPERATION AND AN ASSURANCE THAT OTHER PUBLIC AND PRIVATE PROPERTY SHALL BE ADEQUATELY PROTECTED.
- THE PLANS AND PERMITS FOR ALL EXCAVATION AND GRADING OPERATIONS OF ANY SCOPE OR MAGNITUDE CONDUCTED WITHIN CITY LIMITS, WHETHER ON PUBLIC OR PRIVATE LAND, SHALL SHOW PROVISIONS FOR THE CONTROL OF DUST DURING SUCH OPERATIONS. THE PERMITTEE SHALL ALSO LEAVE THE PROPERTY IN A CONDITION THAT SHALL PREVENT DUST FROM ARISING.
- THE PLANS MUST PROVIDE FOR PROTECTION AGAINST EROSION AND RUN OFF GENERATED MAINTENANCE PROBLEMS.
- CONTRACT MUST NOTIFY THE PUBLIC WORKS DIVISION AT LEAST 48-HOURS IN ADVANCE OF ANY CONSTRUCTION OR INSPECTION.
- CONTRACTOR SHALL PROVIDE FILLCUT SHEETS FROM THE SURVEYOR STAKING THE PROJECT.
- THE DEVELOPER IS RESPONSIBLE FOR THE COORDINATION OF THE RELOCATION OF POWER POLES OR OTHER UTILITIES, IF APPLICABLE.
- CONTRACTOR SHALL CONFORM TO "ARIZONA BLUE STAKE" LAWS. BLUE STAKE CENTER CAN BE REACHED BY CALLING 1-800-782-5348.
- CONTRACTOR TO ADJUST ALL VALVES, MANHOLES, CLEAN-OUTS, ETC., BOTH NEW AND OLD TO FINISH GRADE PER STANDARD DETAILS.
- BACK-FILL AND COMPACTION WITHIN CITY PRIVATE ROADS TO BE IN ACCORDANCE WITH THE LATEST MAG STANDARDS FOR INSTALLATION OF UNDERGROUND UTILITIES. "MECHANICAL COMPACTION" METHODS ONLY IN MAXIMUM COMPACTED SIX-INCH UNIFORM TRAFFIC CONTROL DEVICES (MUTCD).
- CONTRACTOR SHALL CONTACT UNDERGROUND UTILITY OWNERS FOR THEIR UTILITY LOCATIONS PRIOR TO ANY DIGGING.
- ALL IMPROVEMENTS WITHIN THE PRIVATE ROADS TO BE IN ACCORDANCE WITH THE LATEST TOWN OF CAMP VERDE STANDARDS & SPECIFICATIONS.
- THE CONTRACTOR IS RESPONSIBLE FOR THE CONTROL OF DUST DURING CONSTRUCTION OPERATIONS.
- CONTRACTOR IS ADVISED THAT AN EXCAVATION AND DIRT MOVING PERMIT IS REQUIRED BY THE CITY. IT IS THE RESPONSIBILITY OF THE CONTRACTOR TO OBTAIN THIS PERMIT AND COMPLY WITH ITS REQUIREMENTS.
- FENCES, RETAINING WALLS OR TOE OF SLOPES WILL NOT EXTEND INTO ANY EASEMENT OR RIGHT-OF-WAY.
- PRIVATE ROAD SECTION SHALL MEET THE STRUCTURAL REQUIREMENTS FOR EMERGENCY SERVICES VEHICLES MINIMUM STANDARDS.

ENGINEER SPECIAL NOTES:

- THE CONTRACTOR SHALL NOTIFY THE ENGINEER AT LEAST 48-HOURS IN ADVANCE FOR ANY STAKING OR RESTAKING REQUIRED.
- IT IS THE RESPONSIBILITY OF THE CONTRACTOR TO OBTAIN PERMITS REQUIRED AT HIS OWN EXPENSE.
- THE CONTRACTOR WILL MAKE EXPLORATORY EXCAVATIONS AND LOCATE EXISTING UNDERGROUND FACILITIES SUFFICIENTLY IN ADVANCE OF CONSTRUCTION TO PERMIT THE REVISION OF THESE PLANS IF NECESSARY DUE TO CONFLICT BETWEEN A FACILITY PROPOSED HEREIN AND AN EXISTING UTILITY.
- IT IS THE CONTRACTOR'S SOLE RESPONSIBILITY TO VERIFY THE PRESENCE AND LOCATION OF ANY AND ALL EXISTING OVERHEAD AND/OR UNDERGROUND FACILITIES THAT MAY INTERFERE WITH THE CONSTRUCTION, WHETHER OR NOT SAID UTILITIES ARE SHOWN ON THE CONSTRUCTION PLANS FOR THIS PROJECT. CONTRACTOR SHALL ADEQUATELY PROTECT AND MAINTAIN SUCH UTILITIES.
- THE ENGINEER DOES NOT ASSUME ANY LIABILITY FOR ERRORS OF LINE AND/OR GRADE ON ANY STAKING WHICH HAS BEEN DISTURBED IN ANY WAY, NOR DOES THE ENGINEER ASSUME ANY LIABILITY FOR ERRORS OF LINE AND/OR GRADE ON ANY STAKING THAT HAS BEEN IN PLACE FOR PERIOD OF 24 HOURS OR MORE WITHOUT THE COMMENCEMENT OF CONSTRUCTION FOR WHICH IT WAS SET.
- THE CONTRACTOR SHALL NOTIFY THE DEVELOPER'S SURVEYOR BEFORE BACKFILLING WATER AND/OR SEWER SERVICES IN ORDER THAT THE ENGINEER MAY VERIFY THE AS-BUILT LOCATION OF THE SERVICE.
- THE CONTRACTOR SHALL BE RESPONSIBLE FOR PRESERVING ALL STAKES AND CONTROL, AND SHALL TAKE STEPS NECESSARY TO INSURE THAT THE STAKES AND CONTROL ARE NOT DISTURBED OR TAMPERED WITH. IF STAKES ARE DISTURBED, THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE COST INCURRED TO RESTAKE.
- ANY QUESTIONS RELATIVE TO THE ACCURACY OF IMPROVEMENT INSTALLATION SHALL BE RAISED SUBSEQUENT TO COMPLETION OF THE WORK UNLESS ALL SURVEY STAKES ARE MAINTAINED INTACT. SHOULD STAKES NOT BE PRESENT AND VERIFIES AS TO THEIR ORIGIN, NO CLAIM FOR ADDITIONAL COMPENSATION FOR CORRECTION SHALL BE PRESENTED TO ANY PARTY AND SUCH WORK SHALL BE CORRECTED BY THE CONTRACTOR AT HIS/HER OWN EXPENSE.
- CONSTRUCTION OF SURFACE IMPROVEMENTS SHALL NOT BEGIN UNTIL CONFLICTING UNDERGROUND UTILITY CONSTRUCTION IS COMPLETED AND SERVICE CONNECTIONS TO ALL LOTS HAVE BEEN ADEQUATELY EXTENDED.
- ALL WATER LINES 8" AND SMALLER SHALL BE INSTALLED WITH A MINIMUM OF 3-FEET OF COVER FROM PROPOSED FINISH GRADE. ALL WATER LINES 12" AND LARGER SHALL BE INSTALLED WITH A MINIMUM OF 4-FEET OF COVER FROM PROPOSED FINISH GRADE.
- REFER TO THE ARCHITECTURAL SITE PLAN FOR CONTROL DIMENSIONS.
- FIRE RISERS AND FIRE SPRINKLER SYSTEMS ARE SHOWN FOR REFERENCE ONLY. FIRE LINE SPRINKLER SYSTEMS MUST BE SUBMITTED FOR SEPARATE FIRE DEPARTMENT APPROVAL.
- ALL JOINTS FOR UNDERGROUND STORM DRAIN SHALL BE WATER-TIGHT, MANUFACTURED JOINTS.
- IT IS THE RESPONSIBILITY OF THE CONTRACTOR TO PERFORM THEIR OWN EARTHWORK ANALYSIS FOR THE PROJECT. EARTHWORK CALCULATIONS SHOWN ON THESE PLANS ARE FOR REFERENCE ONLY AND/OR PERMITTING PURPOSES.
- THE ENGINEER IS NOT RESPONSIBLE FOR THE COMPLETENESS AND ACCURACY OF THE EXISTING INFORMATION PROVIDED FROM THE SURVEY PERFORMED. EASEMENTS NOT PROVIDED IN SURVEY AND NOT SHOWN HEREIN ARE NOT THE RESPONSIBILITY OF ENGINEER.
- IT IS THE CONTRACTOR'S RESPONSIBILITY TO EXAMINE AND FAMILIARIZE HIMSELF WITH THE SITE EXISTING CONDITIONS PRIOR TO BIDDING ON THIS PROJECT. THE CONTRACTOR SHALL NOTIFY THE ENGINEER IMMEDIATELY IF THE CONTRACTOR FINDS CONDITIONS THAT DIFFER THAN WHAT IS SHOWN IN THE PLANS.
- THE CONTRACTOR SHALL CONTACT ARIZONA-811, AND ANY OTHER UTILITY PROVIDERS NOT AFFILIATED WITH ARIZONA UNDERGROUND PROTECTION, INC. AT LEAST 48 HOURS PRIOR TO DIGGING.
- THE CONTRACTOR SHALL INDEMNIFY AND HOLD HARMLESS THE OWNER AND OWNER'S REPRESENTATIVE FOR ANY AND ALL INJURIES AND/OR DAMAGES TO PERSONNEL, EQUIPMENT AND/OR EXISTING FACILITIES WHILE DEMOLITION OR PROPOSED IMPROVEMENTS ARE BEING PERFORMED IN ACCORDANCE WITH THESE PLANS AND SPECIFICATIONS.
- THE CONTRACTOR SHALL OBTAIN THE APPLICABLE PERMITS FOR ALL CONSTRUCTION ACTIVITIES IN ACCORDANCE WITH ALL LOCAL, STATE, AND FEDERAL REGULATIONS AT HIS OWN EXPENSE.
- THE CONTRACTOR SHALL MAKE EXPLORATORY EXCAVATIONS AND LOCATE EXISTING UNDERGROUND FACILITIES IN ADVANCE OF CONSTRUCTION TO PERMIT THE REVISION OF THESE PLANS IF NECESSARY DUE TO CONFLICT BETWEEN A UTILITY PROPOSED HEREIN.
- THE CONTRACTOR IS RESPONSIBLE FOR ALL TRAFFIC CONTROL MEASURES IN ACCORDANCE WITH THE MANUAL ON UNIFORM TRAFFIC CONTROL DEVICES (MUTCD) AND TO ENSURE ALL IS IN PLACE PRIOR TO THE COMMENCEMENT OF WORK.
- THE CONTRACTOR IS RESPONSIBLE TO PERFORM ALL INSPECTIONS AS REQUIRED BY THE EPA AND THE NATIONAL POLLUTION DISCHARGE ELIMINATION SYSTEM (NPDES) PERMIT AND FURNISH OWNER'S REPRESENTATIVE WITH WRITTEN REPORTS. IT IS THE CONTRACTOR'S RESPONSIBILITY TO OBTAIN THE NPDES PERMIT.

WATER GENERAL NOTES:

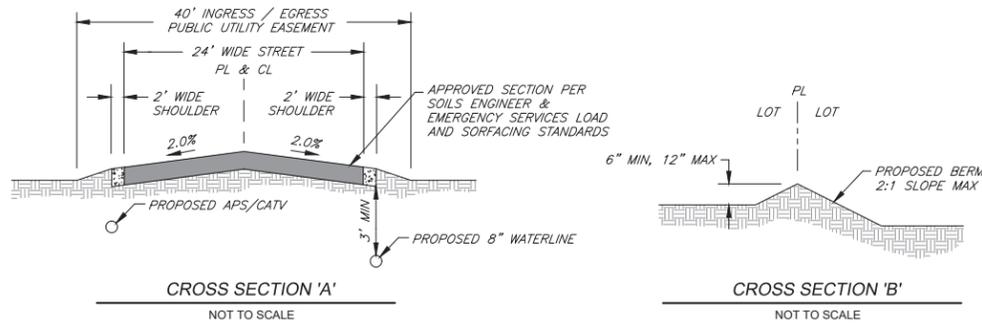
- ALL WORK SHALL CONFORM TO MARICOPA ASSOCIATION OF GOVERNMENTS (MAG) SPECIFICATION SECTIONS 610 & 630 AND THE CAMP VERDE WATER SYSTEM, INC. CONSTRUCTION SPECIFICATIONS AND DETAILS.
- ALL EXISTING FRAMES, COVERS, VALVE BOXES, AND MANHOLES SHALL BE EITHER REPLACED OR ADJUSTED TO FINISH GRADE DEPENDING ON PLAN CALL OUT UPON COMPLETION OF PAVING, UTILITY, OR RELATED CONSTRUCTION.
- ANY QUANTITIES SHOWN ON PLANS ARE NOT VERIFIED BY THE YAVAPAI COUNTY DEVELOPMENT SERVICES DEPARTMENT (YCDS).
- ACCEPTANCE OF THE COMPLETED WORK WILL NOT BE GIVEN UNTIL "AS-BUILT" PLANS HAVE BEEN SUBMITTED AND SEALED BY A REGISTERED PROFESSIONAL ENGINEER AND APPROVED BY THE YCDS.
- TOWN OF CAMP VERDE PUBLIC WORKS AND CAMP VERDE WATER SHALL BE NOTIFIED A MINIMUM OF 24 HOURS PRIOR TO THE START OF ANY WORK.
- ALL WORK AND MATERIALS WHICH DO NOT CONFORM TO THE SPECIFICATIONS ARE SUBJECT TO REMOVAL AND REPLACEMENT AT THE CONTRACTORS EXPENSE.
- ANY WORK PERFORMED WITHOUT THE KNOWLEDGE OF THE CAMP VERDE WATER COMPANY OR HIS REPRESENTATIVE IS SUBJECT TO REMOVAL AND REPLACEMENT OF THE CONTRACTORS EXPENSE.
- THE CONTRACTOR SHALL PROVIDE SUFFICIENT MEN, EQUIPMENT AND MATERIAL ON THE JOB AT ALL TIMES DURING CONSTRUCTION TO COMPLY WITH SPECIFICATIONS AND COMPLETE THE WORK.
- PRIVATE DEVELOPMENT SHALL PROVIDE FOR INDEPENDENT THIRD-PARTY INSPECTIONS.
- CONTRACTOR TO NOTIFY PROJECT ENGINEER 72 HOURS (3 WORKING DAYS) IN ADVANCE OF CONSTRUCTION TO SCHEDULE CONSTRUCTION CONTROL STAKING.
- THE CONTRACTOR IS TO UNCOVER ALL EXISTING LINES BEING TIED INTO AND VERIFY GRADES, MATERIAL, SIZE AND ELEVATIONS BEFORE COMMENCING CONSTRUCTION AND ORDERING MATERIALS.
- IT IS THE CONTRACTORS RESPONSIBILITY TO LOCATE ALL UNDERGROUND PIPE LINES, TELEPHONE AND ELECTRICAL CONDUIT AND STRUCTURES IN ADVANCE OF ANY CONSTRUCTION AND OBSERVE ALL POSSIBLE PRECAUTIONS TO AVOID ANY DAMAGE TO SUCH. THE ENGINEER AND/OR OWNER WILL NOT GUARANTEE ANY LOCATIONS AS SHOWN ON THESE PLANS, OR THOSE OMITTED FROM SAME.
- CONTRACTOR SHALL NOTIFY "BLUE STAKE" AT 1-800-STAKEIT (1-800-782-5348) AT LEAST 48 HOURS PRIOR TO CONSTRUCTION.
- CONTRACTOR SHALL VERIFY ALL QUANTITIES SHOWN AND MAKE HIS BID BASED UPON THOSE VERIFICATIONS. IF ANY DISCREPANCY IN QUANTITIES IS FOUND, THE CONTRACTOR SHALL NOTIFY THE ENGINEER AS SUCH.
- ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY REQUIREMENTS MUST BE COMPLIED WITH.
- ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY REQUIREMENTS SHALL APPLY WHEN MORE STRINGENT THAN MAG STANDARD SPECIFICATIONS FOR PUBLIC WORKS CONSTRUCTION.
- ALL PLANS SIGNED BY THE COUNTY ARE NULL AND VOID ONE YEAR FROM DATE OF SIGNATURE IF CONSTRUCTION HAS NOT STARTED AND/OR IS NOT ACTIVELY PROGRESSING.
- PROJECT CONTRACTOR SHALL BE RESPONSIBLE FOR SUBMITTING TRAFFIC CONTROL PLANS WHICH SHALL BE MADE PART OF THE PLAN REVIEW REQUEST TO THE COUNTY FOR APPROVAL.
- ALL WATER LINES IN A PERTINENCES SHALL BE PROVIDED WITH TRACE WIRE PER TOWN OF CAMP VERDE STANDARD DETAIL. TRACE WIRE SHALL BE IDENTIFIED WITH THE METHOD OF OBTAINING THE IN-PLACE DENSITY, WHETHER SAND CONE OR NUCLEAR GAUGE, AND SHALL BE SO NOTED FOR EACH TEST.
- EXPORT SOIL MUST BE TRANSPORTED TO A LEGAL DUMP OR TO A PERMITTED SITE.
- ALL EXISTING DRAINAGE COURSES THROUGH THIS SITE SHALL REMAIN OPEN UNTIL FACILITIES TO HANDLE STORM WATER ARE APPROVED AND FUNCTIONAL. HOWEVER, IN ANY CASE, THE PERMITTEE SHALL BE HELD LIABLE FOR ANY DAMAGE DUE TO OBSTRUCTING NATURAL DRAINAGE PATTERNS.
- ALL SUBGRADE PREPARATION SHALL BE IN ACCORDANCE WITH MAG SPEC SECTION 301.

WATER GENERAL NOTES CONTD:

- WATER-SEWER SEPARATION SHALL BE PURSUANT TO AAC R-18-5-502C.
- WATER MAINS SHALL BE SUBJECT TO A PRESSURE AND LEAKAGE TEST IN ACCORDANCE WITH AWWA C605-13 FOR PVC AND AWWA C600 FOR DIP STANDARD AND MAG SPEC SECTION 611.
- CONTRACTOR SHALL PERFORM ALL TESTING AND DISINFECTING OF THE WATER LINES PER MAG SPEC SECTION 611 AND THE ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY (ADEQ) REGULATIONS IN BULLETIN NO. 8 PART V-8 OR WITH THE CURRENT AWWA STANDARD (ANSIAWWA C652-11 DISINFECTION OF WATER STORAGE FACILITIES) BEFORE BEING PUT INTO SERVICE FOR THE FIRST TIME OR AFTER IT HAS BEEN ENTERED FOR CLEANING, REPAIR, OR PAINTING.
- DUCTILE IRON PIPE TO BE INSTALLED PER MANUFACTURERS REQUIREMENTS. ALL MATERIALS USED IN THE INSTALLATION OF DUCTILE IRON PIPE SHALL BE PURSUANT TO AAC R-18-4.
- ALL MATERIALS AND PRODUCTS THAT COME INTO CONTACT WITH DRINKING WATER OR DRINKING WATER TREATMENT CHEMICALS MUST COMPLY WITH NATIONAL SANITATION FOUNDATION (NSF) 61 CERTIFIED. PLASTIC PIPE SHALL BEAR THE NSF SEAL FOR POTABLE WATER USE (NSF-PW).
- ALL TRENCHES AND BEDDING SHALL BE PER MAG DETAILS AND TECHNICAL SPECIFICATIONS.
- ALL MATERIALS USED IN THE INSTALLATION OF WATER MAINS SHALL PURSUANT TO AAC R-18-4 AND SHALL BE NSF APPROVED FOR POTABLE WATER.
- ALL REVISIONS TO ORIGINAL PLANS MUST BE APPROVED BY THE CAMP VERDE WATER CO.
- ALL DUCTILE IRON, COPPER, AND BRASS FITTINGS SHALL BE ENCASED IN POLYETHYLENE PROTECTIVE WRAPPING IN ACCORDANCE WITH MAG SECTION 610.5 UNLESS COUNTER INDICATED BY GEOTECHNICAL CORROSION TESTING A BEDDING AND SHADING MATERIALS AND APPROVED BY THE CAMP VERDE WATER CO.
- WATER LINES SHALL BE INSTALLED WITH MECHANICAL RESTRAINTS WHERE JOINT RESTRAINTS ARE REQUIRED.
- WATER SERVICE INTERRUPTION NOTICES SHALL BE GIVEN TO AFFECTED RESIDENCE BY THE CONTRACTOR AT HIS EXPENSE. ADVANCE NOTIFICATION REQUIREMENTS MUST BE APPROVED BY THE YCDS PRIOR TO SCHEDULING A SHUT DOWN.
- WATER MAIN TAPS, SERVICE TAPS, SHUT DOWN REQUEST AND METER REQUEST MUST BE INITIATED WITH THE COUNTY INSPECTOR A MINIMUM OF FIVE DAYS IN ADVANCE.
- THE CONTRACTOR SHALL NEUTRALIZE THE CHEMICAL PROPERTIES OF THE CHLORINATED WATER IN ACCORDANCE WITH APPENDIX B OF AWWA STANDARD C651 PRIOR TO RELEASE. THIS MAY BE ACCOMPLISHED BY PHYSICAL OR CHEMICAL MEANS, HOWEVER, THE CONTRACTOR SHALL SUBMIT DECHLORINATION METHOD FOR APPROVAL OF TO OWNER PRIOR TO APPLICATION AND/OR USE. THE CONTRACTOR IS TO RECORD CHLORINE RESIDUALS TO DOCUMENT COMPLIANCE. IN THE EVENT THE CHLORINE RESIDUAL IS RECORDED OUT OF COMPLIANCE, THE CONTRACTOR SHALL NOT DISCHARGE CHLORINATED WATERS, THE CONTRACTOR WILL BE RESPONSIBLE FOR ANY DAMAGE TO FISH AND/OR AQUATIC LIFE CAUSE BY THE CHLORINE RESIDUAL. IF CHLORINE REACHES OR IS DETECTED IN A STREAM, RIVER, OR OTHER WATERWAY THE CONTRACTOR WILL BE IN VIOLATION FOR THAT DISCHARGE. FOR MORE INFORMATION CONTACT ADEQ AT (602) 771-2300. FOR THIS CLOSE OF PROXIMITY TO VERDE RIVER, CONTRACTOR MUST EITHER DECHLORINATE & TRUCK OFF DISINFECTED WATER FROM PIPING OR APPLY FOR A DIMINUS DISCHARGE PERMIT FROM ADEQ.
- ALL DUCTILE IRON FITTINGS, VALVES AND PIPE ARE TO BE WRAPPED WITH POLY-ETHYLENE ENCASEMENT.
- ALL SERVICES SHALL BE ONE-INCH (1") MINIMUM, TYPE K COPPER WITHOUT SPLICES.
- ALL WATER MAINS SHALL BE BURIED WITH TRACER WIRE AND LOCATOR TAPE IN ACCORDANCE WITH COP DTL. NO. 3190-1.
- ALL VALVES SHALL BE IN ACCORDANCE WITH MAG SPEC SECTION 630.
- FIRE PROTECTION STORAGE TANK MUST MEET NFPA 22 FIRE PROTECTION REQUIREMENTS.
- ALL WATER LINES SHALL BE INSTALLED AND MAINTAIN THREE FEET (3') OF COVER.

GRADING & DRAINAGE GENERAL NOTES:

- ALL GRADING ACTIVATED SHALL CONFORM TO YAVAPAI COUNTY ADOPTED EDITION OF THE INTERNATIONAL BUILDING CODE, AND SHALL BE IN ACCORDANCE WITH MAG SPEC SECTIONS 210 & 211.
- PARTIES NAMED ON ADEQ'S NOTICE OF INTENT (NOI) ARE RESPONSIBLE FOR EROSION, DUST, MUD, SILT, DEBRIS AND TEMPORARY DRAINAGE CONTROL DURING GRADING OPERATIONS AND MAY BE REQUIRED TO PROVIDE A SWPPP.
- ANY INFRASTRUCTURE CONSTRUCTED IN THE PRIVATE ROADWAY REQUIRE SEPARATE PLAN APPROVAL AND INSPECTION FROM THE TOWN ENGINEER.
- ANY WALLS, FENCES, STRUCTURES AND/OR APPURTENANCES ADJACENT TO THE PROJECT SHALL BE PROTECTED IN PLACE. IF GRADING OPERATIONS DAMAGE OR ADVERSELY AFFECT SAID ITEMS IN ANY WAY, THE CONTRACTOR AND/OR DEVELOPER IS RESPONSIBLE FOR WORKING OUT AN ACCEPTABLE SOLUTION TO THE SATISFACTION OF THE AFFECTED PROPERTY OWNER(S).
- IT IS THE CONTRACTOR'S RESPONSIBILITY TO ENSURE THAT COMPACTION HAS BEEN ATTAINED ON THE ENTIRE GRADING SITE IN ACCORDANCE WITH THE GENERAL ENGINEERING PLAN, INCLUDING FILL AREAS OUTSIDE THE BUILDING PADS AND ON ALL FILL SLOPES, AND SHALL BE CERTIFIED BY THE SOILS ENGINEER.
- TOWN APPROVAL OF PLANS DOES NOT RELIEVE THE DEVELOPER FROM THE RESPONSIBILITY FOR CORRECTION OR ERROR OR OMISSION DISCOVERED DURING CONSTRUCTION. UPON REQUEST, THE REQUIRED PLAN REVISIONS SHALL BE PROMPTLY SUBMITTED TO THE YCDS FOR APPROVAL.
- IT SHALL BE THE CONTRACTOR'S RESPONSIBILITY TO CALL TOWN OF CAMP VERDE PUBLIC WORKS DEPARTMENT @ (928) 554-0820 FOR ANY REQUIRED CIVIL INSPECTION 24 HOURS PRIOR TO PERFORMING ANY WORK. WORK PERFORMED WITHOUT CALLING FOR INSPECTION MAY BE REJECTED AND, IF REJECTED, SHALL BE REMOVED SOLELY AT THE CONTRACTORS EXPENSE.
- NO GRADING SHALL COMMENCE WITHOUT OBTAINING A GRADING PERMIT AND NOTIFYING THE TOWN OF CAMP VERDE PUBLIC WORKS DEPARTMENT OR DEVELOPERS GRADING INSPECTOR TO SCHEDULE A PREGRADING MEETING TWO WORKING DAYS PRIOR TO THE START OF WORK.
- PRIOR TO THE START OF GRADING ALL SWPPP MEASURES SHALL BE IN PLACE. ALL DEBRIS INCLUDING EXISTING STRUCTURES, FOOTINGS, FOUNDATIONS AND RUBBLE SHALL BE REMOVED FROM THIS SITE TO THE SATISFACTION OF THE SOILS ENGINEER.
- AFTER REMOVAL OF DEBRIS, ANY EXISTING FILL OR DISTURBED NATURAL SOILS SHALL BE EXCAVATED TO THE SATISFACTION OF THE SOILS ENGINEER. SWPPP MUST BE ON SITE. NOI WITH ADEQ MUST BE DISPLAYED AT PROJECT ENTRANCE.
- THE EXPOSED SOILS SHALL THEN BE INSPECTED BY THE SOILS ENGINEER, AND ANY ADDITIONAL OVER-EXCAVATION SHALL THEN BE MADE IN ACCORDANCE WITH THE SOILS ENGINEER'S RECOMMENDATIONS AND AS CONTAINED IN THE SOILS REPORT.
- THE EXPOSED SOILS SHALL THEN BE SCARIFIED TO PROVIDE A BOND WITH NEW FILL, BROUGHT TO PROPER MOISTURE CONTENT AND COMPACTED TO AT LEAST 90% OF THE MAXIMUM DENSITY, AS DETERMINED BY ASTM D1557-78 OR EQUIVALENT COMPACTION SHALL BE OBTAINED BY METHODS SPECIFIED BY THE SOILS ENGINEER. ROAD PRISM SUBGRADE SHALL BE COMPACTED TO AT LEAST 95% STANDARDS OR MODIFIED PER SOILS ENGINEERS RECOMMENDATIONS.
- THE SOILS AND DESIGN ENGINEER OF RECORD SHALL ALSO BE RESPONSIBLE TO INSPECT, VERIFY AND REPORT THAT PROPER COMPACTION HAS BEEN OBTAINED BY EARTHWORK CONTRACTOR OR SUBCONTRACTOR AND PRIVATE UTILITY FRANCHISES CONCERNING UTILITY LINE BACKFILL, TO INCLUDE ELECTRICAL, GAS, CABLE, FIBEROPTIC AND LANDSCAPE IRRIGATION LINES. ADDITIONALLY, WATER AND SEWER LINES TO BE BACKFILLED AND COMPACTED IN ACCORDANCE WITH GENERAL ENGINEERING REQUIREMENTS SECTION AND DETAIL.
- AN AS-GRADED GRADING PLAN AND THE CERTIFICATION OF COMPLIANCE FORMS FOR SAID GRADING PLAN WITH THE PROPER STAMPS AND SIGNATURES ARE TO BE SUBMITTED TO THE YCDS PRIOR TO RELEASE OF GRADING BOND AND PRIOR TO FINAL GRADING INSPECTION. BUILDING PAD CERTIFICATION SHALL BE SUBMITTED TO THE BUILDING DEPARTMENT WHEN REQUESTED.
- NO FILL SHALL BE PLACED UNTIL STRIPPING OF VEGETATION, REMOVAL OF UNSUITABLE SOILS, AND INSTALLATION OF SUBDRAINS (IF ANY) HAVE BEEN INSPECTED AND APPROVED BY THE SOILS ENGINEER.
- GRADING SHALL NOT BE STARTED WITHOUT FIRST NOTIFYING THE TOWN OF CAMP VERDE COMMUNITY DEVELOPMENT & PUBLIC WORKS DEPARTMENT.
- ALL EXISTING FILLS SHALL BE APPROVED AND CERTIFIED BY THE SOILS ENGINEER OR REMOVED PRIOR TO PLACING ADDITIONAL FILLS.
- ALL TRENCH BACKFILLS SHALL BE TESTED AND APPROVED BY THE SOILS ENGINEER.
- THE COMPACTION REPORT AND APPROVAL FROM THE SOIL ENGINEER SHALL INDICATE THE TYPE OF FIELD TESTING PERFORMED. EACH TEST SHALL BE IDENTIFIED WITH THE METHOD OF OBTAINING THE IN-PLACE DENSITY, WHETHER SAND CONE OR NUCLEAR GAUGE, AND SHALL BE SO NOTED FOR EACH TEST.
- EXPORT SOIL MUST BE TRANSPORTED TO A LEGAL DUMP OR TO A PERMITTED SITE.
- ALL EXISTING DRAINAGE COURSES THROUGH THIS SITE SHALL REMAIN OPEN UNTIL FACILITIES TO HANDLE STORM WATER ARE APPROVED AND FUNCTIONAL. HOWEVER, IN ANY CASE, THE PERMITTEE SHALL BE HELD LIABLE FOR ANY DAMAGE DUE TO OBSTRUCTING NATURAL DRAINAGE PATTERNS.
- ALL SUBGRADE PREPARATION SHALL BE IN ACCORDANCE WITH MAG SPEC SECTION 301.



NO.	DATE	DESCRIPTION



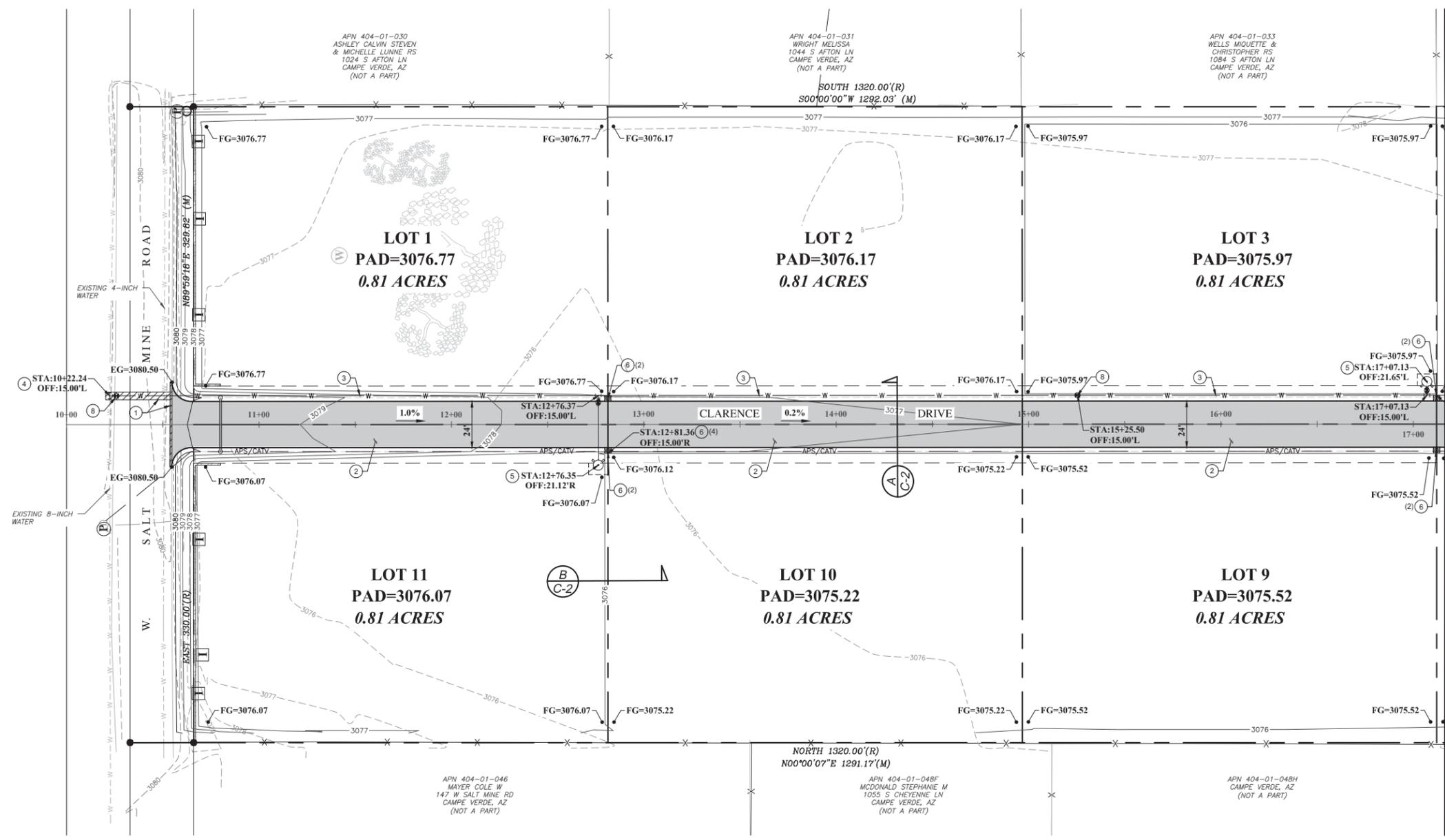
TRICO ENGINEERING, LLC

211 LAKE HAVASUE CITY, AZ 86403
 211 LAKE HAVASUE CITY, AZ 86403
 (928) 238-4669

Salt Mine Ranches
APN #404-01-045
LOT 1 OF S56, T13N, R5E
YAVAPAI COUNTY, ARIZONA

GENERAL NOTES	
DATE:	NOVEMBER 3, 2021
DRAWN BY:	N.T.S.
CHECKED BY:	N.T.S.
PROJECT NO.:	20446
APPROVED BY:	SDP

A:\Info Engineering\LCI\Projects\2020\20-062-Camp Verde Subdivision\DWG\Improvement Plans\20-062-Camp Verde\Grading & Drainage\Plan\11-17-2021\11-17-2021.dwg
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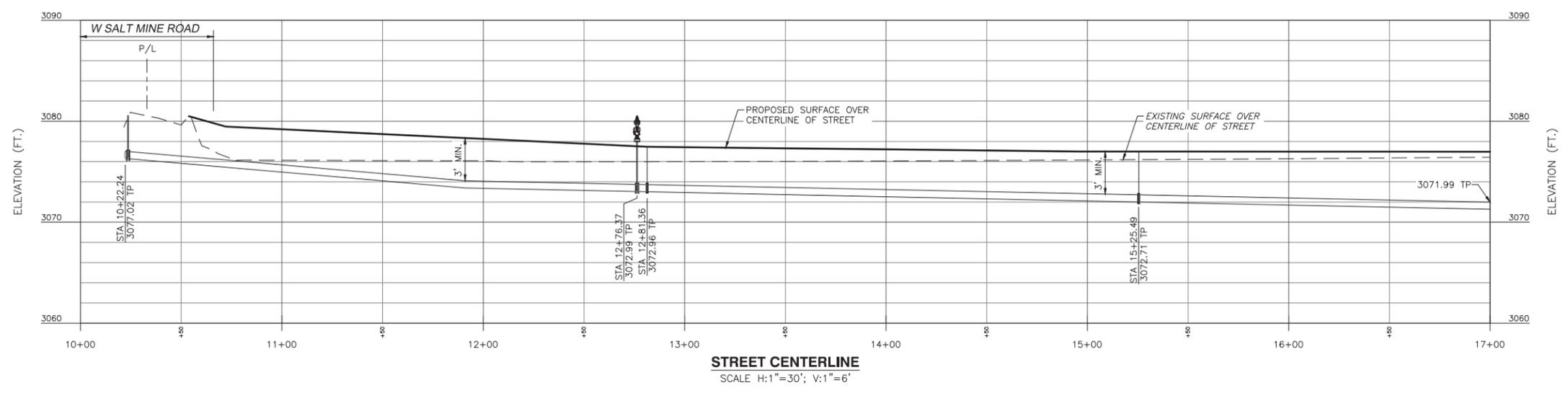
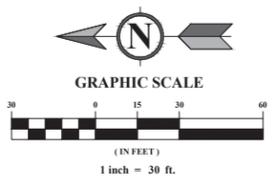
CONSTRUCTION NOTES:

- 1 SAWCUT & TACK COAT EXISTING ASPHALT A MINIMUM OF 2" WIDTH ASPHALT WITHIN ROW FOR SALT MINE ROAD WILL BE A MINIMUM OF 3" ON 8" OF AGGREGATE BASE COARSE OR THE EXISTING SECTION, WHICHEVER IS GREATER. ALL ASPHALT WITHIN ROW WILL HAVE THICKENED EDGE PER MAG STD. DETAIL 201, TYPE 'A'.
- 2 CONSTRUCT 2-INCH AC PAVEMENT OVER 6-INCH AB IN ACCORDANCE WITH MAG STD. DET. 201, TYPE 'A' AND MAG SPECIFICATION 321. REFER TO SOILS REPORT FOR EMERGENCY SERVICES LOADING REQUIREMENTS.
- 3 INSTALL 8-INCH CLASS 350 DR-14 DUCTILE IRON PIPE PER CAMP VERDE WATER SYSTEM INC DETAIL NO. D-1.
- 4 INSTALL 8-INCH STAINLESS STEEL TAPPING SLEEVE WITH JOINT RESTRAINT PER MAG STD DET 303-1 & 303-2.
- 5 INSTALL FIRE HYDRANT PER CAMP VERDE WATER SYSTEM INC DETAIL NO. D9 ON SHEET C-5 WITH A 6-INCH RESILIENT WEDGE GATE VALVE WITH VALVE CAN PER CAMP VERDE SYSTEM INC DETAILS D-6 & D-7.
- 6 INSTALL 3/4" IPS POLYETHYLENE PIPE INDIVIDUAL SERVICE PER CAMP VERDE WATER SYSTEM INC DETAIL NO. D-3.
- 7 INSTALL BLOWOFF DEVICE USING AN INLINE VALVE PER CAMP VERDE WATER SYSTEM INC DETAIL NO. D-2.
- 8 INSTALL 8-INCH RESILIENT WEDGE GATE VALVE WITH VALVE CAN PER CAMP VERDE WATER SYSTEM INC DETAILS D-6 & D-7.
- 9 INSTALL 8-INCH 90° DUCTILE IRON ELBOW WITH JOINT RESTRAINT PER MAG STD DET 303-1 & 303-2.

GENERAL NOTES:

1. PRV REQUIRED AT METER SET THE SYSTEM PRESSURES ARE MAINTAINED AT LESS THAN 100 PSI.

SEE SHEET C-4



STREET CENTERLINE
SCALE H:1"=30'; V:1"=6'

NO.	DATE	DESCRIPTION



TRICO ENGINEERING, LLC
 LAKE HAVASU CITY, AZ
 211 LAKE HAVASU CITY, AZ 86403
 (928) 230-6669

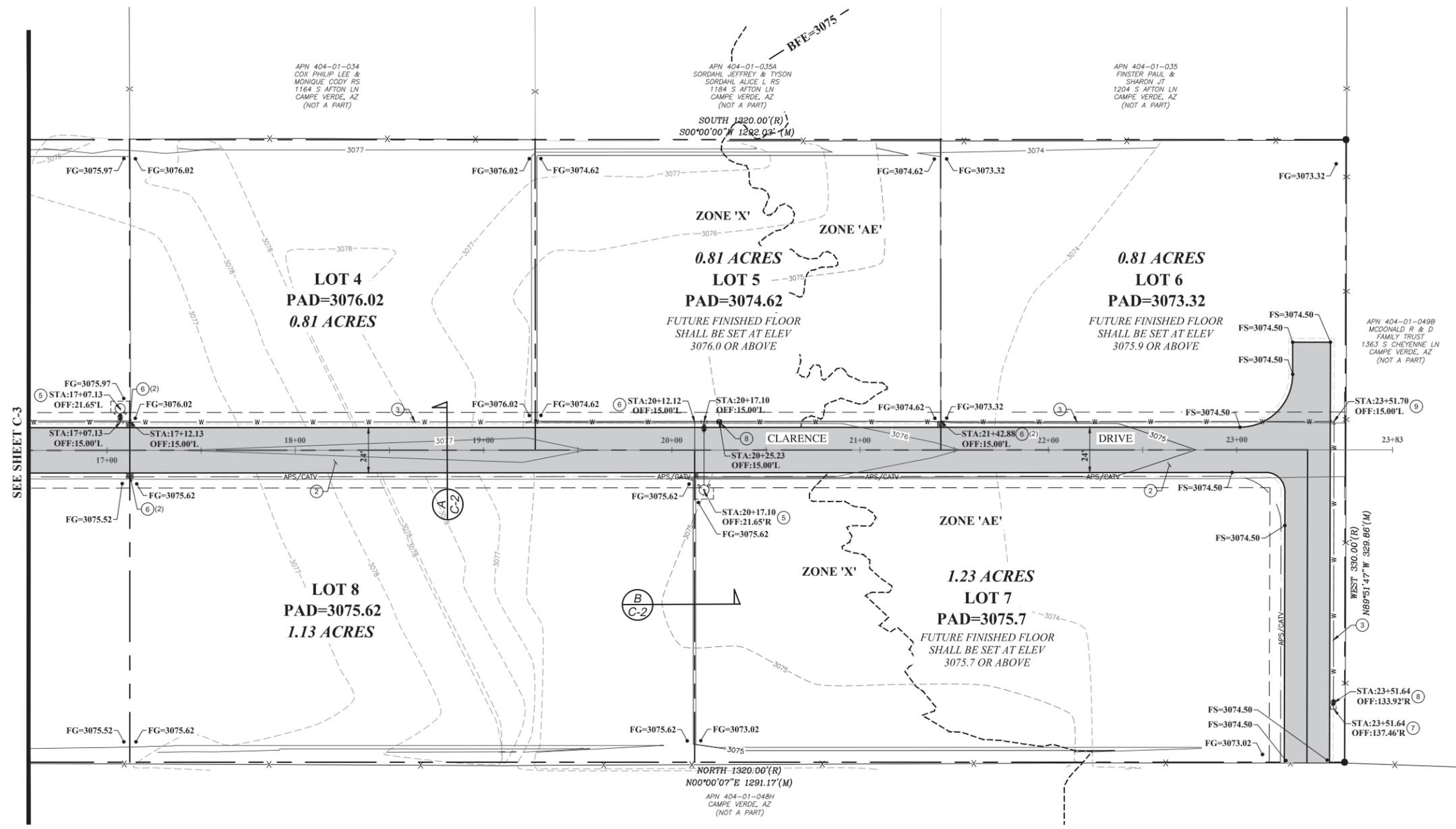
Salt Mine Ranches
APN #404-01-045
LOT 1 OF S56, T13N, R5E
YAVAPAI COUNTY, ARIZONA

DATE:	NOVEMBER 3, 2021	DRAWN BY:	EJP
DWG SCALE:	1" = 30'	CHECKED BY:	2044H
PROJECT NO.:	2044H	APPROVED BY:	SDP

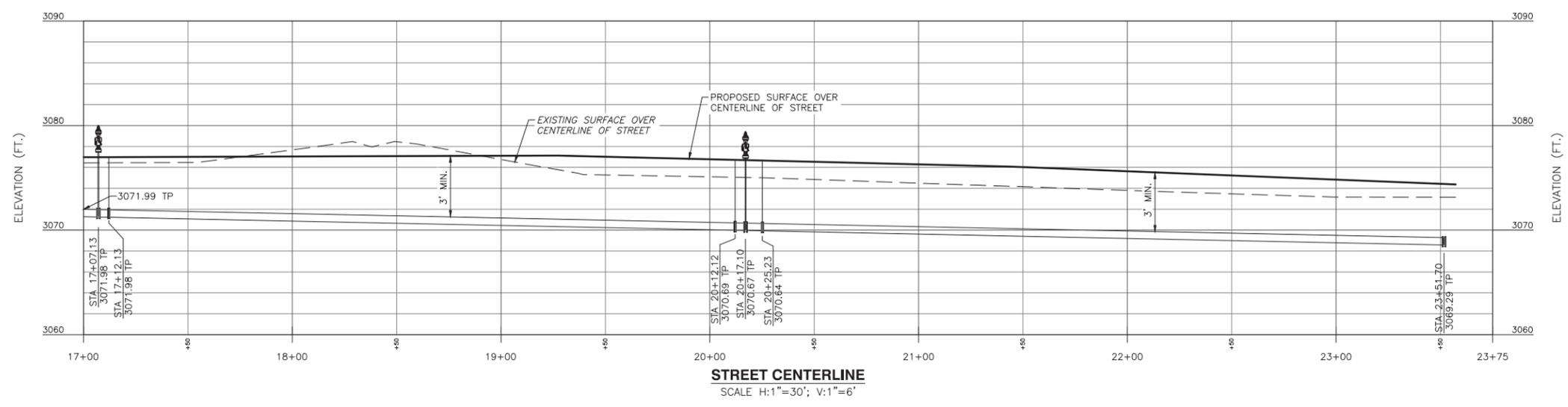
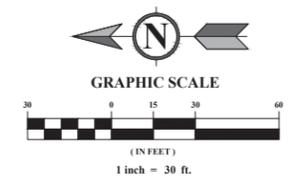
DRAWING NO.: **C-3**
 SHEET 3 OF 5



SEE SHEET C-3



- CONSTRUCTION NOTES:**
- SAWCUT & TACK COAT EXISTING ASPHALT A MINIMUM OF 2" WIDTH. ASPHALT WITHIN ROW FOR SALT MINE ROAD WILL BE A MINIMUM OF 3" ON 8" OF AGGREGATE BASE COARSE OR THE EXISTING SECTION, WHICHEVER IS GREATER. ALL ASPHALT WITHIN ROW WILL HAVE THICKENED EDGE PER MAG STD. DETAIL 201, TYPE 'A'.
 - CONSTRUCT 2-INCH AC PAVEMENT OVER 6-INCH AB IN ACCORDANCE WITH MAG STD. DET. 201, TYPE 'A' AND MAG SPECIFICATION 321. REFER TO SOILS REPORT FOR EMERGENCY SERVICES LOADING REQUIREMENTS.
 - INSTALL 8-INCH CLASS 350 DR-14 DUCTILE IRON PIPE PER CAMP VERDE WATER SYSTEM INC DETAIL NO. D-1.
 - INSTALL 8-INCH STAINLESS STEEL TAPPING SLEEVE WITH JOINT RESTRAINT PER MAG STD DET 303-1 & 303-2.
 - INSTALL FIRE HYDRANT PER CAMP VERDE WATER SYSTEM INC DETAIL NO. D9 ON SHEET C-5 WITH A 6-INCH RESILIENT WEDGE GATE VALVE WITH VALVE CAN PER CAMP VERDE SYSTEM INC DETAILS D-6 & D-7.
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 - INSTALL BLOWOFF DEVICE USING AN INLINE VALVE PER CAMP VERDE WATER SYSTEM INC DETAIL NO. D-2.
 - INSTALL 8-INCH RESILIENT WEDGE GATE VALVE WITH VALVE CAN PER CAMP VERDE WATER SYSTEM INC DETAILS D-6 & D-7.
 - INSTALL 8-INCH 90° DUCTILE IRON ELBOW WITH JOINT RESTRAINT PER MAG STD DET 303-1 & 303-2.
- GENERAL NOTES:**
- PRV REQUIRED AT METER SET THE SYSTEM PRESSURES ARE MAINTAINED AT LESS THAN 100 PSI.



STREET CENTERLINE
SCALE H:1"=30'; V:1"=6'

NO.	DATE	DESCRIPTION

TRICO ENGINEERING, LLC
LAKE HAVASU CITY, AZ
211 LAKE HAVASU CITY, AZ 86403
(928) 230-4669

Salt Mine Ranches
APN #404-01-045
LOT 1 OF S56, T13N, R5E
YAVAPAI COUNTY, ARIZONA

GRADING, DRAINAGE, ROAD & UTILITY PLAN	
DATE: NOVEMBER 3, 2021	DRAWN BY: EJP
DWG SCALE: 1" = 30'	CHECKED BY: SDP
PROJECT NO: 20446	APPROVED BY: SDP



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RESOLUTION NO. 2021-1073

A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF CAMP VERDE, YAVAPAI COUNTY, ARIZONA, APPROVING PRELIMINARY PLAT 20210062 FOR THE PURPOSE OF DEVELOPING THE "SALT MINE RANCHES" SUBDIVISION, WHICH IS AN ELEVEN (11) LOT, RESIDENTIAL SUBDIVISION, LOCATED ON APPROXIMATELY 10 ACRES, THE SOUTH SIDE OF SALT MINE ROAD, JUST WEST OF STATE ROUTE 260 INTERSECTION, ON PARCEL 404-01-045.

WHEREAS, the Planning & Zoning Ordinance and Subdivision Regulations, provide the processes under Section 505, Preliminary Subdivision Plat, to determine details relating to specific capacities and preliminary design of the subdivision; and,

WHEREAS, a request for approval of Preliminary Plat 20210062 was filed by Sean Perroto, Trico Engineering, on behalf of the property owners, McDonald Brothers Construction, who are the owners of Parcel 404-01-045, on February 16, 2021; and,

WHEREAS, the purpose of the Preliminary Plat is to develop the Salt Mine Ranches with eleven (11) residential lots, located on Parcel 404-01-045; and,

WHEREAS, the request was reviewed by the Planning and Zoning Commission in a Special Session on June 3, 2021, and by the Town Council in a Regular Session on July 7, 2021, in public hearings that were advertised and posted according to state law; and,

WHEREAS, the proposed Preliminary Plat is in compliance with the currently adopted General Plan and was given a recommendation of conditional approval to proceed with assurance of compliance with the Planning and Zoning Ordinance under the Final Plat processing guidelines; and,

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COMMON COUNCIL OF THE TOWN OF CAMP VERDE:

The Town Council hereby finds as follows:

1. The Mayor and Common Council of the Town of Camp Verde hereby approve Preliminary Plat 20210062 for the purpose of developing the Salt Mine Ranches Subdivision with eleven (11) residential lots, located on Parcel 404-01-045, with the following conditions:
 - a. The proposed street name be changed to a properly vetted and acceptable name, prior to approval by Town Council on the Final Plat survey.
 - b. All documentation required for review and processing of the final plat be received with its submittal to facilitate its processing. Any documentation or information required as a result of the final plat review process to be submitted when requested, to facilitate the final process for Council approval and plat recordation.
 - c. The Mayor and Common Council have determined that the applicant must meet all currently adopted development standards. Upon achieving compliance with the Planning & Zoning Ordinance and Subdivision regulations, the proposed use will not constitute a threat to the health, safety, welfare, or convenience of the general public.

PASSED AND APPROVED BY A MAJORITY OF THE TOWN COUNCIL OF THE TOWN OF CAMP VERDE, ARIZONA, ON THIS 7th DAY OF JULY, 2021.

Dee Jenkins
Dee Jenkins, Mayor

7/8/2021
Date

ATTEST:

APPROVED AS TO FORM:

[Signature]
Town Attorney

Cindy Pemberton
Cindy Pemberton, Town Clerk



Agenda Item Submission Form – Section I

Meeting Date: November 10, 2021

Consent Agenda Decision Agenda Executive Session Requested

Presentation Only Action/Presentation

Requesting Department: Administration

Staff Resource/Contact Person: Russ Martin

Agenda Title (be exact): Discussion, consideration, and possible approval to adopt Resolution 2021-1079 - A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF CAMP VERDE, 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 MANAGER AND THE FINANCE DIRECTOR; PROVIDING FOR THE TRANSFER OF CERTAIN MONEYS AND MAKING CERTAIN COVENANTS AND AGREEMENTS WITH RESPECT THERETO; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY SUCH LOAN AGREEMENT AND THIS RESOLUTION AND DECLARING AN EMERGENCY

List Attached Documents:

- o Resolution
- o Draft loan documents

Estimated Presentation Time: 5 mins

Estimated Discussion Time: 5 mins

Reviews and Comments Completed by:

Town Manager: Russ Martin Department Head:

Town Attorney Comments: Reviewed additionally by Bond Counsel for completeness for WIFA application standards

Risk Management: N/A

Finance Department: Loan Document are included.

Background Information: This is the final step in the process for WIFA. The loan documents are fairly straight forward, the important item is this is for a 25-year loan at 2 or less percent, currently 1.8%. This rate can only be locked 3 days prior to closing currently anticipated for Mid December. The resolution you are passing is required to accept the loan formally so that it can prepare it for closing. The rate again at this time is at 1.8% but as you will

notice we are putting it at 0.5% higher in the resolution (2.3) to provide for flexibility if the rate adjusts in the time period between approval and closing.

Previous due diligence showed in the worst-case scenario of \$10 million @ 4% for 30 years (max on this type of loan) an annual payment of 572K, or additional scenarios of 20 years @ 3% of 665K. Given these the staff believe the best spot for this would be a 25-year loan at 2% for a payment of approximately 475K. That also incorporates an additional \$900,000 as forgivable principal (WIFA granted) from the previous total amount of \$10,175,000, down to 9,275,000 actual loan. In any case the rate and the years as proposed would provide initially over \$200,000 annually (based on 2019 revenue/town adjusted) to accommodate future capital projects and increases in costs and reserve building.

Recommended Action (Motion): Move to approve resolution 2021-1079.

Instructions to the Clerk: Obtain signature on Resolution and forward to Finance.



RESOLUTION 2021-1079

A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF CAMP VERDE, 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 MANAGER AND THE FINANCE DIRECTOR; PROVIDING FOR THE TRANSFER OF CERTAIN MONEYS AND MAKING CERTAIN COVENANTS AND AGREEMENTS WITH RESPECT THERETO; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY SUCH LOAN AGREEMENT AND THIS RESOLUTION AND DECLARING AN EMERGENCY

WHEREAS, the Mayor and Common Council of the Town of Camp Verde, Arizona (the “Town”), have heretofore applied to the Water Infrastructure Finance Authority of Arizona (the “Authority”) for a loan (the “Loan”) from the Authority’s Drinking Water Revolving Fund Program (the “Program”) to provide funds for the Town to purchase all the assets of the Camp Verde Water Company as well as for payment of the Town’s proportionate share of expenses of administering the Program and any bonds issued by the Authority with respect thereto (the “Project”); and

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

WHEREAS, the Loan payable by the Town pursuant to the Loan Agreement (the “Loan Repayments”) will be secured by a pledge of the Source of Repayment (as defined in the Loan Agreement); and

WHEREAS, the Mayor and Common Council of the Town have determined that it will be beneficial to the citizens of the Town to enter into and to perform the Loan Agreement, whereby the Town will borrow not to exceed in total \$10,175,000 from the Authority; and

WHEREAS, the Loan shall be repaid on or before twenty-five (25) years from the date of the execution and delivery of the Loan Agreement and the Loan shall bear interest at rates not to exceed two and three tenths percent (2.30%) per annum; and

WHEREAS, there has been placed on file with the Clerk of the Town 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 MAYOR AND COMMON COUNCIL OF THE TOWN OF CAMP VERDE, ARIZONA, THAT:

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 Town's application to the Authority or the requirements of the federal government or the Authority, as shall be approved by the Manager and/or the Finance Director of the Town, the execution of such document being conclusive evidence of such approval, and the Mayor or, in the absence thereof, the Vice Mayor of the Town or the Manager of the Town and the Clerk of the Town are hereby authorized and directed, for and on behalf of the Town, to execute and attest and deliver, respectively, the Loan Agreement.

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

Section 3. The obligation of the Town to pay the Loan Repayments provided for in the Loan Agreement and to make the other payments provided for in the Loan Agreement is limited to payment from the Source of Repayment, and the obligations of the Town under the Loan Agreement shall not constitute nor give rise to a general obligation of the Town or any claim against its *ad valorem* taxing powers, or constitute an indebtedness within the meaning of any statutory or constitutional debt limitation applicable to the Town.

Section 4. The appropriate officials and officers of the Town are hereby authorized and directed to take all action 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 this Resolution. The Mayor and Common Council of the Town hereby declare 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 fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Resolution may be held illegal, invalid or unenforceable. All 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 resolution or any part thereof.

Section 6. All actions of the officers and agents of the Town including the Mayor and Common Council of the Town 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 Town are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the Town as may be necessary to carry out the terms and intent of this Resolution.

Section 7. All acts and conditions necessary to be performed by the Town 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 Town 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 Mayor and Common Council of the Town concerning and relating to the passage of this Resolution were taken in an open meeting of the Mayor and Common Council of the Town, and all deliberations of the Mayor and Common Council of the Town and of any committees that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements.

Section 9. The immediate operation of the provisions of this Resolution is necessary for the preservation of the public health and welfare and for the further reason that the execution and delivery at the earliest possible date of the Loan Agreement is urgently needed to attempt to secure the lowest possible interest cost to the Town; therefore, an emergency is hereby declared to exist and this Resolution is enacted as an emergency measure and shall be in full force and effect from and after the passage and adoption by the Mayor and Common Council of the Town, as required by law, and this Resolution is hereby exempt from the referendum provisions of the Constitution and laws of the State of Arizona.

Section 10. 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.

[Signature page follows.]

PASSED AND ADOPTED on November 17, 2021.

.....
Dee Jenkins, Mayor,
Town of Camp Verde, Arizona

ATTEST:

.....
Cindy Pemberton, Town Clerk,
Town of Camp Verde, Arizona

APPROVED AS TO FORM:

.....
William J. Sims, Sims Murray Ltd.,
Town Attorney, Town of Camp Verde,
Arizona

Town of Camp Verde and

Water Infrastructure Finance Authority of Arizona

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RESOLUTION

TO BE PROVIDED BY BORROWER

Section 1: Resolution

WHEREAS, the Water Infrastructure Finance Authority of Arizona (the “*Authority*”) has received from Town of Camp Verde (the “*Local Borrower*”) a request for a loan (the “*Loan*”); and

WHEREAS, the Authority has determined that the Local Borrower has met the requirements of Arizona Revised Statutes §49-1201 et seq. (the “*Act*”) and the rules promulgated thereunder (the “*Rules*”); and

WHEREAS, the terms and conditions under which a Loan will be made and the obligations of the Local Borrower will be set forth in a loan agreement or bond purchase agreement (the “*Loan Agreement*”) to be executed by the Local Borrower and the Authority.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE AUTHORITY AS FOLLOWS:

The Executive Director of the Authority is hereby authorized and directed to execute a Loan Agreement with the Local Borrower to evidence a Loan in accordance with the Act, the Rules, the Local Borrower’s applications to the Authority, and the Project Summary detailed in Section 2 of this Loan Resolution.

The Executive Director and other Authority officials, as appropriate, are authorized and directed to sign any document and take such actions as necessary and appropriate to consummate the transactions contemplated by this Resolution and the Loan Agreement and to ensure that the Local Borrower has completed all requirements of the Authority as detailed in Section 3, Section 4, and Section 5 of this Loan Resolution.

This Resolution shall take effect immediately and shall terminate one year from the date of Board Action.

Dated: October 28, 2021

By: Approved - Signature Pending
Chairman

Attest: Approved - Signature Pending
Executive Director

Section 2: Project Summary

2.1 Project Number(s)

DW 006-2022

2.2 Project Priority Data

<u>PPL Rank</u>	<u>Funding Cycle</u>	<u>Population Served</u>	<u>Subsidy Rate</u>
11	DW 2022	4,310	80%

2.3 Project Description(s)

This loan will fund the purchase/acquisition of the Camp Verde Water System by the Town of Camp Verde.

2.4 Previous Board or Committee Actions

December 16, 2020 – Board adopted Loan Resolution 2021-021 to award \$1,200,000 to the Town of Camp Verde to design and engineer approximately 15 miles of sewer main lines, lift stations, tap and stub locations including all necessary easements along the HWY 260 corridor.

February 28, 2018 – Board adopted Loan Resolution 2018-013 to award \$3,487,210 with \$1,000,000 in forgivable principal (Loan No. 910173-18) to the Town of Camp Verde to make improvements to the wastewater treatment facility and for construction of a solar array and truck pumping station.

Within the 2016 Technical Assistance Funding Cycle, the Board awarded the Town of Camp Verde a \$35,000 clean water technical assistance award to prepare the design for collection system expansion.

Within the 2009 Technical Assistance Funding Cycle, the Board awarded Camp Verde Sanitary District a \$17,640 clean water technical assistance award to prepare the design for collection system expansion.

September 17, 2008 – Board adopted Loan Resolution 2009A-022 to award \$5,600,000 (Loan No. 910105-09) to Camp Verde Sanitary District to complete construction of: the wastewater treatment plant, complete installation of the collection system, and implement improvements to the collection system.

September 17, 2008 – Board adopted Loan Resolution 2009B-022 to award \$1,902,000 (Loan No. 910123-10) to the Camp Verde Sanitary District to refinance lease purchase

agreements with Koch Financial for the original construction of the Wastewater Treatment Plant.

Within the 2007 Technical Assistance Funding Cycle, the Board awarded the Town of Camp Verde a \$35,000 clean water technical assistance award to prepare a wastewater Master Plan.

June 21, 2006 – Board adopted Loan Resolution 045-2006 to award \$4,500,000 (Loan No. 910088-06) to the Camp Verde Sanitary District to upgrade the existing 0.28 MGD facility by replacing the existing plant with a 0.65 MGD wastewater treatment plant.

April 21, 2004 – Board adopted Loan Resolution 2004-007 to award \$600,000 (Loan No. 910071-05) to the Camp Verde Sanitary District to purchase United States Forest Service land required for the expansion of the wastewater treatment plant.

2.5 Project Finance Committee Recommendations

Not reviewed by Project Finance Committee

Section 3: Financial Assistance Terms & Conditions (Section 7.1 of Due Diligence)

Financial Assistance Amount: \$10,175,000 with \$900,000 in forgivable principal

Primary Repayment Source: System Revenues

Secondary Repayment Source: None

Loan Term: 25 years

Frequency of Repayment: Semi-Annual

Loan Structure: Standard Governmental - Level 2; Disadvantaged Community

Debt Service Reserve Fund Requirements: Local, No Separate Account

Repair and Replacement Fund Requirements: Local - Not Separate Account

Requirements Prior to Loan Execution:

Require Legal Opinion: Yes

Other: Yes

Execution of a purchase agreement between Camp Verde Water System and the Town of Camp Verde

Requirements Prior to Construction: No Requirement

Requirement During Construction: No Requirement

Requirements Prior to Final Disbursements: No Requirement

Loan Category: Qualified, Pledged

Policy Exceptions: None

Section 4: Technical Terms & Conditions (Section 7.2 of Due Diligence)

Observation Schedule C (Other):

None, there are no construction or infrastructure improvements associated with this loan

Withholding Percentage: No Requirement

Requirements Prior to Loan Execution: No Requirement

Requirements Prior to Construction:

Submittal of Construction Bids: No Requirement

Project Publicity/Signage: Yes

The Local Borrower shall display information online via community website detailing the Project and the funding sources.

Other: No Requirement

Requirements During Construction:

Prior Review of Changes in Project Scope: No Requirement

Other: No Requirement

Requirements Prior to Releasing Withholdings:

Require Plan of Operation: No Requirement

Require Final Approval: No Requirement

Other: No Requirement

Policy Exceptions: None

Section 5: Additional Notice & Reporting Requirements (Section 7.3 of Due Diligence)

Other: No Requirement

Loan Agreement

Water Infrastructure Finance Authority of Arizona
(the “Authority”)

and

Town of Camp Verde
(the “Local Borrower”)

Evidencing a Loan from the
Authority to the Local Borrower

Dated as of December **TBD**, 2021

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- Exhibit B** Technical Assistance Terms and Conditions
- Exhibit C** Reporting Requirements
- Exhibit D** Source of Repayment
- Exhibit E** Debt Service Reserve Requirements
- Exhibit F** Replacement Reserve Requirements
- Exhibit G** Opinion of Counsel to Borrower
- Exhibit H** Tax Compliance Certificate of Local Borrower

Loan Agreement

This Loan Agreement (this “*Loan Agreement*”) is made and entered into as of 12/TBD/2021 by and between the Water Infrastructure Finance Authority of Arizona (the “*Authority*”), and Town of Camp Verde (the “*Local Borrower*”), a political subdivision of the State of Arizona.

This Loan Agreement includes the attached Exhibits and the attached Standard Terms and Conditions. Any capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Exhibits and the Standard Terms and Conditions.

The Authority and the Local Borrower agree as follows:

Article 1 Description of the Loan

Section 1.1 Name and Address of Local Borrower.

Town of Camp Verde
Attention: Michael Showers, Finance Director
473 S. Main St Ste. 102
Camp Verde, Arizona 86322
Telephone: (928) 554-0811
Fax: (928) 567-9061

Section 1.2 Authorized Officer(s) of Local Borrower.

Town of Camp Verde
Attention: Russell Martin, Town Manager
473 S. Main St Ste. 102
Camp Verde, Arizona 86322 Telephone:
(928) 554-0001
Fax: (928) 567-9061

Section 1.3 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid, to the Local Borrower at the address specified in Section 1.1 and to the Authority at the following address:

Executive Director
Water Infrastructure Finance Authority of Arizona
100 North 7th Avenue, Suite 130
Phoenix, Arizona 85007
Telephone: (602) 364-1310
Fax: (602) 364-1327

Any of the parties may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent, by notice in writing given to the others.

Section 1.4 Loan Information. The terms of the Loan include the terms set forth in the Exhibits, which are part of this Loan Agreement:

- Exhibit A** Financial Assistance Terms and Conditions; Borrower Payment Instructions; and Loan Repayment Schedule
- Exhibit B** Technical Assistance Terms and Conditions
- Exhibit C** Reporting Requirements
- Exhibit D** Source of Repayment
- Exhibit E** Debt Service Reserve Requirements
- Exhibit F** Replacement Reserve Requirements
- Exhibit G** Opinion of Counsel to Borrower
- Exhibit H** Tax Compliance Certificate of Local Borrower

Prior to Loan Closing, the Local Borrower must deliver to the Authority the Opinion of Local Borrower Counsel in the form of Exhibit G and the Tax Compliance Certificate of Local Borrower in the form of Exhibit H, signed and dated the date of Loan Closing.

Article 2 Description Of The Project

Section 2.1 Description of Project. The Project is described in Project Summary attached to the Loan Resolution of the Authority, and in Exhibit B of this Loan Agreement.

Section 2.2 Description of System. The term “System” means and includes all of the properties and facilities of the complete Waterworks plant and system of the Local Borrower, whether lying within or without the boundaries of the Local Borrower, as now existing and as they may hereafter be improved or extended, all improvements, additions and extensions thereto or replacements thereof hereafter constructed or acquired by purchase, contract or otherwise and all contracts, rights, agreements, leases and franchises of every nature owned by the Local Borrower and used or useful or held for use in the operation of said plant and system or any part or portion thereof.

Article 3 Loan to Local Borrower; Amounts Payable

Section 3.1 The Loan. The Authority shall loan and disburse to the Local Borrower in accordance with this Article 3 an amount listed in Exhibit A (the “Loan”), and the Local Borrower shall borrow and accept from the Authority, the Loan in the principal amount determined pursuant to this Article 3; provided, however, that (i) the Authority shall be under no obligation to disburse any amount of the Loan if an Event of Default has occurred and is continuing under this Loan Agreement, and (ii) the amount to be disbursed shall be lawfully

available for disbursement. The Local Borrower shall use the proceeds of the Loan strictly in accordance with the requirements of this Loan Agreement.

Section 3.2 Disbursements of Loan Proceeds. The Authority may disburse funds by check, by electronic means or by means of magnetic tape or other transfer medium. Except as hereinafter provided, disbursements shall be made only when (i) the request for disbursements is in substantially the form provided by the Authority and is accompanied by the necessary certifications and documentation and (ii) an Authorized Officer of the Authority has determined that such disbursement is proper. An Authorized Officer of the Authority shall approve disbursements directly to the persons or entities entitled to payment or to the Local Borrower in the case of reimbursement for costs of services already paid, and shall provide the Local Borrower with a copy of the approval and the date approved. Disbursements may be made only for Eligible Project Costs.

Section 3.3 Amounts Payable. The Local Borrower shall pay to the Authority the amounts shown in Exhibit A on or before the dates shown in Exhibit A, as the same may be adjusted as provided in the Standard Terms and Conditions, to reflect any revisions to the principal repayment schedule of the Loan. Such payments shall be made by electronic funds transfer or by direct debit to the Authority.

Section 3.4 Tax Covenants.

(a) General. The Local Borrower acknowledges that, in connection with its state revolving fund programs, the Authority issues its bonds (“Authority Bonds”) from time to time to finance loans and the Authority also pledges certain loans to secure and to serve as the source of payment for the Authority Bonds. As a result, and under the provisions of federal tax law applicable to the Authority Bonds, it is in the Authority’s interest for the Loan to qualify and be an obligation that bears interest that is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code. Therefore, the Local Borrower represents and covenants as follows with respect to the Loan and the Authority Bonds. The Local Borrower covenants that it will not take any action, or fail to take any action, if any such action or failure to take such action would adversely affect the exclusion from gross income of the interest on the Loan or the Authority Bonds under Section 103(a) of the Internal Revenue Code or cause the interest on the Loan or the Authority Bonds to become an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code, and in the event of such action or omission, it will, promptly upon having such brought to its attention, take such reasonable actions based upon a bond counsel opinion as may rescind or otherwise negate such action or omission. The Local Borrower will not directly or indirectly use or permit the use of any proceeds of the Loan or any other funds of the Local Borrower or take or omit to take any action that would cause the Loan or the Authority Bonds to be or become “arbitrage bonds” within the meaning of Section 148(a) of the Internal Revenue Code or to fail to meet any other applicable requirement of Sections 103, 141, 148, 149 and 150 of the Internal Revenue Code or cause the interest on the Loan or the Authority Bonds to become an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code. To that

end, the Local Borrower will comply with all applicable requirements of Sections 103, 141, 148, 149 and 150 of the Code to the extent applicable to the Loan.

(b) Modification Based on Bond Counsel Opinion. Notwithstanding any provision of this Section, if the Local Borrower provides to the Authority a bond counsel opinion to the effect that any action required under this Section is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of interest on the Loan or the Authority Bonds pursuant to Section 103(a) of the Internal Revenue Code, the provisions of this Section and the covenants in this Section shall be deemed to be modified to that extent.

(c) Bond Counsel Opinion. For purposes of this Section, “bond counsel opinion” means an opinion letter of a firm of attorneys of national reputation experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds, and who is acceptable to the Authority.

IN WITNESS WHEREOF, the Authority and the Local Borrower have caused this Loan Agreement to be executed and delivered as of the date of execution hereof.

Water Infrastructure Finance Authority of Arizona

By: _____
Dan Dialessi, Executive Director

Town of Camp Verde

By: _____
Dee Jenkins, Mayor

Attest:

By: _____
Clerk

LOAN AGREEMENT ADDENDUM

Wage Rate and Forgivable Principal Requirements for Compliance with P.L. 111-88

Water Infrastructure Finance Authority of Arizona

This document (this “Wage Rate and Forgivable Principal Addendum”) sets forth additional requirements applicable to state revolving fund Loans made by the Water Infrastructure Finance Authority of Arizona (“WIFA”) that are subject to the requirements of Public Law 111-88, “Making appropriations for the Department of the Interior, environment, and related agencies for the fiscal year ending September 30, 2010, and for other purposes,” enacted October 30, 2009 (“P.L. 111-88”). The provisions in this Wage Rate and Forgivable Principal Addendum are a part of the Loan Agreement. Capitalized terms not otherwise defined herein shall have the meanings given them in the Loan Agreement.

The parties acknowledge and agree that funds disbursed by WIFA to the Local Borrower will include funds made available to WIFA by the federal government under P.L. 111-88, and that the requirements of P.L. 111-88 include those set forth in this Wage Rate and Forgivable Principal Addendum. The Local Borrower agrees to comply with all of those requirements and agrees that failure to do so is a breach of the provisions of the Loan Agreement which may result in a default under the Loan Agreement, termination of WIFA’s obligation to make disbursements on the Loan and the Local Borrower being required to repay all amounts that have been disbursed by WIFA on the Loan, together with interest and fees as provided in the Loan Agreement (including interest and fees at rates adjusted from those originally in effect as described herein).

Additional Requirement for Subrecipients that are not Governmental Entities:

Obtaining Wage Determinations - Under this Wage Rate and Forgivable Principal Addendum, the non-governmental borrower must submit its proposed Davis Bacon wage determinations to WIFA for approval prior to including the wage determination in any solicitation, contract task orders, work assignments, or similar instruments to existing contractors. **THIS PARAGRAPH DOES NOT APPLY TO GOVERNMENTAL ENTITIES.**

Section 1. P.L. 111-88 Compliance - Forgivable Principal Portion.

(a) Section 1 of Exhibit A to the Loan Agreement specifies the Total Financial Assistance Amount, the amount, if any, designated as the Forgivable Principal Portion, the Intended Repayment Amount, and the required amount of reserves to be established based upon the Intended Repayment Amount. Section 2 of Exhibit A to the Loan Agreement specifies a schedule of interest and principal payments based on the Intended Repayment Amount. If the Local Borrower fails to comply with the requirements of P.L. 111-88, including those set forth in this Wage Rate and Forgivable Principal Addendum:

(i) WIFA will provide a revised Exhibit A for the Loan Agreement to amortize the entire Total Financial Assistance Amount with the Forgivable Principal Portion set to \$900,000.00, adjusted, as necessary, to incorporate, previous principal payments.

- (ii) The Local Borrower will repay the Total Financial Assistance Amount.

Section 2. P.L. 111-88 Compliance - Wage Rate Requirements.

This language must be included in all Davis Bacon covered construction contracts and subcontracts. (29 CFR Part 5.5)

(a) The Local Borrower shall insert in full in any contract in excess of \$2,000 which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of a treatment work under the CWSRF or a construction project under the DWSRF, or building or work financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution (except where a different meaning is expressly indicated), and which is subject to the labor standards provisions of any of the acts listed in Sec. 5.1, or the FFY 2010 appropriation, the following clauses:

(1) **Minimum wages.** (i) All laborers and mechanics employed or working upon the site of the work will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics. Contributions made or costs reasonably anticipated for bona fide fringe benefits under section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of paragraph (a)(1)(iv) of this section; also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period. Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in Sec. 5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: Provided, that the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under paragraph (a)(1)(ii) of this section) and the Davis-Bacon poster (WH-1321) shall be posted at all times by the contractor and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen by the workers. Local Borrowers may obtain wage determinations from the U. S. Department of Labor's web site, www.wdol.gov.

(ii)(A) The Local Borrower, on behalf of EPA, shall require that any class of laborers or mechanics, including helpers, which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. The WIFA award official shall approve an additional classification and wage rate and fringe benefits therefore only when the following criteria have been met:

(1) The work to be performed by the classification requested is not performed by a classification in the wage determination; and

(2) The classification is utilized in the area by the construction industry; and

(3) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(B) If the contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and the Local Borrower agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), a report of the action taken shall be sent by the Local Borrower to the WIFA award official. The WIFA award official will transmit the report, to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, DC 20210 and to the EPA Davis Bacon Regional Coordinator concurrently. The Administrator, or an authorized representative, will approve, modify, or disapprove every additional classification action within 30 days of receipt and so advise the WIFA award official or will notify the WIFA award official within the 30-day period that additional time is necessary.

(C) In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives, and the Local Borrower do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), the award official shall refer the questions, including the views of all interested parties and the recommendation of the WIFA award official, to the Administrator for determination. The Administrator, or an authorized representative, will issue a determination within 30 days of receipt and so advise the contracting officer or will notify the contracting officer within the 30-day period that additional time is necessary.

(D) The wage rate (including fringe benefits where appropriate) determined pursuant to paragraphs (a)(1)(ii) (B) or (C) of this section, shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

(iii) Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.

(iv) If the contractor does not make payments to a trustee or other third person, the contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program, Provided, That the Secretary of Labor has found, upon the written request of the contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the contractor to set aside in a separate account assets for the meeting of obligations under the plan or program.

(2) **Withholding.** The Local Borrower shall upon its own action or upon written request of WIFA, EPA award official or an authorized representative of the Department of Labor withhold or cause to be withheld from the contractor under this contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime contractor, so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics,

including apprentices, trainees, and helpers, employed by the contractor or any subcontractor the full amount of wages required by the contract. In the event of failure to pay any laborer or mechanic, including any apprentice, trainee, or helper, employed or working on the site of the work, all or part of the wages required by the contract, the (Agency) may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased.

(3) **Payrolls and basic records.** (i) Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work and preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5(a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in section 1(b)(2)(B) of the Davis-Bacon Act, the contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

(ii)(A) The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the Local Borrower. Such documentation shall be available on request of WIFA or EPA. As to each payroll copy received, the subrecipient shall provide written confirmation in a form satisfactory to the State indicating whether or not the project is in compliance with the requirements of 29 CFR 5.5 (a)(1) based on the most recent payroll copies for the specified week. **The payrolls shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i), except that full social security numbers and home addresses shall not be included on weekly transmittals. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g., the last four digits of the employee's social security number).** The required weekly payroll information may be submitted in any form desired. Optional Form WH-347 is available for this purpose from the Wage and Hour Division Web site at <http://www.dol.gov/whd/forms/wh347.pdf> or its successor site. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. Contractors and subcontractors shall maintain the full social security number and current address of each covered worker, and shall provide them upon request to the Local Borrower for transmission to WIFA or EPA, if requested by EPA, WIFA, the contractor, or the Wage and Hour Division of the Department of Labor for purposes of an investigation or audit of compliance with prevailing wage requirements. It is not a violation of this section for a prime contractor to require a

subcontractor to provide addresses and social security numbers to the prime contractor for its own records, without weekly submission to the Local Borrower.

(B) Each payroll submitted shall be accompanied by a "Statement of Compliance," signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:

(1) That the payroll for the payroll period contains the information required to be provided under Sec. 5.5 (a)(3)(ii) of Regulations, 29 CFR part 5, the appropriate information is being maintained under Sec. 5.5 (a)(3)(i) of Regulations, 29 CFR part 5, and that such information is correct and complete;

(2) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in Regulations, 29 CFR part 3;

(3) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.

(C) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the "Statement of Compliance" required by paragraph (a)(3)(ii)(B) of this section.

(D) The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under section 1001 of title 18 and section 231 of title 31 of the United States Code.

(iii) The contractor or subcontractor shall make the records required under paragraph (a)(3)(i) of this section available for inspection, copying, or transcription by authorized representatives of WIFA, EPA or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, the Federal agency or WIFA may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12.

(4) Apprentices and trainees - (i) Apprentices. Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship Training, Employer and Labor Services, or with a State Apprenticeship Agency recognized by the Office, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Office of Apprenticeship Training, Employer and Labor Services or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice. The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated above,

shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman's hourly rate) specified in the contractor's or subcontractor's registered program shall be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress, expressed as a percentage of the journeymen hourly rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination. In the event the Office of Apprenticeship Training, Employer and Labor Services, or a State Apprenticeship Agency recognized by the Office, withdraws approval of an apprenticeship program, the contractor will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(ii) Trainees. Except as provided in 29 CFR 5.16, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration. The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate on the wage determination which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate who is not registered and participating in a training plan approved by the Employment and Training Administration shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any trainee performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In the event the Employment and Training Administration withdraws approval of a training program, the contractor will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(iii) Equal employment opportunity. The utilization of apprentices, trainees and journeymen under this part shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended, and 29 CFR part 30.

(5) **Compliance with Copeland Act requirements.** The contractor shall comply with the requirements of 29 CFR part 3, which are incorporated by reference in this contract.

(6) **Subcontracts.** The contractor or subcontractor shall insert in any subcontracts the clauses contained in 29 CFR 5.5(a)(1) through (10) and such other clauses as the EPA determines may be appropriate, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in 29 CFR 5.5.

(7) **Contract termination: debarment.** A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract, and for debarment as a contractor and a subcontractor as provided in 29 CFR 5.12.

(8) **Compliance with Davis-Bacon and Related Act requirements.** All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR parts 1, 3, and 5 are herein incorporated by reference in this contract.

(9) **Disputes concerning labor standards.** Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and the Local Borrower, WIFA, EPA, the U.S. Department of Labor, or the employees or their representatives.

(10) **Certification of eligibility.** (i) By entering into this contract, the contractor certifies that neither it (nor he or she) nor any person or firm who has an interest in the contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(ii) No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(iii) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001.

(b) **Contract Work Hours and Safety Standards Act.** The Local Borrower shall insert the following clauses set forth in paragraphs (b)(1), (2), (3), and (4) of this section in full in any contract in an amount in excess of \$100,000 and subject to the overtime provisions of the Contract Work Hours and Safety Standards Act. These clauses shall be inserted in addition to the clauses required by Sec. 5.5(a) or 4.6 of part 4 of this title. As used in this paragraph, the terms laborers and mechanics include watchmen and guards.

(1) **Overtime requirements.** No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.

(2) Violation; liability for unpaid wages; liquidated damages. In the event of any violation of the clause set forth in paragraph (b)(1) of this section the contractor and any subcontractor responsible therefore shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (b)(1) of this section, in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (b)(1) of this section.

(3) Withholding for unpaid wages and liquidated damages. The Local Borrower, upon its own action or upon written request of the EPA Award Official or an authorized representative of the Department of Labor shall withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (b)(2) of this section.

(4) Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (b)(1) through (4) of this section and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs (b)(1) through (4) of this section.

(c) In addition to the clauses contained in paragraph (b), in any contract subject only to the Contract Work Hours and Safety Standards Act and not to any of the other statutes cited in 29 CFR Sec. 5.1, the Local Borrower shall insert a clause requiring that the contractor or subcontractor shall maintain payrolls and basic payroll records during the course of the work and shall preserve them for a period of three years from the completion of the contract for all laborers and mechanics, including guards and watchmen, working on the contract. Such records shall contain the name and address of each such employee, social security number, correct classifications, hourly rates of wages paid, daily and weekly number of hours worked, deductions made, and actual wages paid. Further, the Local Borrower shall insert in any such contract a clause providing that the records to be maintained under this paragraph shall be made available by the contractor or subcontractor for inspection, copying, or transcription by authorized representatives of WIFA, EPA and the Department of Labor, and the contractor or subcontractor will permit such representatives to interview employees during working hours on the job.

Section 3. General Provisions.

(a) Binding Effect. This Wage Rate and Forgivable Principal Addendum shall inure to the benefit of and shall be binding upon WIFA and the Local Borrower and their respective successors and assigns.

(b) Severability. In the event any provision of this Wage Rate and Forgivable Principal Addendum shall be held illegal, invalid or unenforceable by any court of competent

jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

(c) Amendments, Supplements and Modifications. This Wage Rate and Forgivable Principal Addendum may not be amended, supplemented or modified without the prior written consent of WIFA and the Local Borrower.

(d) Execution in Counterparts. This Wage Rate and Forgivable Principal Addendum may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(e) Applicable Law. This Wage Rate and Forgivable Principal Addendum shall be governed by and construed in accordance with the laws of the State of Arizona.

(f) Captions. The captions or headings in this Wage Rate and Forgivable Principal Addendum are for convenience only and shall not in any way define, limit or describe the scope or intent of any provisions of this Wage Rate and Forgivable Principal Addendum.

(g) Further Assurances. The Local Borrower shall, at the request of WIFA , authorize, execute, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights and agreements granted or intended to be granted by this Wage Rate and Forgivable Principal Addendum.

(h) Arbitration. The parties hereto agree to use arbitration to the extent required by Section 12-1518 of the Arizona Revised Statutes.

(i) Notice Regarding A.R.S. § 38 511. To the extent applicable by provision of law, the parties acknowledge that this Wage Rate and Forgivable Principal Addendum is subject to cancellation pursuant to A.R.S. § 38-511, the provisions of which are hereby incorporated herein.

[SIGNATURE PAGE FOLLOWS]

WIFA and the Local Borrower are signing this Wage Rate and Forgivable Principal Addendum to be effective as part of the Loan Agreement.

Water Infrastructure Finance Authority of Arizona

By: _____

Dan Dialessi, Executive Director

Town of Camp Verde

By: _____

Dee Jenkins, Mayor

[Signature page to Wage Rate and Forgivable Principal Addendum to Loan Agreement]

LOAN AGREEMENT ADDENDUM

American Iron and Steel Requirements for Compliance with Federal Law

Water Infrastructure Finance Authority of Arizona

This document (this "American Iron and Steel Addendum") sets forth additional requirements made applicable to state revolving fund Loans made by the Water Infrastructure Finance Authority of Arizona ("WIFA") by federal law. The provisions in this American Iron and Steel Addendum are a part of the Loan Agreement. Capitalized terms not otherwise defined herein shall have the meanings given them in the Loan Agreement.

The parties acknowledge and agree that funds disbursed by WIFA to the Local Borrower will include funds made available to WIFA by the federal government under federal law, and that the requirements of federal law include those set forth in this American Iron and Steel Addendum. The Local Borrower agrees to comply with all of those requirements and agrees that failure to do so is a breach of the provisions of the Loan Agreement which may result in a default under the Loan Agreement, termination of WIFA's obligation to make disbursements on the Loan and the Local Borrower being required to repay all amounts that have been disbursed by WIFA on the Loan, together with interest and fees as provided in the Loan Agreement.

Federal law requires that WIFA include in all assistance agreements, including the Loan Agreement, for the construction, alteration, maintenance, or repair of treatment works under the Clean Water State Revolving Fund and for the construction, alteration, maintenance, or repair of a public water system under the Drinking Water State Revolving Fund, a provision requiring the application of American Iron and Steel requirements for the entirety of the construction activities financed by the assistance agreement through completion of construction, no matter when construction commences. Whether or not the project has multiple sources of funding, the American Iron and Steel requirements apply to the entire project and not just to the activities funded by the money made available to WIFA by the federal government.

Section 1. American Iron and Steel Requirements. In accordance with federal law:

(a)(1) None of the funds made available to WIFA as authorized by title VI of the Federal Water Pollution Control Act (33 U.S.C. 1381 et seq.) or as authorized by section 1452 of the Safe Drinking Water Act (42 U.S.C. 300j-12) shall be used for a project for the construction, alteration, maintenance, or repair of a public water system or treatment works unless all of the iron and steel products used in the project are produced in the United States.

(2) In this section, the term "iron and steel products" means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.

(b) Subsection (a) shall not apply in any case or category of cases in which the Administrator of the Environmental Protection Agency (in this section referred to as the "Administrator") finds that—

- (1) applying subsection (a) would be inconsistent with the public interest;
- (2) iron and steel products are not produced in the United States in sufficient and reasonably available quantities and of a satisfactory quality; or
- (3) inclusion of iron and steel products produced in the United States will increase the cost of the overall project by more than 25 percent.

(c) If the Administrator receives a request for a waiver under this section, the Administrator shall make available to the public on an informal basis a copy of the request and information available to the Administrator concerning the request, and shall allow for informal public input on the request for at least 15 days prior to making a finding based on the request. The Administrator shall make the request and accompanying information available by electronic means, including on the official public Internet Web site of the Environmental Protection Agency.

Section 2. General Provisions.

(a) Binding Effect. This American Iron and Steel Addendum shall inure to the benefit of and shall be binding upon WIFA and the Local Borrower and their respective successors and assigns.

(b) Severability. In the event any provision of this American Iron and Steel Addendum shall be held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

(c) Amendments, Supplements and Modifications. This American Iron and Steel Addendum may not be amended, supplemented or modified without the prior written consent of WIFA and the Local Borrower.

(d) Execution in Counterparts. This American Iron and Steel Addendum may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(e) Applicable Law. This American Iron and Steel Addendum shall be governed by and construed in accordance with the laws of the State of Arizona and applicable federal law.

(f) Captions. The captions or headings in this American Iron and Steel Addendum are for convenience only and shall not in any way define, limit or describe the scope or intent of any provisions of this American Iron and Steel Addendum.

(g) Further Assurances. The Local Borrower shall, at the request of WIFA , authorize, execute, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights and agreements granted or intended to be granted by this American Iron and Steel Addendum.

(h) Prohibition Against Discrimination. In the event that it applies, the parties agree to comply with the Arizona Governor's Executive Order 2009-9, entitled "Prohibition of Discrimination in State Contracts Non-Discrimination in Employment by Government Contractors and Subcontractors," which mandates that all persons, regardless of race, color, religion, sex, age, or national origin shall have equal access to employment opportunities, and all other applicable state and Federal employment laws, rules, and regulations, including the Americans with Disabilities Act. The Local Borrower shall take affirmative action to ensure that applicants for employment and employees are not discriminated against due to race, creed, color, religion, sex, national origin or disability.

(i) Arbitration. In the event of a dispute, the parties agree to use arbitration, after exhausting applicable administrative review, to the extent required by Arizona Revised Statutes Section 12-1518, and the prevailing party shall be entitled to attorney's fees and costs with respect thereto.

(j) Notice of Arizona Revised Statutes Section 38-511 - Cancellation. Notice is hereby given of the provisions of Arizona Revised Statutes Section 38-511, as amended. By this reference, the provisions of said statute are incorporated herein to the extent of their applicability to this American Iron and Steel Addendum under the law of the State of Arizona.

[SIGNATURE PAGE FOLLOWS]

WIFA and the Local Borrower are signing this American Iron and Steel Addendum to be effective as part of the Loan Agreement.

Water Infrastructure Finance Authority of Arizona

By: _____

Dan Dialessi, Executive Director

Town of Camp Verde

By: _____

Dee Jenkins, Mayor

[Signature page to American Iron and Steel Addendum to Loan Agreement]

Exhibit A of Loan Agreement

Section 1: Financial Assistance Terms and Conditions
Town of Camp Verde
TBD

Loan Number.....		920338-22
Closing Date (Tentative)		12/10/21
First Payment Period.....		08/01/22
Financial Assistance Terms and Conditions		
Original Loan Amount as of the Closing Date.....	\$	10,175,000.00
Forgivable Principal Amount.....	\$	900,000.00
Intended Repayment Amount.....	\$	9,275,000.00
Loan Term.....		25
Combined Interest & Fee Rate (final rate determined 2 days prior to closing)		2.000%
Total # of Payment Periods within Loan Term.....		50
<small>* Combined Interest and Fee Rate (CIFR) allocation: Fee = 1.5% (150 basis points); Interest = CIFR minus Fee.</small>		
Principal Repayments		
Period Principal Repayments Begin.....		2
First Principal Repayment Date.....		08/01/22
Final Principal Repayment Date.....		08/01/46
Combined Interest and Fee Payment Dates		
First Combined Interest and Fee Payment Date*.....		08/01/22
Final Combined Interest and Fee Payment Date.....		08/01/46
<small>* Actual initial Combined Interest and Fee payment calculated only on dollar amount drawn against loan as of initial payment date</small>		
Debt Service Reserve Fund Requirements		
Total Reserve Amount.....	\$	475,069.57
Annual Amount.....	\$	95,013.91
Reserve Funded by (Date).....		02/01/27
Repair and Replacement Fund Requirement		
Begin Funding on (Date).....		08/01/27
Annual Amount.....	\$	95,013.91
Semi-Annual Deposit.....	\$	47,506.96
Annual Payment		
Years 1 through 5.....	\$	475,069.57
Years 6 through 10.....	\$	475,069.57
Years 11 through 15.....	\$	475,069.57
Years 16 through 20.....	\$	475,069.57

**Section 2: Loan Repayment Schedule
Town of Camp Verde**

TBD

Year Period		Semi-Annual Payment Dates	Combined Interest and Fee Rate	Semi-Annual Combined Interest and Fee Payment	Annual Principal Repayment	Total Annual Payment
1	1	02/01/22	2.000%	0.00		
1	2	08/01/22	2.000%	119,029.17	289,569.57	408,598.74
2	3	02/01/23	2.000%	89,854.31		
2	4	08/01/23	2.000%	89,854.31	295,360.95	475,069.57
3	5	02/01/24	2.000%	86,900.69		
3	6	08/01/24	2.000%	86,900.69	301,268.19	475,069.57
4	7	02/01/25	2.000%	83,888.01		
4	8	08/01/25	2.000%	83,888.01	307,293.55	475,069.57
5	9	02/01/26	2.000%	80,815.08		
5	10	08/01/26	2.000%	80,815.08	313,439.41	475,069.57
6	11	02/01/27	2.000%	77,680.68		
6	12	08/01/27	2.000%	77,680.68	319,708.21	475,069.57
7	13	02/01/28	2.000%	74,483.60		
7	14	08/01/28	2.000%	74,483.60	326,102.37	475,069.57
8	15	02/01/29	2.000%	71,222.57		
8	16	08/01/29	2.000%	71,222.57	332,624.43	475,069.57
9	17	02/01/30	2.000%	67,896.33		
9	18	08/01/30	2.000%	67,896.33	339,276.91	475,069.57
10	19	02/01/31	2.000%	64,503.56		
10	20	08/01/31	2.000%	64,503.56	346,062.45	475,069.57
11	21	02/01/32	2.000%	61,042.93		
11	22	08/01/32	2.000%	61,042.93	352,983.71	475,069.57
12	23	02/01/33	2.000%	57,513.11		
12	24	08/01/33	2.000%	57,513.11	360,043.35	475,069.57
13	25	02/01/34	2.000%	53,912.67		
13	26	08/01/34	2.000%	53,912.67	367,244.23	475,069.57
14	27	02/01/35	2.000%	50,240.23		
14	28	08/01/35	2.000%	50,240.23	374,589.11	475,069.57
15	29	02/01/36	2.000%	46,494.33		
15	30	08/01/36	2.000%	46,494.33	382,080.91	475,069.57
16	31	02/01/37	2.000%	42,673.52		
16	32	08/01/37	2.000%	42,673.52	389,722.53	475,069.57
17	33	02/01/38	2.000%	38,776.31		
17	34	08/01/38	2.000%	38,776.31	397,516.95	475,069.57
18	35	02/01/39	2.000%	34,801.13		
18	36	08/01/39	2.000%	34,801.13	405,467.31	475,069.57
19	37	02/01/40	2.000%	30,746.45		
19	38	08/01/40	2.000%	30,746.45	413,576.67	475,069.57
20	39	02/01/41	2.000%	26,610.69		
20	40	08/01/41	2.000%	26,610.69	421,848.19	475,069.57
21	41	02/01/42	2.000%	22,392.21		
21	42	08/01/42	2.000%	22,392.21	430,285.15	475,069.57
22	43	02/01/43	2.000%	18,089.36		
22	44	08/01/43	2.000%	18,089.36	438,890.85	475,069.57
23	45	02/01/44	2.000%	13,700.45		
23	46	08/01/44	2.000%	13,700.45	447,668.67	475,069.57
24	47	02/01/45	2.000%	9,223.76		
24	48	08/01/45	2.000%	9,223.76	456,622.05	475,069.57
25	49	02/01/46	2.000%	4,657.55		
25	50	08/01/46	2.000%	4,657.55	465,754.28	475,069.38
				2,535,268.23	9,275,000.00	11,810,268.23

Exhibit B

Technical Terms and Conditions

**Section 1
Budget**

Uses by Budget Item	Amount Budgeted
Planning.....	\$0.00
Design & Engineering.....	\$0.00
Legal/Debt Authorization.....	\$0.00
Financial Advisor.....	\$100,000.00
Land/System Acquisition.....	\$10,000,000.00
Equipment/Materials.....	\$0.00
Construction/Installation/Improvement.....	\$0.00
Inspection & Construction Management.....	\$0.00
Project Officer.....	\$0.00
Administration.....	\$0.00
Staff Training.....	\$0.00
Capitalized Interest.....	\$0.00
Refinance Loan.....	\$0.00
Other.....	\$75,000.00
Total Budget.....	\$10,175,000.00

**Section 2
Project Description**

This loan will fund the purchase/acquisition of the Camp Verde Water System by the Town of Camp Verde.

**Section 3
Estimated Observation and Disbursement Schedule**

Observation Schedule C (Other): No observations are required as there are no construction or infrastructure improvements associated with this loan

Additional Observations: A WIFA representative may perform additional observations based on information provided.

Withholding Percentage: None

Section 4 Requirements Prior To Construction

Section 4.1 **Construction Bids.** No Requirement.

Section 4.2 **User Charges.** The Local Borrower has established (or, if the System is not yet in operation, the Local Borrower will, at or before the time the System commences operation, establish) a system of user charges which, with other funds lawfully available, will at all times be sufficient to pay the costs of operation and maintenance of the System, including renewals and replacements of the System. The Local Borrower also agrees that such system of user charges will be established and maintained in compliance with any applicable requirements of state and federal law as long as the Local Borrower owes amounts under this Loan Agreement. The Local Borrower at its sole option may pay the costs of operation, maintenance, repair, replacement, extensions and additions to the System from any funds lawfully available to it for such purpose.

Section 4.3 **Interest in Project Site.** As a condition of the Loan, the Local Borrower will demonstrate to the satisfaction of the Authority that the Local Borrower has or will have a fee simple or such other estate or interest in the site of the Project, including necessary easements and rights-of-way, as the Authority finds sufficient to assure undisturbed use and possession for the purpose of construction and operation of the Project for the estimated life of the Project.

Section 4.4 **Federal Clean Water Act.** The Local Borrower covenants that, to the extent legally applicable, the Project will meet the requirements of the Federal Clean Water Act in effect on the date of Loan Closing and any amendments thereto that may retroactively apply to the Loan, and the Local Borrower agrees that the Project will comply with applicable provisions of those federal laws and authorities listed in Article 9 of the Standard Terms and Conditions.

Section 4.5 **Federal Safe Drinking Water Act.** The Local Borrower covenants that, to the extent legally applicable, the Project will meet the requirements of the Federal Safe Drinking Water Act in effect on the date of Loan Closing and any amendments thereto that may retroactively apply to the Loan, and the Local Borrower agrees that the Project will comply with applicable provisions of those federal laws and authorities listed in Article 9 of the Standard Terms and Conditions.

Section 4.6 **Signs.** The Local Borrower shall display information online via community website detailing the Project and the funding sources.

Section 5 Requirements During Construction

Section 5.1 **Changes in Project Scope.** No Requirement.

Section 5.2 **Completion of Project and Provision of Moneys Therefor.** The Local Borrower covenants and agrees (a) to exercise its best efforts in accordance with prudent utility construction practice to complete the Project and (b) to the extent permitted by law, to provide from its own fiscal resources all moneys, in excess of the total amount of loan proceeds it

receives hereunder and under any subsequent loan from the Authority, required to complete the Project.

Section 5.3 **Inspections; Information.** The Local Borrower shall permit the Authority and any party designated by the Authority to examine, visit and inspect, at any and all reasonable times, the property, if any, constituting the Project, and to inspect and make copies of any accounts, books and records, including (without limitation) its records regarding receipts, disbursements, contracts, investments and any other matters relating thereto and to its financial standing, and shall supply such reports and information as the Authority may reasonably require in connection therewith.

Section 5.4 **Adjustments for Ineligible Costs.** The Local Borrower shall promptly reimburse the Authority for any portion of the Loan which is determined to have been used for costs that are not eligible for funding under the Authority Act, the Federal Clean Water Act, as amended, or the Federal Safe Drinking Water Act, as amended, unless such matter is curable in some other manner by the Local Borrower to the satisfaction of the Authority. Such reimbursement shall be promptly repaid to the Authority upon written request of the Authority. Any such reimbursed principal amount will be applied to reduce the outstanding principal amount of the Loan.

Section 5.5 **Archaeological Artifacts.** In the event that archaeological artifacts or historical resources are discovered during construction excavation of the Project, the Local Borrower shall stop or cause to be stopped construction activities and will notify the State Historic Preservation Office and the Authority of such discovery.

Section 6 Requirements Prior To Final Disbursements

Section 6.1 **Plan of Operation.** No Requirement.

Section 6.2 **Final Approval.** No Requirement.

Exhibit C

Reporting Requirements

Section 1. **Annual Loan Review.** The Authority's Annual Loan Review Form and annual financial statements in a format approved by the Authority, including the report of any annual audit(s) and all audit reports required by governmental auditing standards and any applicable Arizona rules, shall be provided by the Local Borrower to the Authority within one-hundred and eighty (180) days after the end of each fiscal year of the Local Borrower. The Local Borrower shall complete all audits and submit all reports required by the federal Single Audit Act within the time limits under that federal law, currently within the earlier of 30 days after receipt of the auditor's reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the federal agency that provided the funding or a different period is specified in a program-specific audit guide.

Section 2. **Records and Accounts.** The Local Borrower shall keep accurate records and accounts for the System, including records and accounts for the Project (the "*System Records*"), separate and distinct from its other records and accounts (the "*General Records*"). The Local Borrower must maintain the System Records in accordance with generally accepted accounting principles (GAAP), including standards relating to the reporting of infrastructure assets, as issued by the Governmental Accounting Standards Board (GASB) or by the Financial Accounting Standards Board (FASB), as applicable to the Local Borrower. If required by law, the Local Borrower must have the System Records audited annually by an independent accountant, which audit may be part of the annual audit of the General Records of the Local Borrower. The Local Borrower must make all System Records and General Records available for inspection by the Authority at any reasonable time.

Section 3. **Notice of Change In Key Personnel.** Promptly after becoming aware thereof, the Local Borrower shall provide notice in writing to the Authority of any change to the information in Section 1 of the Loan Agreement and any other change in key personnel connected to the Project and Loan.

Section 4. **Notice of Material Adverse Change.** The Local Borrower shall promptly notify the Authority of any material adverse change in the activities, prospects or condition (financial or otherwise), of the Local Borrower relating to the System, or in the ability of the Local Borrower to make all Loan Repayments from the Source of Repayment described in this Loan Agreement and otherwise to observe and perform its duties, covenants, obligations and agreements hereunder.

Section 5. **Disadvantaged Business Enterprise (DBE) Program.** The Local Borrower must report DBE participation to the Authority based on guidance from the Authority.

Section 6. **Notice of Default.** Promptly after becoming aware thereof, Local Borrower shall give notice to the Authority of (i) the occurrence of any Event of Default under the Loan Agreement or (ii) the occurrence of any breach, default, Event of Default, or event which with the giving of notice or lapse of time, or both, could become a material breach, default, or Event of Default (a "Future Breach") under any agreement, indenture, mortgage, or other instrument

(other than the Loan Agreement) to which the Local Borrower is a party or by which it or any of its property is bound or affected. Local Borrower shall provide written notice to the Authority if the effect of such breach, default, Event of Default or Future Breach is to accelerate, or to permit the acceleration of, the maturity of any indebtedness under such agreement, indenture, mortgage, or other instrument; provided, however, that the failure of the Local Borrower to give such notice shall not affect the right and power of the Authority to exercise any and all of the remedies specified herein.

Section 7. **Notice of Construction Commencement**. The Local Borrower shall promptly notify the Authority immediately upon commencement of construction activities.

Section 8. **Notice of Non-Environmental Litigation**. Promptly after the commencement or overt threat thereof, Local Borrower shall provide the Authority with written notice of the commencement of all actions, suits, or proceedings before any court, arbitrator, or governmental department, commission, board, bureau, agency, or instrumentality affecting Local Borrower which, if adversely determined, could have a material adverse effect on the condition (financial or otherwise), operations, properties, or business of Local Borrower, or on the ability of Local Borrower to perform its obligations under the Loan Agreement.

Section 9. **Notice of Environmental Litigation**. Without limiting the provisions of Section 8 above, promptly after receipt thereof, Local Borrower shall provide the Authority with written notice of the receipt of all pleadings, orders, complaints, indictments, or other communication alleging a condition that may require Local Borrower to undertake or to contribute to a cleanup or other response under laws relating to environmental protection, or which seek penalties, damages, injunctive relief, or criminal sanctions related to alleged violations of such laws, or which claim personal injury to any person or property damage as a result of environmental factors or conditions or which, if adversely determined, could have a material adverse effect on the condition (financial or otherwise), operations, properties, or business of Local Borrower, or on the ability of Local Borrower to perform its obligations under the Loan Agreement.

Section 10. **Regulatory and Other Notices**. Promptly after receipt or submission thereof, Local Borrower shall provide the Authority with copies of any notices or other communications received from or directed to any governmental authority with respect to any matter or proceeding which could have a material adverse effect on the condition (financial or otherwise), operations, properties, or business of Local Borrower, or the ability of Local Borrower to perform its obligations under the Loan Agreement, or which reveals a substantial non compliance with any applicable law, regulation or rule.

Section 11. **Other Information**. The Local Borrower shall submit to the Authority other information regarding the condition (financial or otherwise), or operation of the Local Borrower as the Authority may, from time to time, reasonably request.

Section 12. **Additional Reporting Requirements**. The Local Borrower shall refer to the Loan Agreement Addendum for wage rate reporting requirements.

Exhibit D Source of Repayment: System Revenues

Section 1 Certain Definitions

As used in this Loan Agreement, the following terms shall have the meanings set forth below unless the context clearly requires otherwise:

“Additional Parity Obligations” shall mean any additional obligations having a lien payable from Net Revenues of the System on a parity with the Loan Agreement which may hereafter be issued by the Local Borrower (or any financing conduit acting on behalf of the Local Borrower) in compliance with the terms in Section 3.

“Administrative Expenses” shall mean the reasonable cost or value of all services rendered by the Local Borrower and its various departments with respect to the System.

“Fund” shall mean the fund or funds into which the Local Borrower shall deposit the Revenues of the System.

“Net Revenues” shall mean that portion of the Revenues remaining after deducting sufficient funds for the Operation and Maintenance Expenses of the System.

“Operation and Maintenance Expenses” shall mean all costs reasonably incurred in connection with the operation, use and maintenance of the System, including (i) repairs necessary to keep the System in efficient and economical operating condition, (ii) the payments of premiums for insurance hereinafter required to be carried on the System, (iii) payments of reasonable Administrative Expenses and (iv) generally all expenses of the System except depreciation, interest expense related to the Loan Agreement, any Outstanding Parity Obligations, any Additional Parity Obligations, and interest expenses on any obligations subordinate to such obligations.

“Outstanding Parity Obligations” shall mean obligations issued and outstanding having a lien payable from Net Revenues of the System on a parity with the Loan Agreement.

“Revenues” shall mean and include all income, moneys and receipts to be received by the Local Borrower, directly or indirectly, from the ownership, use or operation of the System including any waste material or by-products of the System, and also including investment income.

Section 2 Source of Repayment and Rate Covenant Provisions

1. It is understood and agreed that all payments with respect to the Loan shall be made only from the Source of Repayment, which is hereby pledged to the payment of all amounts due under the Loan. The “Source of Repayment” is the Net Revenues of the System as hereinafter provided. The Net Revenues are hereby pledged by the Local Borrower to the payment of all amounts due under the Loan and the repayment of such amounts shall be secured by a lien on and pledge of the Net Revenues on parity with the pledge and lien granted by the Local Borrower for the payment and security of Outstanding Parity Obligations and Additional Parity

Obligations. The amounts due under this Loan Agreement and any Outstanding Parity Obligations and Additional Parity Obligations (exclusive of the Local Borrower's repayment obligations with respect to those reserve fund credit instruments in connection with this Loan and any Additional Parity Obligations which shall be secured on a subordinate basis), shall be equally and ratably secured by said pledge and lien without one having priority over the other. The Local Borrower intends that this pledge shall be a prior and paramount lien on and a first pledge of the Net Revenues, as will be sufficient to make all payments on the Loan, and the Local Borrower covenants to make the payments under the Loan from the Net Revenues, except to the extent that it chooses to make such payments from other legally available funds at its sole option. In no event shall the Local Borrower be required to make the payments on the Loan from any revenues, receipts or sources not derived from the Net Revenues of the System.

2. The Local Borrower covenants and agrees that it will establish and maintain schedules of rates, fees and charges for all services supplied by the System which, after making reasonable allowance for contingencies and errors in estimates, shall produce Revenues in each fiscal year that are sufficient, (a) to pay the Operation and Maintenance Expenses of the System, (b) to produce an aggregate amount of Net Revenues equal the sum of (i) one hundred twenty percent (120%) of the aggregate of the debt service or comparable payments payable on the Loan, the Outstanding Parity Obligations, and any Additional Parity Obligations in such fiscal year, and (ii) one hundred percent (100%) of the aggregate of the debt service on comparable payments, separately payable and secured on a basis subordinate to the Loan by Net Revenues, and (c) to maintain all necessary fund balances required under the resolutions or agreements of the Local Borrower authorizing the Loan, the Outstanding Parity Obligations, and Additional Parity Obligations.

Section 3 Additional Parity Obligations

The Local Borrower covenants and agrees that no other obligations of any kind will be issued that are payable from or enjoy a pledge of the Net Revenues having priority over the Loan.

It is understood and agreed that Additional Parity Obligations having a lien upon and payable from the Net Revenues may be issued on parity with the Loan, but only as provided herein and only to provide funds to make improvements and expansions to the existing System, to purchase capacity rights in sewage treatment plant facilities owned by other political subdivisions of the State, to purchase capacity rights in water treatment plant facilities owned by other political subdivisions of the State, to acquire land, rights in land or water rights for the System, to provide reasonable reserves for Outstanding Parity Obligations and Additional Parity Obligations, to refund Outstanding Parity Obligations and Additional Parity Obligations or the Loan or to refund other bonds of the Local Borrower, if any, whether revenue bonds, general obligation bonds or other bonds or obligations, issued to provide funds to construct or acquire additions, extensions, improvements, expansions or replacements to the System, subject to the following conditions:

(a) The Local Borrower will not, at the time of the issuance of such Additional Parity Obligations, be in default under any Outstanding Parity Obligations, Additional Parity Obligations, the Loan or under any resolution related thereto or providing for the issuance of Additional Parity Obligations or any related credit or reserve fund credit instrument;

(b) The issuance of Additional Parity Obligations will be duly authorized at an election, if required by law, except as to any bonds or obligations to be issued exclusively for the purpose of refunding any Outstanding Parity Obligations and Additional Parity Obligations or the Loan;

(c) The issuance of Additional Parity Obligations will be provided for by a resolution duly adopted by the Local Borrower's governing body and such Additional Parity Obligations will mature and interest will be paid on the same days of the year as Outstanding Parity Obligations and Additional Parity Obligations; and

(d) The Reserve Requirement (as defined in Exhibit E), as computed for the amount of Additional Parity Obligations to be issued, shall be available in the Reserve Fund (as defined in Exhibit E) in one of the following ways: (i) Additional Parity Obligation proceeds shall be immediately deposited to the Reserve Fund, or a separate account as may be required, in an amount equal to the increased Reserve Requirement, if any, for the Additional Parity Obligations, or a Reserve Fund surety acceptable to the Authority shall be purchased in such amount; or (ii) Additional Parity Obligations, or any other revenues of the Local Borrower lawfully available to be used for such deposit, may be deposited to the Reserve Fund in equal monthly deposits such that the Reserve Requirement for such Additional Parity Obligations shall be satisfied not more than four years from the date of delivery of such Additional Parity Obligations; or (iii) any combination of (i) and (ii). The Reserve Fund may be divided into separate and discrete subaccounts each pledged to different Additional Parity Obligations provided that each Additional Parity Obligation Reserve Requirement is satisfied in one of the foregoing manners; and

(e) the aggregate amount of the Net Revenues of the System for the last full fiscal year immediately preceding the issuance of such Additional Parity Obligation, as shown in a certificate or report of an independent public accountant or firm of such accountants presented to the Authority, has been at least equal to the sum of the following: (i) not less than one hundred twenty percent (120%) of the highest year's debt service or comparable payments on all of the Outstanding Parity Obligations, the Loan, and the Additional Parity Obligations then to be issued, and (ii) not less than one hundred percent (100%) of the aggregate of amounts payable in such fiscal year and secured on a subordinate basis by such Net Revenues and (iii) not less than one hundred percent (100%) of any additional amounts required to maintain or fund necessary fund balances under the resolutions or agreements of the Local Borrower relating to the obligations described in (i).

For the purposes of the subparagraph (e), additional amounts may be added to the Net Revenues as shown on the accountant's certificate or report in the following circumstances:

(1) If the Revenues have been increased as a result of construction of additions or acquisitions to the System made prior to the issuance of such Additional Parity Obligations but during either the fiscal year in which the Additional Parity Obligations are to be issued or in the preceding fiscal year, such increased Revenues may be treated as if such additions to the System were completed on the first day of the fiscal year used for purposes of computation. The Revenues derived from such additions and acquisitions to the System may

be converted for purposes of computation to estimated Net Revenues which would have been derived therefrom if said additions and acquisitions had actually been completed on the first day of the year used for computation purposes, such estimates to be made by a professional firm experienced in estimating future revenues and expenses of water and sewer systems and having a recognized reputation for that work.

(2) If all or part of the proceeds of the Additional Parity Obligations are to be expended for the acquisition of existing water properties or facilities, there may be added to the Net Revenues of such preceding fiscal year the Net Revenues which would have been derived from the operation of such properties or facilities if such properties or facilities had been acquired and operated by the Local Borrower under the Local Borrower's applicable rate schedule during the entire preceding fiscal year, such Net Revenues to be estimated by a professional firm experienced in estimating future revenues and expenses of water and sewer systems and having a recognized reputation for that work.

(3) If prior to the issuance of the Additional Parity Obligations and subsequent to the first day of such preceding fiscal year, the Local Borrower shall have increased its rates or charges imposed for water services, there may be added to the Net Revenues of such fiscal year the additional Net Revenues which would have been received from the operation of the System during such fiscal year had such increase been in effect throughout such fiscal year, such additional Net Revenues to be estimated by a professional firm experienced in estimating future revenues and expenses of water and sewer systems and having a recognized reputation for that work.

For purposes of calculations under this subparagraph (e), if Additional Parity Obligations are to be issued exclusively for the purpose of refunding or retiring a portion of Outstanding Parity Obligations or this Loan, for the purpose of the calculation required under this subparagraph (e), the percentage requirement on such obligations will be taken into consideration only in any future fiscal year in which any fractional part of such obligations will remain outstanding after the issuance of such Additional Parity Obligations; provided that nothing herein contained shall be construed to limit or restrict the issuance of any Additional Parity Obligations if, before or as a result of the issuance and delivery of such Additional Parity Obligations, any other obligations theretofore issued will no longer be outstanding, or full payment for any such obligations will be provided for by funds from the bond or obligation proceeds.

Exhibit E Debt Service Reserve Requirements

Held by Local Borrower – No Separate Account

The Local Borrower covenants and agrees that it will fund a Reserve Fund (as hereinafter defined) in cash in accordance with this Exhibit. “Reserve Requirement” shall mean an amount equal to the highest amount of Loan Repayments to be paid by the Local Borrower in any fiscal year as shown in the Loan Repayment Schedule in Exhibit A, and the Local Borrower’s obligations with respect to those reserve fund credit instruments associated with any Additional Parity Obligations, which the Local Borrower and the Authority agree is the initial amount of the Reserve Requirement for the Loan. The amount of the Reserve Requirement, and the amount of the required monthly build up of cash in the Reserve Fund, will be adjusted to reflect any adjustment of the Loan Repayment Schedule in Exhibit A upon and after the delivery of Authority Bonds to finance the Loan or any other adjustment to the Loan Repayment Schedule in Exhibit A.

The Local Borrower shall maintain a balance which shall be, at a minimum, an amount equivalent to the Reserve Requirement (the “Minimum Balance”). The Local Borrower shall cause to be deposited in the account holding the Reserve Fund on or before the first Business Day of each month that monthly deposit as set forth in Exhibit A to cause the Reserve Requirement to be fully funded (the “Reserve Fund”); provided, however, that once the Minimum Balance is achieved such deposits shall no longer be required so long as the Minimum Balance is maintained. For so long as the Loan is outstanding, if, on any date payment is due, the Local Borrower has not paid to the Authority an amount equal to the amount of principal and interest due on the Loan pursuant to Section 3.3 of the Loan Agreement, the Local Borrower shall make such payment from the Minimum Balance and shall then deposit the first Net Revenues available (after provision is made for payment of any amounts which have become due under the Loan) an amount sufficient to cause the Minimum Balance to be at least equal to the amount then required.

The Local Borrower shall keep adequate and accurate records of moneys, investments and investment earnings on the Reserve Fund and the Authority shall have the right to audit the records of the Local Borrower insofar as they pertain to the Minimum Balance.

When all amounts payable by the Local Borrower under the Loan have become due, and all such amounts have been paid Local Borrower shall no longer be required to maintain the Minimum Balance.

The Local Borrower covenants and agrees that the investment of the Minimum Balance for the Loan Repayments shall at all times after the issuance of Authority Bonds to fund the Loan be restricted to a yield not greater than the yield on the Authority’s Bonds, which shall be certified at the date of such Bond issuance to the Local Borrower by the Authority based upon certification to the Authority by the underwriters of the Authority’s Bonds. The Local Borrower shall maintain adequate records of investment to reflect compliance with this covenant.

Exhibit F Replacement Reserve Requirements

Held By Local Borrower – No Separate Account

The Local Borrower shall either spend or maintain a replacement reserve (the “Replacement Reserve”) in accordance with Exhibit A. The Replacement Reserve shall be used for one or more of the following purposes: (i) the acquisition of new, or the replacement of obsolete or worn out, machinery, equipment, furniture, fixtures or other personal property for the System provided that the property is depreciable; (ii) the performance of repairs with respect to the System which are of an extraordinary and non-recurring nature provided that the property is depreciable; (iii) the acquisition or construction of additions to or improvements, extensions or enlargements to, or remodeling of, the System provided that the property is depreciable; and/or (iv) to make payments to the Authority on the Loan (collectively, the “*Permitted Uses*”).

For so long as the Loan is outstanding, if on any interest payment date or principal repayment date the Local Borrower has not paid to the Authority an amount equal to the amount of principal and interest due on the Loan pursuant to the Loan Agreement, and the Reserve Fund does not hold sufficient moneys to cover the deficiency, the Local Borrower shall transfer amounts, if any, set aside for the Replacement Reserve to the Authority to cover the deficiency.

When all amounts payable by the Local Borrower under the Loan have become due, and all such amounts have been paid, any amounts set aside for the Replacement Reserve will become available to the Local Borrower for general use.

Exhibit G **Form of Opinion of Local Borrower Counsel**

Enter Date of Opinion

Water Infrastructure Finance Authority of Arizona
Phoenix, Arizona

Ladies and Gentlemen:

I am an attorney admitted to practice in the State of Arizona and I have acted as counsel to the Town of Camp Verde (the “*Local Borrower*”), which has entered into a Loan Agreement (as hereinafter defined) with the Water Infrastructure Finance Authority of Arizona (the “*Authority*”), and have acted as such in connection with the authorization, execution and delivery by the Local Borrower of the Loan Agreement (as hereinafter defined). Terms used and not otherwise defined herein have the meanings given to them in the Loan Agreement.

In so acting I have examined the Constitution and laws of the State of Arizona. I have also examined originals, or copies certified or otherwise identified to my satisfaction, of the following:

(a) the Loan Agreement, dated as of December **TBD**, 2021 (the “*Loan Agreement*”) by and between the Authority and the Local Borrower; and

(b) proceedings of the governing board of the Local Borrower relating to the approval of the Loan Agreement and the Local Borrower Bond and the execution, issuance and delivery thereof on behalf of the Local Borrower, and the authorization of the undertaking and completion of the Project, including the proceedings relating to the election held on Enter Election Date on the question of authorizing the Local Borrower to enter into loan agreements with the Authority and/or issue the Local Borrower Bond, of which there is authorized but unissued capacity at least equal to the principal amount of the Loan.

I have also examined and relied upon originals, or copies certified or otherwise authenticated to my satisfaction, of such other records, documents, certificates and other instruments, and made such investigation of law as in my judgment I have deemed necessary or appropriate to enable me to render the opinions expressed below.

Based upon the foregoing, I am of the opinion that:

1. The Local Borrower is a political subdivision of the State of Arizona with the legal right to carry on the business of the System as currently being conducted and as proposed to be conducted.
2. The Local Borrower has full legal right and authority to pledge the Source of Repayment for the Loan Repayments and to execute and deliver the Loan Agreement, and to observe and perform its duties, covenants, obligations and agreements thereunder and to undertake and complete the Project; subject, however, to the effect of restrictions and limitations imposed by or

resulting from, bankruptcy, insolvency, moratorium, reorganization, debt adjustment or other similar laws affecting creditors rights generally (“*Creditor’s Rights Limitations*”) heretofore or hereafter enacted.

3. The Local Borrower has duly and validly pledged the Source of Repayment for the punctual payment of the principal of and interest on the Loan and all other amounts due under the Loan Agreement and the Local Borrower Bond according to their respective terms.

4. All additional debt tests and reserve and other requirements applicable to the Local Borrower with respect to the pledge of the Source of Repayment have been satisfied.

5. The authorizing proceedings of the Local Borrower’s governing body approving the Loan Agreement and authorizing its execution, issuance and delivery on behalf of the Local Borrower, and authorizing the Local Borrower to undertake and complete the Project (hereinafter collectively called the “*Authorizing Resolutions*”) have been duly and lawfully adopted and authorized in accordance with applicable Arizona law, at a meeting or meetings which were duly called pursuant to necessary public notice and held in accordance with applicable Arizona law, and at which quorums were present and acting throughout.

6. The Loan Agreement has been duly authorized, executed and delivered by the authorized officers of the Local Borrower; and, assuming that the Authority has all the requisite power and authority to authorize, execute and deliver, and has duly authorized, executed and delivered the Loan Agreement, the Loan Agreement constitutes the legal, valid and binding obligation of the Local Borrower enforceable in accordance with its terms; subject, however, to the effect of and to restrictions and limitations imposed by or resulting from Creditor’s Rights Limitations or other laws, judicial decisions and principles of equity relating to the enforcement of contractual obligations generally.

7. To the best of my knowledge, after such investigation as I have deemed appropriate, the authorization, execution and delivery of the Loan Agreement by the Local Borrower, the observance and performance by the Local Borrower of its duties, covenants, obligations and agreements thereunder and the consummation of the transactions contemplated therein and the undertaking and completion of the Project do not and will not contravene any existing law or any existing order, injunction, judgment, decree, rule or regulation of any court or governmental or administrative agency, authority or person having jurisdiction over the Local Borrower or its property or assets or result in a breach or violation of any of the terms and provisions of, or constitute a default under, any existing bond resolution, trust agreement, indenture, mortgage, deed of trust or other agreement to which the Local Borrower is a party or by which it, the System or its property or assets is bound.

8. To the best of my knowledge, after such investigation as I have deemed appropriate, all approvals, consents or authorizations of, or registrations of or filings with, any governmental or public agency, authority or person required to date on the part of the Local Borrower in connection with the authorization, execution, delivery and performance of the Loan Agreement, and the undertaking and completion of the Project have been obtained or made.

9. To the best of my knowledge, after such investigation as I have deemed appropriate, there is no litigation or other proceeding pending or threatened in any Court or other tribunal of competent jurisdiction (either State or Federal) questioning the creation, organization or existence of the Local Borrower or the validity, legality or enforceability of the Loan Agreement, or the undertaking or completion of the Project.

This opinion is rendered on the basis of Federal law and the laws of the State of Arizona as enacted and construed on the date hereof. I express no opinion as to any matter not set forth in the numbered paragraphs herein.

Very truly yours,

Exhibit H Tax Compliance Certificate of Local Borrower

Water Infrastructure Finance Authority of Arizona

\$10,175,000.00 Loan to Town of Camp Verde

The Water Infrastructure Finance Authority of Arizona (the “Authority”) and Town of Camp Verde (the “Local Borrower”) are entering into a Loan Agreement (the “Loan Agreement”) in the maximum principal amount stated above pursuant to which the Authority will make a loan (the “Loan”) to the Local Borrower. In connection with its state revolving fund programs, the Authority issues its bonds (“Authority Bonds”) from time to time to finance loans and the Authority also pledges certain loans to secure and to serve as the source of payment for the Authority Bonds. As a result, and under the provisions of federal tax law applicable to the Authority Bonds, it is in the Authority’s interest for the Loan to qualify and be a Tax-Exempt Obligation that is not an AMT Obligation. Therefore, in order to establish certain facts necessary for the Loan to qualify and be treated as a Tax-Exempt Obligation that is not an AMT Obligation, and as required by the provisions of the Loan Agreement, the Local Borrower by its officer signing this Certificate, certifies, represents, and covenants as follows with respect to the Loan. All statements in this Certificate are of facts or, as to events to occur in the future, reasonable expectations.

I. DEFINITIONS

1.10. Attachment A. The definitions and cross-references set forth in Attachment A apply to this Certificate and its Attachments. All terms relating to a particular issue, such as Sale Proceeds, relate to the Loan, unless indicated otherwise. (For example, “Sale Proceeds” refers to Sale Proceeds of the Loan, unless indicated otherwise.)

1.20. Special Definitions. Terms used herein, to the extent not defined in Attachment A or below, have the same meaning as defined in the Loan Agreement. In addition, the following definitions apply to this Certificate and its Attachments:

“Instructions” means the Rebate Instructions attached hereto as Attachment A-1.

“Issue” means the Loan.

“Issuer” means the Local Borrower.

“Project” means the financing of a portion of the costs of acquisition, construction and improvement of facilities to be financed by the Loan and includes Issuance Costs and interest on the Loan for up to three years from the Issuance Date or, if later, one year after the date the Project is placed in service, all of which are governmental purposes for purposes of the Code.

“Reserve Fund” is defined in 3.40(a).

1.30. References. Reference to a Section means a section of the Code. Reference by number only (for example, “2.10”) means that numbered paragraph of this Certificate. Reference to an Attachment means an attachment to this Certificate.

II. ISSUE DATA

2.10. Issuer. The Issuer is a Governmental Unit.

2.20. Purpose of Issue. The Issue is being issued to provide funds to pay costs of the Project.

2.30. Dates. The Sale Date of the Issue is the date on which the Loan Agreement is executed and delivered by the Authority and the Local Borrower, and the Issuance Date of the Issue is the first date on which the aggregate draws under the Loan exceed the lesser of \$50,000 or 5% of the principal amount of the Loan.

2.40. Issue Price. The Issue Price of the Issue is the principal amount actually advanced by the Authority to the Issuer as the Loan.

2.50. Sale Proceeds, Net Proceeds, and Net Sale Proceeds. The amount of Sale Proceeds equals the Issue Price. The amount of Net Proceeds equals the Issue Price minus the amount of Proceeds (if any) deposited in the Reserve Fund (if any). The amount of Net Sale Proceeds equals the amount of Net Proceeds minus the Minor Portion.

2.60. Disposition of Sale Proceeds. There will be no Pre-Issuance Accrued Interest with respect to the Issue. The Sale Proceeds will be used to pay costs of the Project and, if applicable, to fund the Reserve Fund (if any).

2.70. Higher Yielding Investments. Gross Proceeds will not be invested in Higher Yielding Investments except for (A) the Minor Portion to the extent provided in 3.80, (B) those Gross Proceeds identified in 3.10, 3.20, and 3.30, but only during the applicable Temporary Periods there described for those Gross Proceeds, and (C) Gross Proceeds held in the Reserve Fund (if any) to the extent set forth in 3.40(a).

2.80. Single Issue. No other obligations have been or will be sold less than 15 days before or after the Sale Date pursuant to the same plan of financing with the Issue that are expected to be paid from substantially the same source of funds as the Issue, determined without regard to guarantees from a person who is not a Related Party to the Issuer. Accordingly, no obligations other than those of the Issue are a part of a single issue with the Issue.

III. ARBITRAGE (NONREBATE) MATTERS

3.10. Use of Net Sale Proceeds and Pre-Issuance Accrued Interest; Temporary Periods.

(A) Pre-Issuance Accrued Interest. There will be no Pre-Issuance Accrued Interest with respect to the Issue.

(B) Payment of Costs of the Project.

(1) All of the Net Sale Proceeds will be used to pay costs of the Project. Such Sale Proceeds may be used to acquire or hold Higher Yielding Investments for a period ending on the third anniversary of the Issuance Date (such period being the Temporary Period for such amount) because the following three tests are reasonably expected to be satisfied:

(i) At least 85% of the Net Sale Proceeds will be allocated to expenditures on the Project by the end of the Temporary Period;

(ii) Within 6 months of the Issuance Date, the Issuer will incur substantial binding obligations to third parties to expend at least 5% of the Net Sale Proceeds on the Project; and

(iii) Completion of the Project and allocation of the Net Sale Proceeds to expenditures will proceed with due diligence.

Any Sale Proceeds that remain unspent on the third anniversary of the Issuance Date, which is the expiration date of the Temporary Period for such Proceeds, shall not be invested in Higher Yielding Investments with respect to the Issue after that date except as part of the Minor Portion. In complying with the foregoing sentence, the Issuer may take into account “yield reduction payments” (within the meaning of Regulations §1.148-5(c)) paid to the United States.

(2) Any Reimbursement Allocation will qualify as a Reimbursement of Prior Capital Expenditures and will be made by an entry in the financial records of the Issuer kept with respect to the Issue showing that Sale Proceeds of the Issue have been returned to the fund or account of the Issuer from which such amount was originally and temporarily advanced to finance Capital Expenditures paid before this date by not more than (A) 18 months after the later of the date such Capital Expenditures were paid or the date on which the property resulting from such Capital Expenditures and comprising part of the Project was placed in service or (B) three years after the original expenditures were paid.

3.20. Investment Proceeds. Any Investment Proceeds will be used to pay costs of the Project and may be invested in Higher Yielding Investments during the Temporary Period identified in 3.10(B)(1) or, if longer, one year from the date of receipt, such period being the Temporary Period for such Proceeds.

3.30. Payment Fund. Amounts deposited from time to time in the fund of the Issuer from which payments will be made on the Issue, which is a Bona Fide Debt Service Fund, will be used to pay Debt Service on the Issue within 13 months after the amounts are so deposited, such period being the Temporary Period for such amounts.

3.40. Reserve Funds.

(A) Debt Service Reserve Fund. If (and only if) the Loan Agreement requires the funding of a debt service reserve fund (“Reserve Fund”) in cash: The amount of Proceeds of the Loan deposited in the Reserve Fund shall not exceed

10% of the stated principal amount of the Loan. Amounts in the portion of the Reserve Fund allocable to the Issue may be invested in Higher Yielding Investments with respect to the Issue to the extent that such amounts do not exceed the least of (i) 10% of the principal amount of the Issue; (ii) maximum annual Debt Service; and (iii) 125% of average annual Debt Service. Any amounts in the portion of the Reserve Fund allocable to the Issue in excess of the least of these amounts will not be invested in Higher Yielding Investments with respect to the Issue. In complying with the yield restriction set forth in this Section, the Issuer may take into account “yield reduction payments” (within the meaning of Regulations § 1.148-5(c)) timely paid or to be timely paid to the United States because amounts in the Reserve Fund (other than investment earnings) are not reasonably expected to be used to pay Debt Service other than in connection with reductions in the amount required to be in the Reserve Account. The establishing and funding of the Reserve Fund was reasonably required by the Authority as a condition of making the Loan.

(B) Replacement Reserve Fund. If (and only if) the Loan Agreement requires the funding of a replacement reserve fund (“Replacement Reserve Fund”) in cash: The Replacement Reserve Fund may be used for one or more of the following purposes: (i) the acquisition of new, or the replacement of obsolete or worn out, machinery, equipment, furniture, fixtures or other personal property for the Issuer’s utility system, provided that the property is depreciable; (ii) the performance of repairs with respect to the Issuer’s utility system that are of an extraordinary and non-recurring nature, provided that the property is depreciable; (iii) the acquisition or construction of additions to or improvements, extensions or enlargements to, or remodeling of, the Issuer’s utility system, provided that the property is depreciable; and/or (iv) to make Debt Service payments to the Authority on the Issue (collectively, the “Permitted Uses”). The Issuer reasonably expects to use amounts in the Replacement Reserve Fund for Permitted Uses other than to make Debt Service payments to the Authority on the Issue, and therefore there is no reasonable assurance of the availability of those amounts to make Debt Service payments to the Authority on the Issue if the Issuer encounters financial difficulties

3.50. No Other Replacement Fund or Assured Available Funds. Except as described in 3.30 and, if and to the extent applicable, 3.40(A), , the Issuer has not established and does not expect to establish or use any sinking fund, debt service fund, redemption fund, reserve or replacement fund, or similar fund, or any other fund to pay Debt Service on the Issue. Except for money referred to in 3.30 and Proceeds of a Refunding Issue, if any, no other money or Investment Property is or will be pledged as collateral or used for the payment of Debt Service on the Issue (or for the reimbursement of any others who may provide money to pay that Debt Service), or is or will be restricted, dedicated, encumbered, or set aside in any way as to afford the holders of the Issue reasonable assurance of the availability of such money or Investment Property to pay Debt Service on the Issue.

3.60. No Overissuance. The Proceeds of the Issue are not reasonably expected to exceed the amount needed for the governmental purposes of the Issue as set forth in 2.20.

3.70. Other Uses of Proceeds Negated. Except as stated otherwise in this Certificate, none of the Proceeds of the Issue will be used:

(A) to pay principal of or interest on, refund, renew, roll over, retire, or replace any other obligations issued by or on behalf of the Issuer or any other Governmental Unit,

(B) to replace any Proceeds of another issue that were not expended on the project for which such other issue was issued,

(C) to replace any money that was or will be used directly or indirectly to acquire Higher Yielding Investments,

(D) to make a loan to any person or other Governmental Unit,

(E) to pay any Working Capital Expenditure other than expenditures identified in Regulations §1.148-6(d)(3)(ii)(A) and (B) (i.e., Issuance Costs of the Issue, Qualified Administrative Costs, reasonable charges for a Qualified Guarantee or for a Qualified Hedge, interest on the Issue for a period commencing on the Issuance Date of the Issue and ending on the date that is the later of three years from such Issuance Date or one year after the date on which the project financed or refinanced by the Issue was or will be placed in service, payments of the Rebate Amount, and costs, other than those already described, that do not exceed 5% of the Sale Proceeds and that are directly related to Capital Expenditures financed or deemed financed by the Issue, principal or interest on an issue paid from unexpected excess Sale Proceeds or Investment Proceeds, and principal or interest on an issue paid from investment earnings on a reserve or replacement fund that are deposited in a Bona Fide Debt Service Fund), or

(F) to reimburse any expenditures made prior to the Issuance Date except those that qualify as a Reimbursement of Prior Capital Expenditures.

No portion of the Issue is being issued solely for the purpose of investing Proceeds in Higher Yielding Investments.

3.80. Minor Portion. The Minor Portion is equal to the lesser of 5% of the Sale Proceeds of the Issue and \$100,000. Such Minor Portion may be invested in Higher Yielding Investments with respect to the Issue.

3.90. No Other Replacement Proceeds. That portion of the Issue that is to be used to finance Capital Expenditures has a weighted average maturity that does not exceed 120% of the weighted average reasonably expected economic life of the property resulting from such Capital Expenditures.

IV. REBATE MATTERS

4.10. Issuer Obligation Regarding Rebate. Consistently with its covenants contained in the Loan Agreement, the Issuer will calculate and make, or cause to be calculated and made,

payments of the Rebate Amount in the amounts and at the times and in the manner provided in Section 148(f) with respect to Gross Proceeds to the extent not exempted under Section 148(f)(4) and the Instructions.

4.20. No Avoidance of Rebate Amount. No amounts that are required to be paid to the United States will be used to make any payment to a party other than the United States through a transaction or a series of transactions that reduces the amount earned on any Investment Property or that results in a smaller profit or a larger loss on any Investment Property than would have resulted in an arm's length transaction in which the Yield on the Issue was not relevant to either party to the transaction.

4.30. Exceptions.

(A) Small Issuer Exception. The Issue is exempt under Section 148(f)(4)(D) from the rebate requirement **if all** of the following requirements are satisfied:

(1) The Issuer is a Governmental Unit with general taxing powers within the meaning of Section 148(f)(4)(D), and

(2) No part of the Issue is a Private Activity Bond, and

(3) All of the Net Proceeds will be used for "local governmental activities" of the Issuer within the meaning of Section 148(f)(4)(D) and none of the Net Proceeds will be used for any Private Business Use, and

(4) The aggregate principal amount of all Tax-Exempt Obligations, including the Issue, issued or to be issued by the Issuer, its subordinate entities and entities that issue any such obligations on behalf of the Issuer, or on behalf of which the Issuer issues any such obligations, during the current calendar year does not, and is not reasonably expected to, exceed \$5,000,000. The Tax-Exempt Obligations taken into account for this purpose exclude any Private Activity Bonds and any Current Refunding Portion and Current Refunding Issue to the extent that the amount of such Current Refunding Portion or Current Refunding Issue does not exceed the outstanding amount of the obligations refunded by such Current Refunding Portion or Current Refunding Issue. No entity has been or will be formed or availed of to avoid the purposes of Section 148(f)(4)(D)(i)(IV).

If, but only if, all of the above requirements are satisfied, check here: [____]

and sign here: _____

(B) General Exception. Notwithstanding the foregoing, the computations and payments of amounts to the United States referred to in IV need not be made to the extent that the Issuer will not thereby fail to comply with any requirements of Section 148(f) and the Instructions based on an opinion of bond counsel.

4.40. Election. The Issue is a Construction Issue. The Issuer hereby elects to apply the 2-year spending exception to the rebate requirements on the basis of actual facts instead of the Issuer's reasonable expectations.

V. OTHER TAX MATTERS

5.10. Not Private Activity Bonds or Pool Bonds. No obligation of the Issue will be a Private Activity Bond or a pooled financing bond (within the meaning of Section 149(f)), based on the following:

(A) Not more than 5% of the Proceeds, if any, directly or indirectly, will be used for a Private Business Use and not more than 5%, if any, of the Debt Service on the Issue, directly or indirectly, will be secured by any interest in property used or to be used for a Private Business Use or payments in respect of such property, or will be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a Private Business Use.

(B) Less than 5% of the Proceeds, if any, will be used to make or finance loans to any Private Person or Governmental Unit other than the Issuer.

(C) The lesser of the Proceeds that are being or will be used for any Private Business Use or the Proceeds with respect to which there are payments or (borrowed money) that are being or will be used for any Private Business Use does not exceed \$15,000,000 and none of the Proceeds will be used with respect to an "output facility" (other than a facility for the furnishing of water) within the meaning of Section 141(b)(4).

(D) The Issuer does not expect to sell or otherwise dispose of the Project or any portion thereof during the term of the Issue except for dispositions of property in the normal course at the end of such property's useful life to the Issuer. With respect to tangible personal property, if any, that is part of the Project, the Issuer reasonably expects that:

(1) Dispositions of such tangible personal property, if any, will be in the ordinary course of an established governmental program;

(2) The weighted average maturity of the obligations of the Issue financing such property (treating the obligations of the Issue properly allocable to such personal property as a separate issue for this purpose) will not be greater than 120% of the reasonably expected actual use of such property for governmental purposes;

(3) The fair market value of such property on the date of disposition will not be greater than 25% of its cost;

(4) The property will no longer be suitable for its governmental purposes on the date of disposition; and

(5) The amounts received from any disposition of such property are required to be, and will be, commingled with substantial tax or other governmental revenues and will be spent on governmental programs within 6 months from the date of such deposit and commingling.

5.20. Issue Not Federally Guaranteed. The Issue is not Federally Guaranteed.

5.30. Not Hedge Bonds. At least 85% of the Spendable Proceeds will be used to carry out the governmental purposes of the Issue within three years from the Issuance Date. Not more than 50%, if any, of the Proceeds will be invested in Nonpurpose Investments having a substantially guaranteed Yield for four years or more (including but not limited to any investment contract or fixed yield investment having a maturity of four years or more). The reasonable expectations stated above are not based on and do not take into account (A) any expectations or assumptions as to the occurrence of changes in market interest rates or changes of federal tax law or regulations or rulings thereunder or (B) any prepayments of items other than items that are customarily prepaid.

5.40. Hedge Contracts. The Issuer has not entered into, and does not reasonably expect to enter into, any Hedge with respect to the Issue, or any portion thereof. The Issuer acknowledges that entering into a Hedge with respect to the Issue, or any portion thereof, may change the Yield and that Bond Counsel should be contacted prior to entering into any Hedge with respect to the Issue in order to determine whether payments/receipts pursuant to the Hedge will be taken into account in computing the Yield.

5.50. Internal Revenue Service Information Return. Within the time and on the form prescribed by the Internal Revenue Service under Section 149(e), the Issuer will file with the Internal Revenue Service an Information Return setting forth the required information relating to the Issue. The information reported on that Information Return will be true, correct, and complete to the best of the knowledge and belief of the undersigned.

5.60. Responsibility of Officer.

(A) The officer signing this Certificate is one of the officers of the Issuer responsible for issuing the Issue.

(B) To the best of the knowledge, information, and belief of the undersigned, all expectations stated in this Certificate are the expectations of the Issuer and are reasonable, all facts stated are true, and there are no other existing facts, estimates, or circumstances that would or could materially change the statements made in this Certificate. The certifications and representations made in this Certificate are intended to be relied upon as certifications described in Regulations § 1.148-2(b). The Issuer acknowledges that any change in the facts or expectations from those set forth in this Certificate may result in different requirements or a change in status of the Issue or interest thereon under the Code, and that bond counsel should be contacted if such changes are to occur or have occurred.

Town of Camp Verde

By: _____

Name: _____

Title: _____

List of Attachments

Attachment A -- Definitions for Tax Compliance Certificate

Attachment A-1 -- Rebate Instructions

Attachment A

Definitions for Tax Compliance Certificate of Local Borrower

The following terms, as used in Attachment A and in the Tax Compliance Certificate to which it is attached and in the other Attachments to the Tax Compliance Certificate, have the following meanings unless therein otherwise defined or unless a different meaning is indicated by the context in which the term is used. Capitalized terms used within these definitions that are not defined in Attachment A have the meanings ascribed to them in the Tax Compliance Certificate to which this Attachment A is attached. The word "Issue," in lower case, refers either to the Issue or to another issue of obligations or portion thereof treated as a separate issue for the applicable purposes of Section 148, as the context requires. The word "obligation" or "obligations," in lower case, includes any obligation, whether in the form of bonds, notes, certificates, or any other obligation that is a "bond" within the meaning of Section 150(a)(1). All capitalized terms used in this Certificate include either the singular or the plural. All terms used in this Attachment A or in the Tax Compliance Certificate to which this Attachment A is attached, including terms specifically defined, shall be interpreted in a manner consistent with Sections 103 and 141-150 and the applicable Regulations thereunder except as otherwise specified. All references to Section, unless otherwise noted, refer to the Code.

"Advance Refunding Issue" means any Refunding Issue that is not a Current Refunding Issue.

"Advance Refunding Portion" means that portion of a Multipurpose Issue that constitutes a separate governmental purpose and that would be treated as an Advance Refunding Issue if it had been issued as a separate issue.

"AMT Obligation" means a Tax-Exempt Obligation the interest on which is an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code.

"Available Construction Proceeds" means an amount equal to (a) the sum of (i) the Issue Price of an issue, (ii) Investment Proceeds on that Issue Price, (iii) earnings on any reasonably required reserve or replacement fund allocable to the issue not funded from the Issue Price, and (iv) Investment Proceeds and earnings on (ii) and (iii), (b) reduced by the portions, if any, of the Issue Price of the issue (i) attributable to Pre-Issuance Accrued Interest and earnings thereon, (ii) allocable to the underwriter's discount, (iii) used to pay other Issuance Costs of the issue, and (iv) deposited in a reasonably required reserve or replacement fund allocable to the issue. "Available Construction Proceeds" does not include Investment Proceeds or earnings on a reasonably required reserve or replacement fund allocable to the issue for any period after the earlier of (a) the close of the 2-year period that begins on the Issuance Date or (b) the date the construction of the project financed by the issue is substantially completed, provided, however, that such Investment Proceeds or earnings shall be excluded from "Available Construction Proceeds" if the Issuer has timely elected such exclusion. If an issue is a Multipurpose Issue that includes a New Money Portion that is a Construction Issue, this definition shall be applied by substituting "New Money Portion" for "issue" each place the latter term appears. If an issue or the New Money Portion of a Multipurpose Issue, as applicable, is

not a Construction Issue, and the Issuer makes the bifurcation election under Regulations §1.148-7(j)(1) and Section 148(f)(4)(C)(v) to treat the issue or the New Money Portion as two separate issues consisting of the Construction Portion and the Nonconstruction Portion, this definition shall be applied by substituting “Construction Portion” for “issue” each place the latter term appears.

“Bona Fide Debt Service Fund” means a fund, including a portion of or an account in that fund (or in the case of a fund established for two or more issues, the portion of that fund properly allocable to an issue), or a combination of such funds, accounts or portions that is used primarily to achieve a proper matching of revenues with Debt Service on an issue within each Bond Year and that is depleted at least once each year except for a reasonable carryover amount not to exceed the greater of the earnings thereon for the immediately preceding Bond Year or one-twelfth of the annual Debt Service on the issue for the immediately preceding Bond Year.

“Bond Year” means the annual period relevant to the application of Section 148(f) to an issue, except that the first and last Bond Years may be less than 12 months long. The last day of a Bond Year shall be the close of business on the day preceding the anniversary of the Issuance Date of an issue unless the Issuer selects another date on which to end a Bond Year in the manner permitted by the Code.

“Capital Expenditures” means costs of a type that are properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of Placed in Service) under general federal income tax principles.

“Code” means the Internal Revenue Code of 1986, the Regulations (whether temporary or final) under that Code or the statutory predecessor of that Code, and any amendments of, or successor provisions to, the foregoing and any official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing, all as and to the extent applicable. Unless otherwise indicated, reference to a Section includes any applicable successor section or provision and such applicable Regulations, rulings, announcements, notices, procedures and determinations pertinent to that Section.

“Commingled Fund” means any fund or account of the Issuer that contains both Gross Proceeds of an issue and amounts in excess of \$25,000 that are not Gross Proceeds of the issue if the amounts in the fund or account are invested and accounted for collectively, without regard to the source of funds deposited in the fund or account.

“Commingled Investment Proceeds” means Investment Proceeds of an issue (other than Investment Proceeds held in a Refunding Escrow) that are deposited in a Commingled Fund with substantial tax or other revenues from governmental operations of the Issuer and that are reasonably expected to be spent for governmental purposes within 6 months from the date of deposit in the Commingled Fund, using any reasonable accounting assumptions.

“Conduit Borrower” means the obligor on a purpose investment.

“Conduit Financing Issue” means an issue the Proceeds of which are reasonably expected to be used to finance one or more Conduit Loans.

“Conduit Loan” means a purpose investment acquired by the Issuer with Proceeds of a Conduit Financing Issue, thereby effecting a loan to the Conduit Borrower.

“Construction Expenditures” means Capital Expenditures allocable to the cost of real property (including the construction or making of improvements to real property, but excluding acquisitions of interests in land or other existing real property) or constructed personal property within the meaning of Regulations §1.148-7(g).

“Construction Issue” means an issue at least 75% of the Available Construction Proceeds of which are to be used for Construction Expenditures with respect to property that is, or upon completion will be, owned by a Governmental Unit or a 501(c)(3) Organization. If an issue is a Multipurpose Issue that includes a New Money Portion, this definition shall be applied by substituting “New Money Portion” for “Construction Issue” each place the latter term appears. If an election under Section 148(f)(4)(C)(v) and Regulations §1.148-7(j) is made to bifurcate an issue or the New Money Portion of a Multipurpose Issue, this definition shall be applied by substituting “Construction Portion” for “Construction Issue” each place the latter term appears.

“Construction Portion” means that portion of an issue or the New Money Portion of a Multipurpose Issue at least 75% of the Available Construction Proceeds of which are to be used for Construction Expenditures with respect to property that is, or upon completion will be, owned by a Governmental Unit or a 501(c)(3) Organization and that finances 100% of the Construction Expenditures.

“Controlled Group” means a group of entities controlled directly or indirectly by the same entity or group of entities within the meaning of Regulations §1.150-1(e).

“Current Refunding Issue” means a Refunding Issue that is issued not more than 90 days before the last expenditure of any Proceeds of the Refunding Issue for the payment of Debt Service on the Refunded Bonds.

“Current Refunding Portion” means that portion of a Multipurpose Issue that constitutes a separate governmental purpose and that would be treated as a Current Refunding Issue if it had been issued as a separate issue.

“Debt Service” means principal of and interest and any redemption premium on an issue.

“Excess Gross Proceeds” means all Gross Proceeds of an Advance Refunding Issue that exceed an amount equal to 1% of the Sale Proceeds of such Advance Refunding Issue, other than Gross Proceeds allocable to: (a) payment of Debt Service on the Refunded Bonds; (b) payment of Pre-Issuance Accrued Interest on the Advance Refunding Issue and interest on the Advance Refunding Issue that accrues for a period up to the completion date of any capital project financed by the Prior Issue, plus one year; (c) a reasonably required reserve or replacement fund for the

Advance Refunding Issue or Investment Proceeds of such fund; (d) payment of Issuance Costs of the Advance Refunding Issue; (e) payment of administrative costs allocable to repaying the Refunded Bonds, carrying and repaying the Advance Refunding Issue, or investments of the Advance Refunding Issue; (f) Transferred Proceeds allocable to expenditures for the governmental purpose of the Prior Issue (treating for this purpose all unspent Proceeds of the Prior Issue properly allocable to the Refunded Bonds as of the Issuance Date of the Advance Refunding Issue as Transferred Proceeds); (g) interest on purpose investments; (h) Replacement Proceeds in a sinking fund for the Advance Refunding Issue; and (i) fees for a Qualified Guarantee for the Advance Refunding Issue or the Prior Issue. If an Issue is a Multipurpose Issue that includes an Advance Refunding Portion, this definition shall be applied by substituting “Advance Refunding Portion” for “Advance Refunding Issue” each place the latter term appears.

“Federally Guaranteed” means that (a) the payment of Debt Service on an issue, or the payment of principal or interest with respect to any loans made from the Proceeds of the issue, is directly or indirectly guaranteed in whole or in part by the United States or by an agency or instrumentality of the United States, within the meaning of Section 149(b) of the Code, or (b) more than 5% of the Proceeds of an issue will be invested directly or indirectly in federally insured deposits or accounts. The preceding sentence does not apply to (a) Proceeds invested during an initial Temporary Period until such Proceeds are needed to pay costs of the project, (b) investments of a Bona Fide Debt Service Fund, (c) direct purchases from the United States of obligations issued by the United States Treasury, or (d) other investments permitted by Section 149(b) or Regulations §1.149(b)-1(b).

“501(c)(3) Organization” means an organization described in Section 501(c)(3) and exempt from tax under Section 501(a).

“Fixed Yield Issue” means an issue of obligations the Yield on which is fixed and determinable on the Issuance Date.

“Governmental Unit” means a state, territory or possession of the United States, the District of Columbia, or any political subdivision thereof referred to as a “State or local governmental unit” in Regulations §1.103-1(a). “Governmental Unit” does not include the United States or any agency or instrumentality of the United States.

“Gross Proceeds” means Proceeds and Replacement Proceeds of an issue.

“Hedge” means a contract entered into by the Issuer or the Conduit Borrower primarily to modify the Issuer’s or the Conduit Borrower’s risk of interest rate changes with respect to an obligation (e.g., an interest rate swap, an interest rate cap, a futures contract, a forward contract or an option).

“Higher Yielding Investments” means any Investment Property that produces a Yield that (a) in the case of Investment Property allocable to Replacement Proceeds of an issue and Investment Property in a Refunding Escrow, is more than one thousandth of one percentage point (.00001) higher than the Yield on the applicable issue, and (b) for all other purposes is more than one-eighth of one percentage point (.00125) higher than the Yield on the issue.

“Investment Proceeds” means any amounts actually or constructively received from investing Proceeds of an issue in Investment Property.

“Investment Property” means investment property within the meaning of Sections 148(b)(2) and 148(b)(3), including any security (within the meaning of Section 165(g)(2)(A) or (B)), any obligation, any annuity contract and any other investment-type property (including certain residential rental property for family units as described in Section 148(b)(2)(E) in the case of any bond other than a Private Activity Bond). Investment Property includes a Tax-Exempt Obligation that is a “specified private activity bond” as defined in Section 57(a)(5)(C), but does not include other Tax-Exempt Obligations.

“Issuance Costs” means costs to the extent incurred in connection with, and allocable to, the issuance of an issue, and includes underwriter’s compensation withheld from the Issue Price, counsel fees, financial advisory fees, rating agency fees, trustee fees, paying agent fees, bond registrar, certification and authentication fees, accounting fees, printing costs for bonds and offering documents, public approval process costs, engineering and feasibility study costs, guarantee fees other than for a Qualified Guarantee and similar costs, but does not include fees charged by the Issuer.

“Issuance Date” means the date of physical delivery of an issue by the Issuer in exchange for the purchase price of the issue.

“Issue Price” means in the circumstances applicable to an issue:

(1) Public Offering. In the case of obligations actually offered to the general public in a bona fide public offering at the initial offering price for each maturity set forth in the certificate of the underwriter or placement agent attached to the Tax Compliance Certificate of the Issuer, the aggregate of the initial offering price for each maturity (including any Pre-Issuance Accrued Interest and original issue premium, but excluding any original issue discount), which price is not more than the fair market value thereof as of the Sale Date, and at which initial offering price not less than 10% of the principal amount of each maturity, as of the Sale Date, was sold or reasonably expected to be sold (other than to bond houses, brokers or other intermediaries). In the case of publicly offered obligations that are not described in the preceding sentence, Issue Price means the aggregate of the initial offering price to the public of each maturity set forth in the certificate of the underwriter or placement agent attached to the Tax Compliance Certificate of the Issuer, which price is not more than the fair market value thereof as of the Sale Date, and at which initial offering price not less than 10% of the principal amount of each maturity was sold to the public.

(2) Private Placement. In the case of obligations sold by private placement, the aggregate of the prices (including any Pre-Issuance Accrued Interest and original issue premium, but excluding any original issue discount) paid to the

Issuer by the first purchaser(s) (other than bond houses, brokers or other intermediaries).

“Minor Portion” means an amount equal to the lesser of \$100,000 or 5% of the Sale Proceeds of an issue.

“Multipurpose Issue” means an issue the bonds of which are allocable to two or more separate governmental purposes within the meaning of Regulations §1.148-9(h).

“Net Proceeds” means the Sale Proceeds of an issue less the portion thereof, if any, deposited in a reasonably required reserve or replacement fund for the issue.

“Net Sale Proceeds” means the Sale Proceeds of an issue less the portion thereof, if any, deposited in a reasonably required reserve or replacement fund for the issue and the portion invested as a part of a Minor Portion for the issue.

“New Money Issue” means an issue that is not a Refunding Issue.

“New Money Portion” means that portion of a Multipurpose Issue other than the Refunding Portion.

“Nonpurpose Investments” means any Investment Property that is acquired with Gross Proceeds as an investment and not in carrying out any governmental purpose of an issue. “Nonpurpose Investments” does not include any investment that is not regarded as “investment property” or a “nonpurpose investment” for the particular purposes of Section 148 (such as certain investments in U.S. Treasury obligations in the State and Local Government Series and certain temporary investments), but does include any other investment that is a “nonpurpose investment” within the applicable meaning of Section 148.

“Placed in Service” means the date on which, based on all the facts and circumstances, a facility has reached a degree of completion that would permit its operation at substantially its design level and the facility is, in fact, in operation at such level.

“Pre-Issuance Accrued Interest” means interest on an obligation that accrued for a period not greater than one year before its Issuance Date and that will be paid within one year after such Issuance Date.

“Preliminary Expenditures” means any Capital Expenditures that are “preliminary expenditures” within the meaning of Regulations §1.150-2(f)(2), *i.e.*, architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of a project other than land acquisition, site preparation, and similar costs incident to commencement of construction. The aggregate amount of Preliminary Expenditures may not exceed 20% of the aggregate Issue Price of the issue or issues that financed or are reasonably expected to finance the project for which such Preliminary Expenditures are or were incurred.

“Prior Issue” means an issue of obligations all or a portion of the Debt Service on which is paid or provided for with Proceeds of a Refunding Issue. The Prior Issue may be a Refunding Issue.

“Private Activity Bond” means (a) obligations of an issue more than 10% of the Proceeds of which, directly or indirectly, are or are to be used for a Private Business Use and more than 10% of the Debt Service on which, directly or indirectly, is or is to be paid from or secured by payments with respect to property, or secured by property, used for a Private Business Use, or (b) obligations of an issue, the Proceeds of which are or are to be used to make or finance loans to any Private Person that, in the aggregate, exceed the lesser of 5% of such Proceeds or \$5,000,000. In the event of Unrelated or Disproportionate Use, the tests in (a) shall be applied by substituting 5% for 10% each place the latter term is used.

“Private Business Use” means use (directly or indirectly) in a trade or business carried on by any Private Person other than use as a member of, and on the same basis as, the general public. Any activity carried on by a Private Person (other than a natural person) shall be treated as a trade or business. In the case of a Qualified 501(c)(3) Bond, Private Business Use excludes use by a 501(c)(3) Organization that is not an unrelated trade or business activity by such 501(c)(3) Organization within the meaning of Section 513(a).

“Private Person” means any natural person or any artificial person, including a corporation, partnership, trust or other entity, other than a Governmental Unit. “Private Person” includes the United States and any agency or instrumentality of the United States.

“Proceeds” means any Sale Proceeds, Investment Proceeds, and Transferred Proceeds of an issue. “Proceeds” does not include Replacement Proceeds.

“Qualified Administrative Costs” means reasonable direct administrative costs (other than carrying costs) such as separately stated brokerage or selling commissions, but not legal and accounting fees, recordkeeping, custody and similar costs. General overhead costs and similar indirect costs of the Issuer such as employee salaries and office expenses and costs associated with computing the Rebate Amount are not Qualified Administrative Costs.

“Qualified 501(c)(3) Bonds” means an issue of obligations that satisfies the requirements of Section 145(a).

“Qualified Guarantee” means any guarantee of an obligation that constitutes a “qualified guarantee” within the meaning of Regulations §1.148-4(f).

“Qualified Hedge” means a Hedge that is a “qualified hedge” within the meaning of Regulations §1.148-4(h)(2).

“Rebate Amount” means the excess of the future value, as of any date, of all receipts on Nonpurpose Investments acquired with Gross Proceeds of an issue over the future value, as of that date, of all payments on those Nonpurpose Investments, computed in accordance with Section 148(f) and Regulations §1.148-3.

“Refunded Bonds” means obligations of a Prior Issue the Debt Service on which is or is to be paid from Proceeds of a Refunding Issue.

“Refunding Bonds” means obligations of a Refunding Issue.

“Refunding Issue” means an issue the Proceeds of which are or are to be used to pay Debt Service on Refunded Bonds and includes Issuance Costs, Pre-Issuance Accrued Interest or permitted capitalized interest, a reasonably required reserve or replacement fund and similar costs of the Refunding Issue.

“Refunding Escrow” means one or more funds established as part of a single transaction, or a series of related transactions, containing Proceeds of a Refunding Issue and any other amounts to be used to pay Debt Service on Refunded Bonds of one or more issues.

“Refunding Portion” means that portion of a Multipurpose Issue the Proceeds of which are, or are to be, used to pay Debt Service on Refunded Bonds and includes Issuance Costs, Pre-Issuance Accrued Interest or permitted capitalized interest, a reasonably required reserve or replacement fund and similar costs properly allocable to the Refunding Portion.

“Regulations” or “Reg.” means Treasury Regulations.

“Reimbursement Allocation” means an allocation of the Proceeds of an issue for the Reimbursement of Prior Capital Expenditures, other than Preliminary Expenditures, that meets each of the following requirements: (a) is evidenced on the books or records of the Issuer maintained with respect to the issue, (b) the allocation entry identifies either actual prior Capital Expenditures, or the fund or account from which the prior Capital Expenditures were paid, and (c) evidences the Issuer’s use of Proceeds of the issue to reimburse a Capital Expenditure for a governmental purpose that was originally paid from a source other than the Proceeds of the issue.

“Reimbursement of Prior Capital Expenditures” means a Reimbursement Allocation of Proceeds of the Issue to a Capital Expenditure paid prior to the Issuance Date of such Issue, that satisfies the following requirements: (a) the Capital Expenditure was paid after March 1, 1992; (b) prior to, or within 60 days after, payment of the Capital Expenditure (except Preliminary Expenditures), the Issuer adopted an official intent for the Capital Expenditure that satisfies Regulations §1.150-2(e); and (c) except for Preliminary Expenditures, the Reimbursement Allocation occurs or will occur within 18 months after the later of the date the Capital Expenditure was paid or the date the project resulting from such Capital Expenditure was Placed in Service or abandoned, but in no event more than 3 years after the Capital Expenditure was paid.

“Related Party” means, in reference to a Governmental Unit or 501(c)(3) Organization, any member of the same Controlled Group and, in reference to any person that is not a Governmental Unit or 501(c)(3) Organization, a “related person” as defined in Section 144(a)(3) of the Code.

“Replacement Proceeds” means, with respect to an issue, amounts (including any investment income, but excluding any Proceeds of any issue) replaced by Proceeds of that issue within the meaning of Section 148(a)(2). “Replacement Proceeds” includes amounts, other than Proceeds, held in a sinking fund, pledged fund or reserve or replacement fund for an issue.

“Sale Date” means, with respect to an issue, the first date on which there is a binding contract in writing with the Issuer for the sale and purchase of an issue (or of respective obligations of the issue if sold by the Issuer on different dates) on specific terms that are not later modified or adjusted in any material respect.

“Sale Proceeds” means that portion of the Issue Price actually or constructively received by the Issuer upon the sale or other disposition of an issue, including any underwriter’s compensation withheld from the Issue Price, but excluding Pre-Issuance Accrued Interest.

“Spendable Proceeds” means the Net Sale Proceeds of an issue.

“Tax-Exempt Obligation” means any obligation or issue of obligations (including bonds, notes and lease obligations treated for federal income tax purposes as evidences of indebtedness) the interest on which is excluded from gross income for federal income tax purposes within the meaning of Section 150, and includes any obligation or any investment treated as a “tax-exempt bond” for the applicable purpose of Section 148.

“Tax-Exempt Organization” means a Governmental Unit or a 501(c)(3) Organization.

“Temporary Period” means the period of time, as set forth in the Tax Compliance Certificate, applicable to particular categories of Proceeds of an issue during which such category of Proceeds may be invested in Higher Yielding Investments without the issue being treated as arbitrage bonds under Section 148.

“Transferred Proceeds” means that portion of the Proceeds of an issue (including any Transferred Proceeds of that issue) that remains unexpended at the time that any portion of the principal of the Refunded Bonds of that issue is discharged with the Proceeds of a Refunding Issue and that thereupon becomes Proceeds of the Refunding Issue as provided in Regulations §1.148-9(b). “Transferred Proceeds” does not include any Replacement Proceeds.

“Unrelated or Disproportionate Use” means Private Business Use that is not related to or is disproportionate to use by a Governmental Unit within the meaning of Section 141(b)(3) and Regulations §1.141-9.

“Variable Yield Issue” means any Issue that is not a Fixed Yield Issue.

“Working Capital Expenditures” means any costs of a type that do not constitute Capital Expenditures, including current operating expenses.

“Yield” has the meaning assigned to it for purposes of Section 148 of the Code, and means that discount rate (stated as an annual percentage) that, when used in computing the present worth of all applicable unconditionally payable payments of Debt Service, all payments for a Qualified Guarantee, if any, and all payments and receipts with respect to a Qualified Hedge, if any, paid and to be paid with respect to an obligation (paid and to be paid during and attributable to the Yield Period in the case of a Variable Yield Issue), produces an amount equal to (a) the Issue Price in the case of a Fixed Yield Issue or the present value of the Issue Price at the commencement of the applicable Yield Period in the case of a Variable Yield Issue, or (b) the purchase price for yield purposes in the case of Investment Property, all subject to the applicable methods of computation provided for under Section 148, including variations from the foregoing. The Yield on Investment Property in which Proceeds or Replacement Proceeds of an issue are invested is computed on a basis consistent with the computation of Yield on that issue, including the same compounding interval of not more than one year selected by the Issuer.

“Yield Period” means, in the case of the first Yield Period, the period that commences on the Issuance Date and ends at the close of business on the first Computation Date and, in the case of each succeeding Yield Period, the period that begins immediately after the end of the immediately preceding Yield Period and ends at the close of business on the next succeeding Computation Date.

The terms “bond”, “obligation”, “reasonably required reserve or replacement fund”, “reserve or replacement fund”, “loan”, “sinking fund”, “purpose investment”, “same plan of financing”, “other replacement proceeds”, and other terms relating to Code provisions used but not defined in this Certificate shall have the meanings given to them for purposes of Sections 103 and 141 to 150 unless the context indicates another meaning.

(End of Attachment A)

ATTACHMENT A-1
to
Tax Compliance Certificate of Local Borrower

INSTRUCTIONS FOR COMPLIANCE WITH REBATE
REQUIREMENTS OF SECTION 148(f) OF THE CODE.

The Issuer covenanted in the Loan Agreement and Tax Compliance Certificate to comply with the arbitrage rebate requirement of Section 148(f) of the Code. These Instructions provide guidance for that compliance, including the spending exceptions that free the Issue from all or part of the rebate requirements.

PART I: GENERAL

SECTION 1.01. REBATE GENERALLY.

The Rebate Amount¹ with respect to the Issue must be paid (rebated) to the United States to prevent the bonds of the Issue from being arbitrage bonds, the interest on which is subject to federal income tax. In general, the Rebate Amount is the amount by which the actual earnings on Nonpurpose Investments purchased (or deemed to have been purchased) with Gross Proceeds of the Issue exceed the amount of earnings that would have been received if those Nonpurpose Investments had a Yield equal to the Yield on the Issue.²

Stated differently, the Rebate Amount for the Issue as of any date is the excess of the Future Value, as of that date, of all Receipts on Nonpurpose Investments over the Future Value, as of that date, of all Payments on Nonpurpose Investments, computed using the Yield on the Issue as the Future Value rate.³

If the Issue is a Fixed Yield Issue, the Yield on the Issue generally is the Yield to maturity, taking into account mandatory redemptions prior to maturity. If the Issue is a Variable Yield Issue, the Yield on the Issue is computed separately for each Yield Period selected by the Issuer.

SECTION 1.02. SPECIAL DEFINITIONS.

1. Capitalized terms that are not defined in these Instructions are defined in Attachment A to the Tax Compliance Certificate of the Issuer.
2. Amounts earned on the Bona Fide Debt Service Fund for the Issue are not taken into account in determining the Rebate Amount since none of the obligations of the Issue are Private Activity Bonds, the rates of interest on the Issue do not vary and the average maturity of the Issue is at least 5 years.
3. The scope of these Instructions does not permit a detailed description of the computation of the Rebate Amount with respect to the Issue. If you need assistance in computing the Rebate Amount on the Issue, please contact your bond counsel.

For purposes of these Instructions, the following terms shall have the following meanings.

“Available Construction Proceeds” means an amount equal to (a) the sum of (i) the Issue Price of the issue, (ii) Investment Proceeds on that Issue Price, (iii) earnings on any reasonably required reserve or replacement fund allocated to the issue not funded from the Issue Price, and (iv) Investment Proceeds and earnings on (ii) and (iii), (b) reduced by the portions, if any, of the Issue Price of the issue (i) attributable to Pre-Issuance Accrued Interest and earnings thereon, (ii) allocated to the Underwriter’s discount, (iii) used to pay other Issuance Costs of the issue, and (iv) deposited in a reasonably required reserve or replacement fund allocated to the issue. Available Construction Proceeds do not include Investment Proceeds or earnings on a reasonably required reserve or replacement fund allocated to the issue for any period after the earlier of (a) the close of the 2-year period that begins on the Issuance Date or (b) the date the construction of the Projects financed by the issue is substantially completed. If the issue consists of a New Money Portion and a Refunding Portion and the New Money Portion is a Construction Issue, this definition shall be applied by substituting “New Money Portion” for “issue” each place the latter term appears. If the issue or the New Money Portion, as applicable, is not a Construction Issue, and the Issuer makes the election under Regulations §1.148-7(j)(1) and Section 148(f)(4)(C)(v) to treat the issue or the New Money Portion as two separate issues consisting of the Construction Portion and the Nonconstruction Portion, this definition shall be applied by substituting “Construction Portion” for “issue” each place the latter term appears.

“Bifurcated Issue” means a New Money Issue or the New Money Portion of a Multipurpose Issue that the Issuer, pursuant to Section 148(f)(4)(C)(v) and Regulations §1.148-7(j), has elected in its Tax Compliance Certificate to bifurcate into a Construction Portion and a Nonconstruction Portion.

“Bond Counsel’s Opinion” means an opinion or opinions of a nationally recognized bond counsel firm whose opinion is given with respect to the Issue when issued, or its successors or other nationally recognized bond counsel appointed by the Issuer.

“Bond Year” means the annual period relevant to the application of Section 148(f) to the issue, except that the first and last Bond Years may be less than 12 months long. The last day of a Bond Year shall be the close of business on the day preceding the anniversary of the Issuance Date of the issue unless the Issuer selects another date on which to end a Bond Year in the manner permitted by the Code.

“Computation Date” means each date on which the Rebate Amount for an issue is required to be computed under Regulations §1.148-3(e). In the case of a Fixed Yield Issue, the first Computation Date shall not be later than 5 years after the Issuance Date of the issue. Subsequent Computation Dates shall be not later than 5 years after the immediately preceding Computation Date for which an installment payment of the Rebate Amount was paid. In the case of a Variable Yield Issue, the first Computation Date shall be the last day of any Bond Year irrevocably selected by the Issuer ending on or before the fifth anniversary of the Issuance Date of such issue and

subsequent Computation Dates shall be the last day of each Bond Year thereafter or each fifth Bond Year thereafter, whichever is irrevocably selected by the Issuer after the first date on which any portion of the Rebate Amount is required to be paid to the United States. The final Computation Date is the date an issue is retired.

“Construction Expenditures” means Capital Expenditures allocable to the cost of real property (including the construction or making of improvements to real property, but excluding acquisitions of interests in land or other existing real property) or constructed personal property within the meaning of Regulations §1.148-7(g).

“Construction Issue” means an issue at least 75 percent of the Available Construction Proceeds of which are to be used for Construction Expenditures with respect to property which is or is to be owned by a Governmental Unit or a 501(c)(3) Organization. If an election has been made in the Issuer’s Tax Compliance Certificate to bifurcate an issue or the New Money Portion, the Construction Portion (i.e., that portion of the issue or the New Money Portion which satisfies the 75 percent test stated in the preceding sentence and which finances 100% of the Construction Expenditures) is treated as the Construction Issue and the balance of the issue or the New Money Portion is treated as the Nonconstruction Portion.

“Fixed Yield Issue” means an issue of obligations the Yield on which is fixed and determinable on the Issuance Date.

“Future Value” means the value of a Payment or Receipt at the end of a period determined using the economic accrual method as the value of that Payment or Receipt when it is paid or received (or treated as paid or received), plus interest assumed to be earned and compounded over the period at a rate equal to the Yield on the Issue, using the same compounding interval and financial conventions that were used to compute that Yield.

“Guaranteed Investment Contract” means any Nonpurpose Investment that has specifically negotiated withdrawal or retirement provisions and a specifically negotiated interest rate and any agreement to supply investments on two or more future dates (e.g., a forward supply contract).

“Multipurpose Issue” means an issue that consists of a Refunding Portion and a New Money Portion.

“Payment” means payments actually or constructively made to acquire Nonpurpose Investments, as specified in Regulations §1.148-3(d)(1)i) through (v).

“Qualified Administrative Costs” means the reasonable, direct administrative costs, other than carrying costs, of purchasing or selling Nonpurpose Investments such as separately stated brokerage or selling commissions. Qualified Administrative Costs do not include legal and accounting fees, recordkeeping, custody, and similar costs, general overhead costs and similar indirect costs of the Issuer such as employee salaries and office expenses and costs associated with computing the Rebate Amount. In general, Qualified Administrative Costs are not reasonable unless they are comparable to administrative costs that would be charged for the same investment or

a reasonably comparable investment if acquired with a source of funds other than Gross Proceeds of Tax-Exempt Obligations.

“Reasonable Retainage” means an amount, not to exceed 5% of the Net Sale Proceeds of the Issue, that is retained for reasonable business purposes relating to the property financed with Proceeds of the Issue. For example, Reasonable Retainage may include a retention to ensure or promote compliance with a construction contract in circumstances in which the retained amount is not yet payable, or in which the Issuer reasonably determines that a dispute exists regarding completion or payment.

“Rebate Analyst” means an independent individual, firm or entity experienced in the computation of the Rebate Amount pursuant to Section 148(f) of the Code.

“Receipt” means amounts actually or constructively received from Nonpurpose Investments as specified in Regulations §1.148-3(d)(2)(i) through (iii).

“Variable Yield Issue” means any issue that is not a Fixed Yield Issue.

“Yield Period” means, in the case of the first Yield Period, the period that commences on the Issuance Date and ends at the close of business on the first Computation Date and, in the case of each succeeding Yield Period, the period that begins immediately after the end of the immediately preceding Yield Period and ends at the close of business on the next succeeding Computation Date.

PART II: EXCEPTIONS TO REBATE

SECTION 2.01. SPENDING EXCEPTIONS.

The rebate requirements with respect to the Issue are deemed to have been satisfied if any one of three spending exceptions (the 6-Month, the 18-Month, or the 2-Year Spending Exception, collectively, the “Spending Exceptions”) is satisfied. The Spending Exceptions are each independent exceptions. The Issue need not meet the requirements of any other exception in order to use any one of the three exceptions. For example, a Construction Issue may qualify for the 6-Month Spending Exception or the 18-Month Spending Exception even though the Issuer makes one or more elections under the 2-Year Exception with respect to the Issue.

The following rules apply for purposes of all of the Spending Exceptions except as otherwise noted.

Refunding Issues. The only spending exception available for a Refunding Issue⁴ is the 6-Month Spending Exception.

⁴ For purposes of these Instructions, references to “Refunding Issue” include the Refunding Portion of a Multipurpose Issue.

Special Transferred Proceeds Rules. In applying the Spending Exceptions to a Refunding Issue, unspent Proceeds of the Prior Issue that become Transferred Proceeds of the Refunding Issue are ignored. If the Prior Issue satisfies one of the rebate Spending Exceptions, the Proceeds of the Prior Issue that are excepted from rebate under that exception are not subject to rebate either as Proceeds of the Prior Issue or as Transferred Proceeds of the Refunding Issue.

However, if the Prior Issue does not satisfy any of the Spending Exceptions and is not otherwise exempt from rebate, the Transferred Proceeds from the Prior Issue will be subject to rebate, even if the Refunding Issue satisfies the 6-Month Spending Exception. The Rebate Amount will be calculated on the Transferred Proceeds on the basis of the Yield of the Prior Issue up to each transfer date and on the basis of the Yield of the Refunding Issue after each transfer date.

Application of Spending Exceptions to a Multipurpose Issue. If the Issue is a Multipurpose Issue, the Refunding Portion and the New Money Portion are treated for purposes of the rebate Spending Exceptions as separate issues. Thus, the Refunding Portion is eligible to use only the 6-Month Spending Exception. The New Money Portion is eligible to use any of the three Spending Exceptions.

Expenditures for Governmental Purposes of the Issue. Each of the spending exceptions requires that expenditures of Gross Proceeds be for the governmental purposes of the Issue. These purposes include payment of interest (but not principal) on the Issue.

SECTION 2.02. 6-MONTH SPENDING EXCEPTION.

The Issue will be treated as satisfying the rebate requirements if all of the Gross Proceeds of the Issue are allocated to expenditures for the governmental purposes of the Issue within the 6-month period beginning on the Issuance Date and the Rebate Amount, if any, with respect to earnings on amounts deposited in a reasonably required reserve or replacement fund or a Bona Fide Debt Service Fund if and to the extent that such Fund is subject to rebate (see footnote 3) is timely paid to the United States. If no bond of the Issue is a Private Activity Bond (other than a Qualified 501(c)(3) Bond) or a tax or revenue anticipation bond, the 6-month period is extended for an additional 6 months if the unexpended Gross Proceeds of the Issue at the end of the 6-month period do not exceed the lesser of 5% of the Proceeds of the Issue or \$100,000.

For purposes of the 6-Month Spending Exception, Gross Proceeds required to be spent within 6 months do not include amounts in a reasonably required reserve or replacement fund for the Issue or in a Bona Fide Debt Service Fund for the Issue.

SECTION 2.03. 18-MONTH SPENDING EXCEPTION.

The Issue (or the New Money Portion if the Issue is a Multipurpose Issue) is treated as satisfying the rebate requirement if the conditions set forth in (A), (B) and (C) are satisfied.

(A) All of the Gross Proceeds of the Issue (excluding amounts in a reasonably required reserve or replacement fund for the Issue or in a Bona Fide Debt Service Fund for the Issue) are allocated to expenditures for the governmental purposes of the Issue in accordance with the following schedule, measured from the Issuance Date:

- (1) at least 15% within 6 months;
- (2) at least 60% within 12 months; and
- (3) 100% within 18 months, subject to the Reasonable Retainage exception described below.

(B) The Rebate Amount, if any, with respect to earnings on amounts deposited in a reasonably required reserve or replacement fund or in a Bona Fide Debt Service Fund for the Issue, to the extent such Fund is subject to rebate (see footnote 3), is timely paid to the United States. And,

(C) The Gross Proceeds of the Issue qualify for the initial 3-year Temporary Period.

If the only unspent Gross Proceeds at the end of the 18th month are Reasonable Retainage, the requirement that 100% of the Gross Proceeds be spent by the end of the 18th month is treated as met if the Reasonable Retainage, and all earnings thereon, are spent for the governmental purposes of the Issue within 30 months of the Issuance Date.

For purposes of determining whether the spend-down requirements have been met as of the end of each of the first two spending periods, the amount of Investment Proceeds that the Issuer reasonably expects as of the Issuance Date to earn on the Sale Proceeds and Investment Proceeds of the Issue during the 18-month period are included in Gross Proceeds of the Issue. The final spend-down requirement includes actual Investment Proceeds for the entire 18 months.

The 18-Month Spending Exception does not apply to the Issue (or the New Money Portion, as applicable) if any portion of the Issue (or New Money Portion) is treated as meeting the rebate requirement under the 2-Year Spending Exception discussed below. This rule prohibits use of the 18-Month Spending Exception for the Nonconstruction Portion of a Bifurcated Issue. The only Spending Exception available for the Nonconstruction Portion of a Bifurcated Issue is the 6-Month Spending Exception.

SECTION 2.04. 2-YEAR SPENDING EXCEPTION FOR CERTAIN CONSTRUCTION ISSUES.

(A) In general. A Construction Issue no bond of which is a Private Activity Bond (other than a Qualified 501(c)(3) Bond or a Bond that finances property to be owned by a Governmental Unit or a 501(c)(3) Organization) is treated as satisfying the rebate requirement if the Available Construction Proceeds of the Issue are allocated to expenditures for the governmental purposes of the Issue in accordance with the following schedule, measured from the Issuance Date:

- (1) at least 10% within 6 months;
- (2) at least 45% within 1 year;
- (3) at least 75% within 18 months; and
- (4) 100% within 2 years, subject to the Reasonable Retainage exception described below.

Amounts in a Bona Fide Debt Service Fund or a reasonably required reserve or replacement fund for the Issue are not treated as Gross Proceeds for purposes of the expenditure requirements. However, unless the Issuer has elected otherwise in the Tax Compliance Certificate, earnings on amounts in a reasonably required reserve or replacement fund for the Issue are treated as Available Construction Funds during the 2-year period and therefore must be allocated to expenditures for the governmental purposes of the Issue.

If the Issuer elected in the Tax Compliance Certificate to exclude from Available Construction Proceeds the Investment Proceeds or earnings on a reasonably required reserve or replacement fund for the Issue during the 2-year spend-down period, the Rebate Amount, if any, with respect to such Investment Proceeds or earnings from the Issuance Date must be timely paid to the United States. If the election is not made, the Rebate Amount, if any, with respect to such Investment Proceeds or earnings after the earlier of the date construction is substantially completed or 2 years after the Issuance Date must be timely paid to the United States. The Rebate Amount, if any, with respect to earnings on amounts in a Bona Fide Debt Service Fund must be timely paid to the extent such Fund is subject to the rebate requirements (see footnote 3).

The Issue does not fail to satisfy the spending requirement for the fourth spend-down period (i.e., 100% within 2 years of the Issuance Date) if the only unspent Available Construction Proceeds are amounts for Reasonable Retainage if such amounts (together with all earnings on such amounts) are allocated to expenditures within 3 years of the Issuance Date.

For purposes of determining whether the spend-down requirements have been met as of the end of each of the first 3 spend-down periods, Available Construction Proceeds include the amount of Investment Proceeds or earnings that the Issuer reasonably expected as of the Issuance Date to earn during the 2-year period. For purposes of satisfying the final spend-down requirement,

Available Construction Proceeds include actual Investment Proceeds or earnings from the Issuance Date through the end of the 2-year period.

Available Construction Proceeds do not include Gross Proceeds used to pay Issuance Costs financed by the Issue, but do include earnings on such Proceeds. Thus, an expenditure of Gross Proceeds to pay Issuance Costs does not count toward meeting the spend-down requirements, but expenditures of earnings on such Gross Proceeds to pay Issuance Costs do count.

(B) 1½% penalty in lieu of rebate for Construction Issues. If the Issuer elected in the Tax Compliance Certificate for a Construction Issue, or for the Construction Portion of a Bifurcated Issue, to pay a 1½% penalty in lieu of the Rebate Amount on Available Construction Proceeds in the event that the Construction Issue fails to satisfy any of the spend-down requirements, the 1½% penalty is calculated separately for each spend-down period, including each semi-annual period after the end of the fourth spend-down period until all Available Construction Proceeds have been spent. The penalty is equal to 0.015 times the underexpended Proceeds as of the end of the applicable spend-down period. The fact that no arbitrage is in fact earned during such spend-down period is not relevant. The Rebate Amount with respect to Gross Proceeds other than Available Construction Proceeds (e.g., amounts in a reasonably required reserve or replacement fund or in a Bona Fide Debt Service Fund, to the extent subject to rebate (see footnote 3)) must be timely paid.

PART III: COMPUTATION AND PAYMENT.

SECTION 3.01. COMPUTATION AND PAYMENT OF REBATE AMOUNT.

If none of the Spending Exceptions described above is satisfied (and if the 1-1/2% penalty election for a Construction Issue or the Construction Portion of a Bifurcated Issue has not been made), then within 45 days after each Computation Date, the Issuer shall compute, or cause to be computed, the Rebate Amount as of such Computation Date. The first Computation Date is a date selected by the Issuer, but shall be not later than 5 years after the Issuance Date. Each subsequent Computation Date shall end 5 years after the previous Computation Date except that, in a Variable Yield Issue, the Issuer may select annual Yield Periods. The final Computation Date shall be the date the last obligation of the Issue matures or is finally discharged.

Within 60 days after each Computation Date (except the final Computation Date), the Issuer shall pay to the United States not less than 90% of the Rebate Amount, if any, computed as of such Computation Date. Within 60 days after the final Computation Date, the Issuer shall pay to the United States 100% of the Rebate Amount, if any, computed as of the final Computation Date. In computing the Rebate Amount, a computation credit of \$1,000 may be taken into account on the last day of each Bond Year to the Computation Date during which there are unspent Gross Proceeds that are subject to the rebate requirement, and on the final maturity date.

If the operative documents pertaining to the Issue establish a Rebate Fund and require the computation of the Rebate Amount at the end of each Bond Year, the Issuer shall calculate, or cause to be calculated, within 45 days after the end of each Bond Year the Rebate Amount, taking into account the computation credit of \$1,000 for each Bond Year. Within 50 days after the end of

each Bond Year, if the Rebate Amount is positive, the Issuer shall deposit in the Rebate Fund such amount as will cause the amount on deposit therein to equal the Rebate Amount, and may withdraw any amount on deposit in the Rebate Fund in excess of the Rebate Amount. Payments of the Rebate Amount to the Internal Revenue Service on a Computation Date shall be made first from amounts on deposit in the Rebate Fund and second from other amounts specified in the operative documents.

Each payment of the Rebate Amount or portion thereof shall be payable to the Internal Revenue Service and shall be made to the Internal Revenue Service Center, Ogden, UT 84201 by certified mail. Each payment shall be accompanied by Internal Revenue Service Form 8038-T and any other form or forms required to be submitted with such remittance.

SECTION 3.02. BOOKS AND RECORDS.

(A) The Issuer or Trustee, as applicable, shall keep proper books of record and accounts containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the Gross Proceeds of the Issue. Such records shall specify the account or fund to which each Nonpurpose Investment (or portion thereof) held by the Issuer or Trustee is to be allocated and shall set forth as to each Nonpurpose Investment (1) its purchase price, (2) identifying information, including par amount, interest rate, and payments dates, (3) the amount received at maturity or its sales price, as the case may be, including accrued interest, (4) the amounts and dates of any payments made with respect thereto, and (5) the dates of acquisition and disposition or maturity.

The Issuer, Trustee, or Rebate Analyst, as applicable, shall retain the records of all calculations and payments of the Rebate Amount until six years after the retirement of the last obligation that is a part of the Issue.

SECTION 3.03. FAIR MARKET VALUE.

No Nonpurpose Investment shall be acquired for an amount in excess of its fair market value. No Nonpurpose Investment shall be sold or otherwise disposed of for an amount less than its fair market value.

The fair market value of any Nonpurpose Investment shall be the price at which a willing buyer would purchase the Nonpurpose Investment from a willing seller in an arms-length transaction. Fair market value generally is determined on the date on which a contract to purchase or sell the Nonpurpose Investment becomes binding (*i.e.*, the trade date rather than the settlement date). Except as otherwise provided in this Section, a Nonpurpose Investment that is not of a type traded on an established securities market (within the meaning of Section 1273 of the Code) is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

(A) Obligations purchased directly from the Treasury. The fair market value of a United States Treasury obligation that is purchased directly from the United States Treasury is its purchase price.

(B) Safe harbor for Guaranteed Investment Contracts. The purchase price of a Guaranteed Investment Contract shall be treated as its fair market value on the purchase date if all the following conditions are met:

(1) The Issuer or broker makes a bona fide solicitation for a specified Guaranteed Investment Contract and receives at least three bona fide bids from reasonably competitive providers (of Guaranteed Investment Contracts) that have no material financial interest in the Issue.

(2) The Issuer purchases the highest-yielding Guaranteed Investment Contract for which a qualifying bid is made (determined net of broker's fees);

(3) The Yield on the Guaranteed Investment Contract (determined net of broker's fees) is not less than the Yield then available from the provider on reasonably comparable Guaranteed Investment Contracts, if any, offered to other persons from a source of funds other than Gross Proceeds of Tax-Exempt Obligations;

(4) The determination of the terms of the Guaranteed Investment Contract takes into account as a significant factor the Issuer's reasonably expected drawdown schedule for the amounts to be invested, exclusive of amounts deposited in a Bona Fide Debt Service Fund and a reasonably required reserve or replacement fund;

(5) The terms of the Guaranteed Investment Contract, including collateral security requirements, are reasonable; and

(6) The obligor on the Guaranteed Investment Contract certifies the administrative costs that it is paying (or expects to pay) to third parties in connection with the Guaranteed Investment Contract.

(C) Safe harbor for certificates of deposit. The purchase price of a certificate of deposit shall be treated as its fair market value on the purchase date if all of the following requirements are met:

(1) The certificate of deposit has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal; and

(2) The Yield on the certificate of deposit is not less than (a) the Yield on reasonably comparable direct obligations of the United States, or (b) the highest Yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

Certificates evidencing the foregoing requirements should be obtained before purchasing any Guaranteed Investment Contract or certificate of deposit.

SECTION 3.04. CONSTRUCTIVE SALE/PURCHASE.

- (A) Nonpurpose Investments that are held by the Issuer or Trustee as of any Computation Date (or Bond Year if the computations are required to be done annually) shall be treated for purposes of computing the Rebate Amount as of such date as having been sold for their fair market value as of such date. Investment Property which becomes allocated to Gross Proceeds of the Issue on a date after such Investment Property has actually been purchased shall be treated for purposes of the rebate requirements as having been purchased by the Issuer on such date of allocation at its fair market value on such date.
- (B) For purposes of constructive or deemed sales or purchases of Investment Property (other than Investment Property in the Escrow Fund or that is otherwise not invested for a Temporary Period or is not part of a reasonably required reserve or replacement fund for the Issue) must be valued at its fair market value on the date of constructive or deemed sale or purchase
- (C) Except as set forth in (B), fixed rate Investment Property that is (1) issued with not more than 2% of original issue discount or original issue premium, (2) issued with original issue premium that is attributable exclusively to reasonable underwriters' compensation or (3) acquired with not more than 2% of market discount or market premium, may be treated as having a fair market value equal to its outstanding stated principal amount, plus accrued interest. Fixed rate Investment Property also may be treated as having a fair market value equal to its present value.

SECTION 3.05. ADMINISTRATIVE COSTS.

- (A) Administrative costs shall not be taken into account in determining the payments for or receipts from a Nonpurpose Investment unless such administrative costs are Qualified Administrative Costs. Thus, administrative costs or expenses paid, directly or indirectly, to purchase, carry, sell, or retire Nonpurpose Investments generally do not increase the Payments for, or reduce the Receipts from, Nonpurpose Investments.
- (B) Qualified Administrative Costs are taken into account in determining the Payments and Receipts on Nonpurpose Investments and thus increase the Payments for, or decrease the Receipts from, Nonpurpose Investments. In the case of a Guaranteed Investment Contract, a broker's commission or similar fee paid on behalf of either the Issuer or the provider is an administrative cost that is not a Qualified Administrative Cost to the extent that the present value (computed using the taxable discount rate used by the parties to compute the commission or, if not readily ascertainable, a reasonable taxable discount rate) of the commission, as of the date the contract is purchased, exceeds the present value of annual payments equal to 0.05 percent of the weighted average amount reasonably expected to be invested each year during the term of such contract.

PART IV: COMPLIANCE AND AMENDMENT

SECTION 4.01. COMPLIANCE.

The Issuer, Trustee or Rebate Analyst, as applicable, shall take all necessary steps to comply with the requirements of these Instructions in order to ensure that interest on the Issue is excluded from gross income for federal income tax purposes under Section 103(a) of the Code. However, compliance shall not be required in the event and to the extent stated therein the Issuer and the Trustee receive a Bond Counsel's Opinion that either (A) compliance with such requirement is not required to maintain the exclusion from gross income for federal income tax purposes of interest on the Issue, or (B) compliance with some other requirement in lieu of such requirement will comply with Section 148(f) of the Code, in which case compliance with the other requirement specified in the Bond Counsel's Opinion shall constitute compliance with such requirement.

SECTION 4.02. LIABILITY.

If for any reason any requirement of these Instructions is not complied with, the Issuer and the Trustee, if applicable, shall take all necessary and desirable steps to correct such noncompliance within a reasonable period of time after such noncompliance is discovered or should have been discovered with the exercise of reasonable diligence. The Trustee shall have no duty or responsibility to independently verify any of the Issuer's, or the Rebate Analyst's, calculations with respect to the payments of the Rebate Amount due and owing to the United States. Under no circumstances whatsoever shall the Trustee be liable to the Issuer, any bondholder or any other person for any inclusion of the interest on the Issue in gross income for federal income tax purposes, or any claims, demands, damages, liabilities, losses, costs or expenses resulting therefrom or in any way connected therewith, so long as the Trustee acts only in accordance with these Instructions and the operative documents pertaining to the Issue.

(End of Attachment A-1)

The 8038G will be prepared when \$50,000 of loan funds have been disbursed

LOAN AGREEMENT STANDARD TERMS AND CONDITIONS

Water Infrastructure Finance Authority of Arizona

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This document sets forth Standard Terms and Conditions applicable to the Loan made by the WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA (the “*Authority*”) to the Local Borrower. These Standard Terms and Conditions are a part of the Loan Agreement to which this document is attached. Certain terms used herein are defined in Article 8.

Article 1 Covenants of the Local Borrower Relating to the System and the Project.

Section 1.1 **Operation and Maintenance of System.** The Local Borrower covenants and agrees that it shall, in accordance with prudent utility practice, (a) at all times operate the properties of the System and any business in connection therewith in an efficient manner, (b) maintain the System in good repair, working order and operating condition, and (c) from time to time make all necessary and proper repairs, renewals, replacements, additions, betterments and improvements with respect to the System so that at all times the operations carried on in connection therewith shall be properly and advantageously conducted from revenues of the System or, if the Local Borrower so elects, from any other source of funds lawfully available.

Section 1.2 **Additions and Modifications.** The Local Borrower may make any additions, renewals, replacements, modifications or improvements to the System which it deems desirable and which do not materially reduce the operational integrity of any part of the System. All such renewals, replacements, additions, modifications and improvements shall become a part of the System.

Section 1.3 **Disposition of Project and System.**

(a) The Local Borrower shall not sell, lease, abandon or otherwise dispose of all or substantially all or any substantial portion of the Project or the System except upon compliance with the provisions of this Section; provided, however that the requirements of this Section shall not apply to transactions which are capital leases within the meaning of generally accepted accounting principles to finance expansion or improvement of the System and under which the Local Borrower maintains a purchaser’s interest or other beneficial ownership, use, possession and control of the System so long as no default exists.

(b) The Local Borrower may sell, lease, abandon or otherwise dispose of all or substantially all or any substantial portion of the Project or the System if the Local Borrower shall give at least ninety (90) days’ prior written notice to the Authority of the proposed transaction, and the Authority gives its written consent which shall not be unreasonably withheld. The Local Borrower understands that the Authority, in determining whether or not to give its consent, must determine that the proposed transaction will not adversely affect the Authority’s ability to meet its duties, covenants, obligations and agreements or conditions of any grant received by the Authority or the State from the United States of America, which is related to the Capital Grant Facility or any capitalization grants received by the Authority or the State under the Federal Water Pollution Control Act, as amended, and the Federal Safe Drinking Water Act, as amended.

(c) Notwithstanding the provisions of subsection (b) above, the Local Borrower may sell, lease or otherwise dispose of, any of the property comprising part of the System without prior notice to or the consent of the Authority, other than the Project, in either of the following circumstances:

(i) If the Local Borrower determines that such property is not necessary, useful or profitable to the operation of the System; or

(ii) If the value of such property sold, leased or otherwise disposed of in any one year is equal to not more than 5% of the value of the fixed assets of the System.

Section 1.4 **Cost of Project.** The Local Borrower certifies that the estimated Eligible Project Costs as listed in Section 1 of Exhibit B is a reasonable and accurate estimation of the Eligible Project Costs and, upon the direction of the Authority the Local Borrower will supply the Authority with a certificate from its engineer stating that such estimated Eligible Project Costs is a reasonable and accurate estimation.

Article 2 Additional Covenants of the Local Borrower

Section 2.1 **Unconditional Obligations.** The obligation of the Local Borrower to make the Loan Repayments and the obligation to perform and observe the other duties, covenants, obligations and agreements on its part described herein are payable solely from the Source of Repayment described in this Loan Agreement and shall be absolute and unconditional and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner or to any extent whatsoever, while any payments hereunder remain unpaid, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project or the System, commercial frustration of the purpose, any change in the laws of the United States of America or of the State or any political subdivision of either or in the rules or regulations of any governmental authority, any failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Project or this Loan Agreement, or any rights of set-off, recoupment, abatement or counterclaim that the Local Borrower might otherwise have against the Authority or any other party or parties; provided, however, that payments under this Loan Agreement shall not constitute a waiver of any such rights. The Local Borrower shall not be obligated to make any payments required to be made by any other local borrowers under separate loan agreements or local borrower bonds. Notwithstanding any other provision of this Section 2.1, or this Loan Agreement, neither the Authority, nor any assignee of the Authority shall have the right or ability to compel the repayment of this Loan Agreement from any source other than the Source of Repayment.

Section 2.2 **Performance Under Loan Agreement.** The Local Borrower covenants and agrees (a) to maintain the System in good repair and operating condition; (b) to cooperate with the Authority to the extent it may lawfully do so, in the observance and performance of the respective duties, covenants, obligations and agreements of such Local Borrower and the Authority under this Loan Agreement; and (c) to comply with the covenants set forth in this Loan Agreement.

Section 2.3 **Disclaimer of Warranties.** The Local Borrower acknowledges and agrees that (i) the Authority makes no warranty or representation, either express or implied as to the value, design, condition, merchantability or fitness for particular purpose or fitness for any use of the System or the Project or any portions thereof or any other warranty or representation with respect thereto; (ii) in no event shall the Authority or its respective agents be liable or responsible for any direct, incidental, indirect, special or consequential damages in connection with or arising out of this Loan Agreement or the Project or the existence, furnishing, functioning or use of the System or the Project; and (iii) are not intended to and shall not be construed as a waiver of any defense or limitation on damages provided for under and pursuant to the laws of the United States or of the State.

Section 2.4 **Loan Repayments; Prepayments; Providing for Payment of the Loan.**

(a) Loan Repayments.

(i) The Local Borrower shall pay to the Authority the amounts set forth in the Loan Repayment Schedule contained in Exhibit A on or before the due dates shown in Exhibit A.

(ii) Each payment made as a Loan Repayment as described in subsection (i) shall be applied first to the combined interest and fee payment then due and payable on the Loan and then to the principal amount of the Loan.

(iii) In addition to the other payments required by this Section, the Local Borrower shall pay a late charge for any payment that is received by the Authority later than the tenth day following its due date, in an amount equal to six percent per annum of the amount of the late payment from its due date to the date it is actually paid; provided, however, that the combined interest and fee rate payable on the Loan including such late charge shall not be in excess of the maximum rate permitted by law or any proceedings or resolution authorizing the execution of this Loan Agreement.

(iv) Upon the final disbursement, if the Loan amount is less than the estimated Eligible Project Costs, the amount of each Principal Installment due as set forth in the Loan Repayment Schedule contained in Exhibit A shall be adjusted to achieve substantially level debt service, and the Authority shall compute the adjusted combined interest and fee amounts to reflect the adjusted principal amounts and shall enter the results in a revised Loan Repayment Schedule delivered to the Local Borrower.

(b) Prepayments. The Loan is not subject to prepayment prior to the tenth anniversary of the final loan draw. The Local Borrower may prepay the Principal Repayment Amount of the Loan in whole or in part in advance of the due dates on or after the tenth anniversary of the final loan draw without penalty upon written notice delivered to the Authority at least 60 days prior to the prepayment date. If the Local Borrower prepays the Repayment Principal Amount in part, the amount of each Principal Installment due as set forth in the Loan Repayment Schedule contained in Exhibit A shall be adjusted to achieve substantially level debt service. Upon such adjustment, the Authority shall compute the adjusted combined interest and fees amounts to reflect the adjusted principal amounts and shall enter the results in the Loan Repayment Schedule with notice to the Local Borrower.

(c) Providing for Payment of the Loan. The Local Borrower may at any time provide for the payment and discharge of the Loan, as provided in this subsection. The Loan shall be deemed to have been paid and discharged if:

(i) the Local Borrower has delivered to the Authority proof satisfactory to the Authority that the Local Borrower has deposited with a financial institution acceptable to the Authority, in trust for and irrevocably committed to payments on the Loan, cash or non-callable direct obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of Treasury of the United States of America) and obligations of any agency or instrumentality of the United States of America the timely payment of the principal of and interest on which are unconditionally guaranteed by the United States of America, which are of such maturities and interest payment dates, and bear such interest, as will be sufficient together with any moneys also deposited, without further investment or reinvestment of either the principal amount or the interest earnings (which earnings are to be held likewise in trust and so committed), to pay all the amounts due under the Loan, as set forth in the Loan Repayment Schedule contained in Exhibit A, as evidenced in a report of an independent firm of nationally recognized certified public accountants addressed to and delivered to the Authority; and

(ii) the Authority has received a bond counsel opinion (as described in Section 6.2(b) and (c) below) to the effect that the deposit of funds and the investment of such deposit, as described in the preceding paragraph, will not, by itself, adversely affect the exclusion from gross income of interest on the Loan or any Authority Bonds for federal income tax purposes.

Section 2.5 Source of Repayment of Local Borrower's Obligations and Pledge. The Local Borrower irrevocably pledges the Source of Repayment described in this Loan Agreement for the punctual payment of all amounts due under the Loan Agreement. The Authority and the Local Borrower agree that the amounts payable by the Local Borrower under this Loan Agreement are payable solely from the Source of Repayment described in this Loan Agreement and are not payable from any other source whatsoever, unless the Local Borrower chooses to pay, and pays, any amount due hereunder from any other source lawfully available to it.

Section 2.6 Insurance. The Local Borrower shall maintain or cause to be maintained in force, insurance policies with responsible insurers or self-insurance programs or through membership in a risk retention pool, including, but not limited to, the Arizona Municipal Risk Retention Pool (in accordance with the Local Borrower's customary practices) providing against risk of direct physical loss, damage or destruction of the Project and the System, at least to the extent that similar insurance is usually carried by utilities constructing, operating and maintaining system facilities of the nature of the System, including liability coverage, all to the extent available at reasonable cost.

Section 2.7 No Liens. Except for:

(a) the debt service on any future bonds, notes or other evidence of indebtedness of the Local Borrower issued or contractual obligations incurred in accordance with this Loan Agreement payable from the funds pledged to the payment of this Loan Agreement which are on parity with the lien and charge on the funds so pledged to pay this Loan Agreement and

(b) as provided in Exhibit D of this Loan Agreement, the debt service on currently outstanding bonds, notes or evidences of indebtedness or contractual obligations of the Local Borrower, if any, payable from the Source of Repayment described in Exhibit D of this Loan Agreement which the Local Borrower has disclosed to the Authority in writing,

the funds so pledged as described in this Loan Agreement after the payment of all costs of operating and maintaining the System, are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto which are prior to, or of equal rank with, the obligation of the Local Borrower to pay this Loan Agreement, and all corporate or other action on the part of the Local Borrower to that end has been and will be duly and validly taken.

Section 2.8 **Disadvantaged Business Enterprises**. As applicable, the Local Borrower shall comply with 40 C.F.R Part 33¹ including but not limited to:

Local Borrowers and their prime contractors must follow, document, and maintain documentation of their good faith efforts as listed below to ensure that Disadvantage Business Enterprises (DBEs) have the opportunity to participate in the project by increasing DBE awareness of procurement efforts and outreach.

(a) Ensure DBEs are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities; including placing DBEs on solicitation lists and soliciting them whenever they are potential sources.

(b) Make information on forthcoming opportunities available to DBEs and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by DBEs in the competitive process. This includes, whenever possible, posting solicitation for bids or proposals for a minimum of 30 calendar days before the bid or proposal closing date.

(c) Consider in the contracting process whether firms competing for large contracts could be subcontracted with DBEs. This will include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by DBEs in the competitive process.

(d) Encourage contracting with a consortium of DBEs when a contract is too large for one of these firms to handle individually.

(e) Use the services and assistance of the Small Business Administration and the Minority Business Development Agency of the U. S. Department of Commerce.

(f) If the prime contractor awards subcontracts, require the prime contractor to take the steps in sections (a) through (e) above.

These conditions must be included in all procurement contracts entered into by the Local Borrower for all DWRP and CWRP projects:

(a) The prime contractor must pay its subcontractor for satisfactory performance no more than 30 days from the prime contractor's receipt of payment from the owner.

(b) The prime contractor must notify the owner in writing prior to the termination of any Disadvantage Business Enterprise subcontractor for convenience by the prime contractor.

(c) If a Disadvantage Business Enterprise contractor fails to complete work under the subcontract for any reason, the prime contractor must employ the six good faith efforts if soliciting a replacement contractor.

¹ See Article 9 for a full list of applicable federal laws and authorities relating to Participation by Disadvantaged Business Enterprises in Procurement Under Environmental Protection Agency (EPA) Financial Assistance Agreements.

(d) The prime contractor must continue to employ the six good faith efforts even if the prime contractor has achieved its fair share objectives.

(e) The prime contractor must provide EPA Form 6100-2 DBE Program Subcontractor Participation Form to all of its Disadvantaged Business Enterprise subcontractors. Disadvantaged Business Enterprise subcontractors may send completed Form 6100-2 directly to the Region 9 DBE Coordinator listed below.

Joe Ochab, EPA Region 9, 75 Hawthorne St. (P-22), San Francisco, CA 94105

(f) The prime contractor must have its Disadvantaged Business Enterprise subcontractors complete EPA Form 6100-3 – DBE Program Subcontractor Performance Form. The prime contractor must include all completed forms as part of the prime contractor’s bid or proposal package to the Local Borrower.

(g) The prime contractor must complete and submit EPA 6100-4 DBE Program Subcontractor Utilization Form as part of the prime contractor’s bid or proposal package to the Local Borrower.

(h) A Local Borrower must ensure that each procurement contract it awards contains the following terms and conditions:

The contractor shall not discriminate on the basis of race, color, national origin or sex in the performance of this contract. The contractor shall carry out applicable requirements of 40 CFR Part 33 in the award and administration of contracts awarded under EPA financial assistance agreements. Failure by the contractor to carry out these requirements is a material breach of this contract which may result in the termination of this contract or other legally available remedies.

Article 3 Representations of Local Borrower

The Local Borrower represents for the benefit of the Authority that the representations contained in this Loan Agreement are true at the time of execution and delivery of this Loan Agreement and, other than with respect to events outside of Local Borrower’s control, will be true in all material respects at all times during the term of this Loan Agreement.

Section 3.1 **Organization and Authority.**

(a) The Local Borrower is a Political Subdivision or Indian Tribe as defined in the Authority Act.

(b) The Local Borrower has full legal right and authority and has, or will obtain as and when required, all necessary licenses and permits required to acquire, own, operate and maintain the Project and the System, to carry on its activities relating thereto, to execute and deliver this Loan Agreement, to undertake and complete the Project, to pledge the Source of Repayment, and to carry out and consummate all transactions contemplated by this Loan Agreement. The Project is a project which the Local Borrower may undertake pursuant to State law and for which the Local Borrower is authorized by law to borrow money.

(c) The proceedings of the Local Borrower’s governing body approving this Loan Agreement and authorizing its execution, issuance and delivery on behalf of the Local Borrower, and authorizing the Local Borrower to undertake and complete the Project have been duly and lawfully adopted in accordance with the laws of the State.

(d) This Loan Agreement has been duly authorized, executed and delivered by an Authorized Officer of the Local Borrower; and, assuming that the Authority has all the requisite power and authority to authorize, execute and deliver, and has duly authorized, executed and delivered this Loan Agreement, this Loan Agreement constitutes a legal and valid obligation of the Local Borrower enforceable in accordance with its terms, and the information contained under “Description of the Loan” in this Loan Agreement is true and accurate in all material respects.

Section 3.2 **Full Disclosure.**

(a) To the best of the Local Borrower's knowledge, there is no fact that the Local Borrower has not disclosed to the Authority in writing that materially adversely affects the properties, activities, prospects or condition (financial or otherwise) of the Local Borrower or the System, or the ability of the Local Borrower to make all Loan Repayments due hereunder and otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement.

(b) The information relating to the Local Borrower (including without limitation the financial and statistical data contained therein) submitted to the Authority by the Local Borrower in connection with the Authority's approval of the Loan was at the time of the Authority's approval of the Loan and at all times subsequent thereto up to and including the Loan Closing, will be (if necessary by amendment provided by the Local Borrower) true and correct and will not contain an untrue statement of material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading in any adverse respect. To the extent permitted by law, and notwithstanding any other provision of this Loan Agreement, the Local Borrower will indemnify, save and hold harmless the Authority, and each of the Authority's agents, for, from and against any and all claims, damages, liability and court awards including costs, expenses and reasonable attorneys' fees incurred as a result of any omission or misstatement of material fact in the information submitted to the Authority by the Local Borrower in connection with the Authority's approval of the Loan, as it may have been supplemented and amended by the Local Borrower.

Section 3.3 **Pending Litigation.** There are no proceedings pending, or to the knowledge of the Local Borrower, threatened, against or affecting the Local Borrower, in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would materially adversely affect the properties, activities, prospects or condition (financial or otherwise) of the Local Borrower or the System, or the ability of the Local Borrower to make all Loan Repayments and otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement that have not been disclosed in writing to the Authority in the Local Borrower's application for the Loan or otherwise.

Section 3.4 **Compliance with Existing Laws and Agreements.** The authorization, execution and delivery of this Loan Agreement by the Local Borrower, the observance and performance by the Local Borrower of its duties, covenants, obligations and agreements hereunder and the consummation of the transactions provided for in this Loan Agreement, the compliance by the Local Borrower with the provisions of this Loan Agreement and the undertaking and completion of the Project will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Local Borrower pursuant to any existing ordinance or resolution, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument (other than the lien and charge of this Loan Agreement and any ordinance or resolution or indenture which authorized outstanding obligations of the Local Borrower which are on a parity with this Loan Agreement as to a lien on, or a source and security for, payment thereon from the source of payment that is pledged to the Loan Repayments) to which the Local Borrower is a party or by which the Local Borrower, the System or any of its property or assets may be bound, nor will such action result in any violation of the provisions of the charter or other document pursuant to which the Local Borrower was established or any laws, ordinances, resolutions, governmental rules, regulations or court orders to which the Local Borrower, the System or its properties or operations are subject.

Section 3.5 **No Defaults.** No event has occurred and no condition exists that, upon authorization, execution and delivery of this Loan Agreement or receipt of the amount of the Loan, would constitute an Event of Default hereunder. The Local Borrower is not in violation of, and has not received notice of any claimed violation of, any term of any agreement or other instrument to which it is a party or by which it may be bound, which violation would materially adversely affect the properties, activities, prospects or condition (financial or otherwise) of the Local Borrower or the ability of the Local Borrower to make all Loan Repayments or otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement.

Section 3.6 **Governmental Consent.** The Local Borrower has or will have obtained prior to the date of the Loan Closing all permits and approvals required to date by any governmental body or officer (and reasonably expects to receive all permits required in the future by any governmental agency) for the making, observance and performance

by the Local Borrower of its duties, obligations and agreements under this Loan Agreement or for the undertaking or completion of the Project and the financing thereof, and the Local Borrower has complied with all applicable provisions of law requiring any notification, declaration, filing or registration with any governmental body or officer in connection with the making, observance and performance by the Local Borrower of its duties, covenants, obligations and agreements under this Loan Agreement or with the undertaking or completion of the Project and the financing thereof; and the Local Borrower has complied with all applicable provisions of law requiring any notification, declaration, filing or registration with any governmental body or officer in connection with the making, observance and performance by the Local Borrower of its duties, covenants, obligations and agreements under this Loan Agreement or with the undertaking or completion of the Project and the financing thereof. No consent, approval or authorization of, or filing, registration or qualification with, any governmental body or officer, other than those already obtained or reasonably expected to be obtained, is required on the part of the Local Borrower as a condition to the authorization, execution and delivery of this Loan Agreement, the undertaking or completion of the Project or the consummation of any transaction herein contemplated.

Section 3.7 **Compliance with Law**. The Local Borrower:

(a) is in compliance with all laws, ordinances, governmental rules and regulations to which it is subject and the failure to comply with which would materially adversely affect the ability of the Local Borrower to conduct its activities or undertake or complete the Project or the condition (financial or otherwise) of the Local Borrower or the System; and

(b) has obtained, or will obtain as and when required, all licenses, permits, franchises or other governmental authorizations necessary for the ownership of its property or for the conduct of its activities which, if not obtained, would materially adversely affect the ability of the Local Borrower to undertake or complete the Project or the condition (financial or otherwise) of the Local Borrower or the System.

Article 4 Assignment

Section 4.1 **Assignment and Transfer by Authority**. The Local Borrower hereby approves and consents to any assignment or transfer of this Loan Agreement that the Authority deems to be necessary in connection with the Clean Water Revolving Fund and Drinking Water Revolving Fund programs of the Authority.

Section 4.2 **Assignment by Local Borrower**. This Loan Agreement may not be assigned by the Local Borrower for any reason, unless the following conditions shall be satisfied: (i) the assignee shall be a governmental unit within the meaning of Section 141(c) of the Code or another entity acceptable to the Authority and the assignee shall have expressly assumed in writing the full and faithful observance and performance of the Local Borrower's duties, covenants, agreements and obligations hereunder; (ii) immediately after such assignment, the assignee shall not be in default in the performance or observance of any duties, covenants, obligations or agreements of the Local Borrower hereunder; and (iii) the Authority shall receive an opinion of counsel to the effect that such assignment will not violate the provisions of any agreement entered into by the Authority with, or condition of any grant received by the Authority from the United States of America relating to the Capital Grant Facility or any capitalization grants received by the Authority or the State under the Federal Water Pollution Control Act and the Federal Safe Drinking Water Act.

No assignment shall relieve the Local Borrower from primary liability for any of its obligations under this Loan Agreement and in the event of such assignment, the Local Borrower shall continue to remain primarily liable for the performance and observance of its obligations to be performed and observed under this Loan Agreement.

Article 5 Defaults and Remedies

Section 5.1 **Events of Default**. If any of the following events occurs, it is hereby defined as and declared to be and to constitute an "*Event of Default*":

(a) failure by the Local Borrower to pay, or cause to be paid, when due any Loan Repayment;

(b) failure by the Local Borrower to make, or cause to be made, any required payments of principal, redemption premium, if any, and interest on any bonds, notes or other obligations of the Local Borrower for borrowed money (other than the Loan), after giving effect to the applicable grace period, the payments of which are secured by the Source of Repayment described in this Loan Agreement;

(c) failure by the Local Borrower to perform any duty, covenant, obligation or agreement on its part to be observed or performed under this Loan Agreement, other than as referred to in paragraphs (a) and (b) of this Section, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Local Borrower by the Authority, unless the Authority agrees in writing to an extension of such time prior to its expiration, provided, however, that if the failure stated in such notice is correctable but cannot be corrected within the applicable period the Authority may not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Local Borrower and diligently pursued until the Event of Default is corrected;

(d) the institution of any proceeding, with the acquiescence of the Local Borrower, for the purpose of effecting a composition between the Local Borrower and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are payable from the Source of Repayment described in this Loan Agreement;

(e) a determination by the Authority that any material representation made by or on behalf of the Local Borrower contained in this Loan Agreement, or in any instrument furnished in compliance with or with reference to this Loan Agreement, is false or misleading in any material respect; and

(f) the filing of a petition by or against the Local Borrower under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Loan Agreement or thereafter enacted, unless in the case of any such petition filed against the Local Borrower such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal; or the Local Borrower becoming insolvent or bankrupt or making an assignment for the benefit of its creditors; or the appointment of a custodian (including, without limitation, a receiver, liquidator or trustee of the Local Borrower or any of its property including the System) by court order, or possession of the Local Borrower or its property or assets is taken if such order remains in effect or such possession continues for more than thirty (30) days.

Section 5.2 **Notice of Default.** The Local Borrower shall give the Authority prompt telephone notice of the occurrence of any Event of Default referred to in Section 5.1 paragraph (c) hereof, and of the occurrence of any other event or condition that constitutes an Event of Default, at such time as any senior administrative or financial officer of the Local Borrower becomes aware of the existence thereof. Any telephone notice pursuant to this Section shall be confirmed in writing by the end of the next Business Day.

Section 5.3 **Remedies on Default.**

(a) Whenever an Event of Default referred to in Section 5.1 hereof shall have occurred and be continuing, the Authority shall have the right to take any action permitted or required pursuant to this Loan Agreement and to take whatever other action at law or in equity as may appear necessary or desirable to collect the amounts then due and thereafter to become due on their scheduled payment dates or to enforce the performance and observance of any duty, covenant, obligation or agreement of the Local Borrower hereunder, including, without limitation, appointment of a receiver of the System.

(b) Nothing in this Loan Agreement shall be construed to affect the Attorney General taking action to enforce this Loan Agreement in accordance with the Authority Act.

Section 5.4 **Attorney's Fees and Other Expenses.** In the event of a default hereunder by the Local Borrower, the Local Borrower shall on demand and to the extent not prohibited by applicable law pay to the Authority the reasonable fees and expenses of attorneys and other reasonable expenses (including without limitation the reasonably allocated costs of in-house counsel and legal staff) incurred by the Authority in the collection of Loan

Repayments or any other sum due hereunder or in the enforcement of performance or observance of any other duties, covenants, obligations or agreements of the Local Borrower to the extent permitted by law.

Section 5.5 **Application of Moneys.** The parties acknowledge that: (a) all amounts coming due hereunder as Loan Repayments shall be treated as principal and combined interest and fees with respect to the Loan which amounts are secured by a pledge of the Source of Repayment in accordance with Exhibit D of this Loan Agreement; and (b) amounts coming due under Section 5.4 hereof shall be secured by the Source of Repayment on a basis subordinate to the Loan Repayments, but on a parity with comparable expenses relating to such Outstanding Parity Obligations and Additional Parity Obligations.

However, any moneys collected by the Authority pursuant to Section 5.3 in the exercise of remedies with respect to amounts due or to become due hereunder shall be applied: (a) first, to pay any attorney's fees or other fees and expenses owed by the Local Borrower pursuant to Section 5.4 hereof, (b) second, to pay delinquent combined interest fees and late charges on the Loan; (c) third, to pay combined interest and fees then due and payable on the Loan; (d) fourth, to pay delinquent principal on the Loan in order of scheduled maturity; (e) fifth, to pay principal then due and payable on the Loan; and (f) sixth, to pay any other amounts due and payable pursuant to this Loan Agreement.

Section 5.6 **No Remedy Exclusive; Waiver; Notice.** No remedy conferred upon or reserved to the Authority hereunder is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right, remedy or power accruing upon any Event of Default shall impair any such right, remedy or power or shall be construed to be a waiver thereof, but any such right, remedy or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it as described in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

Section 5.7 **Retention of Authority's Rights.** Notwithstanding any assignment or transfer of this Agreement pursuant to the provisions hereof, or anything else to the contrary contained herein, the Authority shall have the right upon the occurrence of an Event of Default to take any action, including (without limitation) bringing an action against the Local Borrower at law or in equity, as the Authority may, in its discretion, deem necessary to enforce the obligations of the Local Borrower to the Authority.

Section 5.8 **Default by the Authority.** In the event of any default by the Authority in any duty, covenant, agreement or obligation described in this Agreement, the Local Borrower's remedy for such default shall be limited to injunction, special action, action for specific performance or any other available equitable remedy designed to enforce the performance or observance of any duty, covenant, obligation or agreement of the Authority described herein as may be necessary or appropriate. The Authority shall on demand pay to the Local Borrower the reasonable fees and expenses of attorneys and other reasonable expenses in the enforcement of such performance or observance.

Article 6 Provisions Applicable to Loans Financed by or Pledged to Secure Authority Bonds

Section 6.1 **General.** The Local Borrower acknowledges that the Authority is entering into this Loan Agreement and agreeing to make the Loan at this time for the benefit of the Local Borrower, and that the Authority may finance the Loan, along with other loans to other local borrowers, through the issuance of Authority Bonds and may pledge the Loan to secure Authority Bonds. If and for so long as the Authority's source of funds to make disbursements on, or to carry, the Loan represented by this Loan Agreement is, or becomes, the proceeds of Authority Bonds, or this Loan Agreement is assigned by the Authority as security for payment of amounts due or to become due on Authority Bonds, the Local Borrower agrees to cooperate with the Authority with respect to the issuance of Authority Bonds by furnishing and certifying information concerning the Local Borrower, the Project, the System and the Source of Repayment, and by agreeing to reasonable modifications and additions to this Loan Agreement necessary or convenient for the Authority Bond transaction. Without limiting the generality of the foregoing, the Local Borrower agrees that if the Authority at any time determines, in its discretion, that it is necessary in connection with the

issuance of Authority Bonds or the maintenance of the Authority's bond program, then the provisions set forth in this Article shall be in effect.

Section 6.2 **Tax Covenants.**

(a) **General.** The Local Borrower acknowledges that, in connection with its state revolving fund programs, the Authority issues its Authority Bonds from time to time to finance loans and the Authority also pledges certain loans to secure and to serve as the source of payment for the Authority Bonds. As a result, and under the provisions of federal tax law applicable to the Authority Bonds, it is in the Authority's interest for the Loan to qualify and be a Tax-Exempt Obligation that is not an AMT Obligation. Therefore, the Local Borrower represents and covenants as follows with respect to the Loan and the Authority Bonds. The Local Borrower covenants that it will not take any action, or fail to take any action, if any such action or failure to take such action would adversely affect the exclusion from gross income of the interest on the Loan or the Authority Bonds under Section 103(a) of the Internal Revenue Code or cause the interest on the Loan or the Authority Bonds to become an AMT Obligation, and in the event of such action or omission, it will, promptly upon having such brought to its attention, take such reasonable actions based upon a bond counsel opinion as may rescind or otherwise negate such action or omission. The Local Borrower will not directly or indirectly use or permit the use of any proceeds of the Loan or any other funds of the Local Borrower or take or omit to take any action that would cause the Loan or the Authority Bonds to be or become "arbitrage bonds" within the meaning of Section 148(a) of the Internal Revenue Code or to fail to meet any other applicable requirement of Sections 103, 141, 148, 149 and 150 of the Internal Revenue Code or cause the interest on the Loan or the Authority Bonds to become an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code. To that end, the Local Borrower will comply with all applicable requirements of Sections 103, 141, 148, 149 and 150 of the Code to the extent applicable to the Loan.

(b) **Modification Based on Bond Counsel Opinion.** Notwithstanding any provision of this Section, if the Local Borrower provides to the Authority a bond counsel opinion to the effect that any action required under this Section is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of interest on the Loan or the Authority Bonds pursuant to Section 103(a) of the Internal Revenue Code, the provisions of this Section and the covenants in this Section shall be deemed to be modified to that extent.

(c) **Bond Counsel Opinion.** For purposes of this Article, "bond counsel opinion" means an opinion letter of a firm of attorneys of national reputation experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds, and who is acceptable to the Authority.

Section 6.3 **Third Party Beneficiaries.** The Trustee, the owners from time to time of the Authority Bonds, any Credit Enhancer from time to time of the Authority Bonds and any underwriter of the Authority Bonds are each expressly acknowledged to be third party beneficiaries of this Loan Agreement and each representation, agreement, duty, obligation and provision of this Loan Agreement.

Section 6.4 **Additional Documents Relating to Authority Bonds.** The Local Borrower will furnish to the Authority and certify to such information and execute and deliver and cause to be executed and delivered such documents as the Authority, the underwriter or other parties to any Authority Bond transaction may reasonably require, including, without limitation:

(a) a certificate of an Authorized Officer of the Local Borrower to the effect that the information contained in the Final Official Statement (defined in Section 6.5, paragraph (a)) for the Authority Bonds concerning the Local Borrower is correct in all material respects and is an accurate summary of the information which it purports to summarize, and that nothing has come to the Authorized Officer's attention that would lead the Authorized Officer to believe that the information in the Final Official Statement relating to the Local Borrower contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(b) subject to the continuing disclosure requirements of Securities and Exchange Commission Rule 15c2-12 (the "Disclosure Rule"), a continuing disclosure undertaking of the Local Borrower meeting the requirements of the Disclosure Rule, and a statement of the Local Borrower as to whether it has failed to provide any information and

notices required by the provisions of previous continuing disclosure undertakings, if any, of the Local Borrower under the Disclosure Rule, and if it has not, describing the circumstances and status of such failure; and

(c) an appropriate certificate executed by Authorized Officer of the Local Borrower concerning the reasonable expectations of the Local Borrower as to the use of the proceeds of the Loan and such other matters as may be required on the part of the Local Borrower in order to ensure that the Authority Bonds are and will remain Tax-Exempt Obligations that are not AMT Obligations, and the Local Borrower covenants to comply with the provisions of such certificate; and

(d) such other certificates, documents and information, and supplemental opinions of Local Borrower's counsel, as the Authority, the underwriters of the Authority Bonds or other parties to the Authority Bonds transaction may reasonably require and as are necessary to confirm the continued truth and accuracy of information supplied by or on behalf of the Local Borrower.

Section 6.5 **Disclosure Regarding Authority Bonds.**

(a) The information, if any, relating to the Local Borrower (including without limitation the financial and statistical data contained therein) which has been furnished by the Local Borrower to be included in, and which is included in, a Preliminary Official Statement of the Authority (the "*Preliminary Official Statement*"), or a final Official Statement (the "*Final Official Statement*") of the Authority concerning any Authority Bonds, as of the respective dates of each such document and at all times subsequent thereto up to and including the Bond Closing, will be (if necessary by amendment provided by the Local Borrower) true and correct and will not contain an untrue statement of material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. To the extent permitted by law, and notwithstanding any other provision of this Loan Agreement, the Local Borrower will indemnify, save and hold harmless the Authority and each other local borrower, if any, included in the Final Official Statement, and each of such parties' respective agents, for, from and against any and all claims, damages, liability and court awards including costs, expenses and attorneys fees incurred as a result of any omission or misstatement of a material fact in the Local Borrower's information in the Final Official Statement, as it may have been supplemented or amended by the Local Borrower.

(b) The Local Borrower agrees that from the date of the Final Official Statement and for a period until not later than 25 days after the date of the Bond Closing if and so long as the offering of the Authority Bonds continues (i) the Local Borrower will furnish such information with respect to itself as the Authority (for itself or at the request of the underwriters of the Authority Bonds) may from time to time reasonably request and (ii) if any event shall occur as a result of which it is necessary, in the opinion of Bond Counsel to the Authority, or counsel for the underwriters of the Authority Bonds, to amend or supplement the information in the Final Official Statement relating to the Local Borrower in order to make such information not misleading in light of the circumstances then existing, the Local Borrower will forthwith prepare, and furnish to the Authority and the underwriters such information relating to the Local Borrower as may be necessary to permit the preparation of an amendment of or supplement to the Final Official Statement (in form and substance satisfactory to the Bond Counsel to the Authority and counsel for the underwriters) which will amend or supplement the Final Official Statement so that it will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances then existing, not misleading.

(c) The Local Borrower agrees that if prior to the 25th day following the end of the underwriting period of the Authority Bonds, as defined for purposes of the Disclosure Rule, any event shall occur which causes the representations contained in Section 6.4, paragraph (a) to be false in any material respect, the Local Borrower shall promptly notify the Authority of such development, and if in the opinion of the Authority and the underwriters of the Authority Bonds such development requires the preparation of a supplement or an amendment to the Preliminary Official Statement or the Final Official Statement, the Local Borrower agrees to cooperate with the Authority and the underwriters for the Authority Bonds in preparing any such supplement or amendment in a form acceptable to such parties and to pay all reasonable expenses incurred by such parties in connection with the preparation thereof.

Section 6.6 **Assignment and Transfer by Authority to Trustee.**

(a) The Local Borrower expressly acknowledges that, other than the right of the Authority to be indemnified by the Local Borrower, all right, title and interest of the Authority in, to and under this Loan Agreement will be assigned to the Trustee as security for the Authority Bonds, as applicable, as provided in the Authority's Master Trust Indenture, and that if any Event of Default shall occur the Trustee, pursuant to the Authority's Master Trust Indenture, shall be entitled to act hereunder in the place and stead of the Authority. The Local Borrower hereby acknowledges the requirements of the Authority's Master Trust Indenture applicable to the Authority Bonds and consents to such assignment and appointment. The Authority shall retain the right to compel or otherwise enforce observance and performance by the Local Borrower of its duties, covenants, obligations and to be indemnified by the Local Borrower; provided, however, that in no event shall the Authority or the Trustee have the right to accelerate the payments under this Loan Agreement.

(b) The Local Borrower hereby approves and consents to any assignment or transfer of this Loan Agreement that the Authority deems to be necessary in connection with any refunding of the Authority Bonds or otherwise in connection with the Clean Water Revolving Fund and Drinking Water Revolving Fund programs of the Authority.

Section 6.7 **Conditions to Assignment by Local Borrower**. Notwithstanding Section 4.2, this Loan Agreement may not be assigned by the Local Borrower for any reason, unless the following conditions shall be satisfied: (i) the Authority, the Trustee and the Credit Enhancer, if any, of the Authority Bonds shall have approved said assignment in writing; (ii) the assignee shall be a governmental unit within the meaning of Section 141(c) of the Internal Revenue Code or another entity acceptable to the Authority and the assignee shall have expressly assumed in writing the full and faithful observance and performance of the Local Borrower's duties, covenants, agreements and obligations hereunder; (iii) immediately after such assignment, the assignee shall not be in default in the performance or observance of any duties, covenants, obligations or agreements of the Local Borrower hereunder; (iv) the Authority and the Trustee shall have received an opinion of bond counsel to the effect that such assignment will not adversely affect the exclusion of interest on the Authority Bonds from gross income for purposes of Federal income taxation under Section 103(a) of the Code or make the Authority Bonds or the Loan AMT Obligations; and (v) the Authority and the Trustee shall receive an opinion of counsel to the effect that such assignment will not violate the provisions of the Master Trust Indenture or any agreement entered into by the Authority with, or condition of any grant received by the Authority from, the United States of America relating to the Capital Grant Facility or any capitalization grants received by the Authority or the State under the Federal Water Pollution Control Act and the Federal Safe Drinking Water Act.

No assignment shall relieve the Local Borrower from primary liability for any of its obligations under this Loan Agreement and in the event of such assignment, the Local Borrower shall continue to remain primarily liable for the performance and observance of its obligations to be performed and observed under this Loan Agreement.

Section 6.8 **Sale or Other Disposition of Project or System**. The Local Borrower agrees that it will not sell, lease, abandon or otherwise dispose of all or substantially all or any substantial portion of the Project or the System unless (i) the transferee assumes the Local Borrower's obligations under this Loan Agreement in accordance with Section 6.6, (ii) the Authority shall by appropriate action determine, in its sole discretion, that such sale, lease, abandonment or other disposition will not adversely affect the Authority's ability to meet its duties, covenants, obligations and agreements under the Bond Documents, and will not adversely affect the eligibility of interest on Authority Bonds then outstanding or which could be issued in the future for exclusion from gross income for purposes of federal income taxation or cause such Authority Bonds to be AMT Obligations, and (iii) the Credit Enhancer, if any, of the Authority Bonds shall have given its prior written consent to such disposition.

Section 6.9 **Deficiencies Under Bond Documents Caused by Failure to Make Loan Repayment**. The Local Borrower acknowledges that payment of the Authority Bonds by the Authority, including payment from moneys drawn by the Trustee from the Bond Reserves or the CWRP Financial Assistance Account and DWRP Financial Assistance Accounts established under the Bond Documents, does not constitute payment of the amounts due under this Loan Agreement. If at any time the amounts on deposit in the Bond Reserves or the CWRP Financial Assistance Account and DWRP Financial Assistance Accounts shall be less than the amounts required by the Bond Documents as the result of any transfer of moneys from the Bond Reserves or the CWRP Financial Assistance Account and DWRP Financial Assistance Accounts which in turn is the result of a failure by the Local Borrower to make any Loan Repayments required hereunder, the Local Borrower agrees to (i) replenish such moneys so transferred, and (ii) replenish any deficiency arising from losses incurred in making such transfer as the result of the

liquidation by the Authority of investment securities acquired as an investment of moneys in the Bond Reserves or the CWRP Financial Assistance Account and DWRP Financial Assistance Accounts, by making payments to the Authority in equal monthly installments for the lesser of six (6) months or the remaining term of the Loan at a combined interest and fee rate to be determined by the Authority necessary to make up any loss caused by such deficiency, provided that the combined interest and fee rate payable on the Loan including such make-up combined interest and fees shall not exceed the maximum rate permitted by the Authorizing Proceedings which authorized this Loan Agreement.

Section 6.10 **Indemnification**. To the extent permitted by law, the Local Borrower shall indemnify, save and hold harmless the Authority against any and all claims, damages, liability and court awards including costs, expenses and attorney fees to the extent incurred as a result of any gross negligence or willful misconduct by the Local Borrower, or its employees, agents or subcontractors pursuant to the terms of this Loan Agreement.

Section 6.11 **Compliance with Master Trust Indenture**. The Local Borrower covenants and agrees to take such action as it may lawfully take and as the Authority shall reasonably request so as to enable the Authority to observe and comply with, all duties, covenants, obligations and agreements contained in the Master Trust Indenture insofar as such duties, covenants, obligations and agreements relate to the obligations of the Local Borrower under this Loan Agreement.

Section 6.12 **Provisions Relating to Default**.

(a) Any notice or information which the Local Borrower is to give to the Authority pursuant to the provisions of Article 5 shall also be given by the Local Borrower to the Trustee and to any Credit Enhancer at the same time.

(b) Notwithstanding the provisions of Section 5.3, paragraph (a) and Section 5.7, so long as a Credit Enhancer is not in default of its obligations with respect to its payment guarantee of the Authority Bonds and such guarantee is in effect, the Credit Enhancer shall have the right to direct the exercise of remedies provided for herein and the Trustee and the Authority shall not pursue any remedy except with the prior written consent of the Credit Enhancer.

(c) In the event of a default hereunder by the Local Borrower, the Local Borrower shall also pay the expenses of the Trustee and of any Credit Enhancer in the same manner as provided in Section 5.4 with respect to the expenses of the Authority.

Section 6.13 **Tax Compliance Certificate**. If the Authority Bonds are issued and sold on the basis that they are Tax-Exempt Obligations, an Authorized Officer of the Local Borrower shall deliver an appropriate certificate concerning the reasonable expectations of the Local Borrower as to the use of the proceeds of the Loan and such other matters as may be required on the part of the Local Borrower in order to ensure that the Authority Bonds are and will remain Tax-Exempt Obligations that are not AMT Obligations, and the Local Borrower covenants to comply with the provisions of such certificate.

Article 7 Miscellaneous

Section 7.1 **Binding Effect**. This Loan Agreement shall inure to the benefit of and shall be binding upon the Authority and the Local Borrower and their respective successors and assigns.

Section 7.2 **Severability**. In the event any provision of this Loan Agreement shall be held illegal, invalid or unenforceable by any Court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

Section 7.3 **Amendments, Supplements and Modifications**. This Loan Agreement may not be amended, supplemented or modified without the prior written consent of the Authority and the Local Borrower.

Section 7.4 **Execution in Counterparts**. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7.5 **Captions.** The captions or headings in this Loan Agreement are for convenience only and shall not in any way define, limit or describe the scope or intent of any provisions or sections of this Loan Agreement.

Section 7.6 **Further Assurances.** The Local Borrower shall, at the request of the Authority, authorize, execute, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights and agreements granted or intended to be granted by this Loan Agreement.

Section 7.7 **State of Arizona Contract Provisions.**

(a) **Books and Records.** As required by the provisions of Arizona Revised Statutes Section 35-214, the Local Borrower agrees that all books, accounts, reports, files and other records relating to this Loan Agreement shall be retained and shall be subject at all reasonable times to inspection and audits by the Authority for five years after completion of this Loan Agreement, and that upon request by the Authority such records shall be produced at any of the Authority offices designated herein as the place at which notices to the Authority are to be given.

(b) **Prohibition Against Discrimination.** In the event that it applies, the parties agree to comply with the Arizona Governor's Executive Order 2009-9, entitled "Prohibition of Discrimination in State Contracts Non-Discrimination in Employment by Government Contractors and Subcontractors," which mandates that all persons, regardless of race, color, religion, sex, age, or national origin shall have equal access to employment opportunities, and all other applicable state and Federal employment laws, rules, and regulations, including the Americans with Disabilities Act. The Local Borrower shall take affirmative action to ensure that applicants for employment and employees are not discriminated against due to race, creed, color, religion, sex, national origin or disability.

(c) **Governing Law and Forum.** This Loan Agreement shall be governed by and construed in accordance with the laws and judicial decisions of the State of Arizona, except as such laws may be preempted by any federal rules or regulations. The parties hereto expressly acknowledge and agree and all Local Borrowers by their acceptance thereof shall be deemed to have acknowledged and agreed that any judicial action to interpret or enforce the terms of this Loan Agreement against the Authority shall be brought and maintained in the Superior Court of the State of Arizona in and for Maricopa County or in the United States District Court in and for the District of Arizona.

(d) **Arbitration.** In the event of a dispute, the parties agree to use arbitration, after exhausting applicable administrative review, to the extent required by Arizona Revised Statutes Section 12-1518, and the prevailing party shall be entitled to attorney's fees and costs with respect thereto.

(e) **Notice of Arizona Revised Statutes Section 38-511 – Cancellation.** Notice is hereby given of the provisions of Arizona Revised Statutes Section 38-511, as amended. By this reference, the provisions of said statute are incorporated herein to the extent of their applicability to this Loan Agreement under the law of the State of Arizona.

(f) **Additional Warranties and Certifications from the Local Borrower.** In compliance with Section 23-214(B) of the Arizona Revised Statutes, the Local Borrower warrants to the Authority that either (i) it is not an "employer" (within the meaning of Arizona Revised Statutes Section 23-214(B)) or (ii) it is registered with and is participating in the employment verification pilot program as jointly administered by the United States department of homeland security and the social security administration or any of its successor programs (the "E-Verify Program") and that the proof submitted to the Authority of that registration and participation is true and correct. The Local Borrower agrees that, until the Loan is fully paid, at all times during which it is an "employer" (within the meaning of Arizona Revised Statutes Section 23-214(B)) it will be registered with and will participate in the E-Verify Program. The breach by the Local Borrower of the foregoing shall be deemed a material breach by the Local Borrower of this Loan Agreement and may result in penalties up to and including the termination of this Loan Agreement. If the Authority determines that the Local Borrower is not so registered and participating when required, the Authority will notify the Local Borrower by certified mail of the determination of noncompliance and the Local Borrower's right to appeal the determination. On a final determination of noncompliance, the Local Borrower shall repay all monies received as an economic development incentive (within the meaning of Arizona Revised Statutes Section 23-214(B)) to the Authority within thirty days of the final determination.

Article 8 Definitions

Section 8.1 **Definitions.** The following terms as used in this Loan Agreement shall, unless the context clearly requires otherwise, have the following meaning:

“*AMT Obligation*” means a Tax-Exempt Obligation the interest on which is an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code.

“*Annual Loan Review Form*” means the loan compliance questionnaire circulated by the Authority to all borrowers as part of the Authority’s annual loan portfolio review.

“*Authority*” means the Water Infrastructure Finance Authority of Arizona, a body corporate and politic of the State of Arizona duly created and validly existing under and by virtue of the Authority Act.

“*Authority Act*” means Title 49, Chapter 8 (Section 49-1201 et seq.) of the Arizona Revised Statutes (“A.R.S.”).

“*Authority Bonds*” means any bonds of the Authority issued to finance the State’s revolving fund established pursuant to the Water Pollution Control Act, as amended, and the Safe Drinking Water Act, as amended.

“*Authorized Officer*” means, (i) with respect to the Local Borrower, the person whose name is set forth in this Loan Agreement or such other person or persons authorized by the Local Borrower to act as an authorized officer of the Local Borrower to perform any act or execute any document relating to the Loan or this Loan Agreement whose name is furnished in writing to the Authority and the Trustee; and (ii) with respect to the Authority, the Chairman, Vice Chairman, Executive Director, or any other person or persons designated by the Board to act on behalf of the Authority with respect to this Loan Agreement; the designation of such person or persons shall be evidenced by a written certificate containing a specimen signature of such person or persons and signed on behalf of the Authority by its Chairman or Vice Chairman.

“*Bond Closing*” means the date of initial delivery of and payment for the Authority Bonds.

“*Bond Documents*” means and includes the Master Trust Indenture, any supplemental indenture and any comparable or related document pursuant to which the Authority Bonds are issued, and all further amendments and supplements thereto adopted in accordance with the provisions thereof.

“*Bond Reserves*” means reserves established by the Bond Documents for the Authority Bonds to secure timely payment of amounts due on the Authority Bonds even if one or more local borrowers do not make timely payments on their loans.

“*Business Day*” means any day other than a Saturday, Sunday or legal holiday or a day on which banking institutions, in the city in which the designated office of the Authority (being Phoenix, Arizona) is located, are closed.

“*Capital Grant Facility*” means the contractual arrangement established with the Authority by the United States of America Environmental Protection Agency to make capitalization grant payments pursuant to Title VI of the Federal Water Pollution Control Act, as amended (33 U.S.C. § 125 et seq.) and the Federal Safe Drinking Water Act, as amended (particularly 42 U.S.C. § 300j-12 et seq.).

“*Clean Water Act*” means the Federal Water Pollution Control Act amendments of 1972 (P.L. 92-500; 86 Stat. 816), as amended by the Water Quality Act of 1987 (P.L. 100-4; 101 Stat. 7) and the Water Resources Reform and Development Act of 2014 (P.L. 113-21, 128 Stat. 1193).

“*Clean Water Revolving Fund*” means the fund established by A.R.S. § 49-1221.

“*Code*” means the Internal Revenue Code of 1986, the Regulations (whether temporary or final) under that Code or the statutory predecessor of that Code, and any amendments of, or successor provisions to, the foregoing and any

official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing, all as and to the extent applicable. Unless otherwise indicated, reference to a Section includes any applicable successor section or provision and such applicable Regulations, rulings, announcements, notices, procedures and determinations pertinent to that Section.

“*Combined Interest and Fee Rate*” means periodic interest and fee payments made by the Borrower, see Exhibit A to this Loan Agreement.

“*Construction Period*” means the period from the date of the Loan Closing until the date of the final disbursement of proceeds of the Loan pursuant to this Loan Agreement, but in no event later than the third anniversary of the Loan Closing.

“*Cost*” means those costs that are eligible to be funded from draws under the Capital Grant Facility and are reasonable, necessary and allocable to the Project and are permitted by generally accepted government auditing standards to be costs of the Project.

“*Credit Enhancer*” means the entity so designated in the Bond Documents, if any, or any successor thereto, that from time to time has issued and outstanding a municipal bond insurance policy or similar payment guarantee relating to the Authority Bonds.

“*CWRF Financial Assistance Account*” means the account so designated in the Master Trust Indenture to which loans funded by the Clean Water Revolving Fund shall be credited.

“*Debt Management Fee*” means the fee component of the combined interest and fee payments made by the Borrower, see Exhibit A to this Loan Agreement.

“*Department*” means the Department of Environmental Quality of the State of Arizona.

“*Drinking Water Facility*” has the meaning given that term in the Authority Act, currently: a community water system or a non-profit noncommunity water system as defined in the Federal Safe Drinking Water Act (P.L. 93-523; 88 Stat. 16601; P.L. 95-190; 91 Stat. 1393; P.L. 104-182; 110 Stat. 1613) that is located in the State. The term does not include water systems owned by federal agencies.

“*Drinking Water Revolving Fund*” means the fund established by A.R.S. § 49-1241.

“*DWRF Financial Assistance Account*” means the account so designated in the Master Trust Indenture to which loans funded by the Drinking Water Revolving Fund shall be credited.

“*Eligible Project Costs*” means, whether incurred before or after the date of this Loan Agreement, such portion of the Costs as is disbursed by the Authority for the benefit of the Local Borrower. The Local Borrower and the Authority acknowledge that the actual Eligible Project Costs for the Project have not been determined as of the effective date of this Loan Agreement. The final Eligible Project Costs shall be established after all disbursements have been made.

“*Event of Default*” means any occurrence or event specified in Section 5.1 hereof.

“*Indian Tribe*” has the meaning given that term by the Authority Act, currently: any Indian tribe, band, group or community that is recognized by the United States Secretary of the Interior and that exercises governmental authority within the limits of any Indian reservation under the Jurisdiction of the United States government notwithstanding the issuance of any patent and including rights-of-way running through the reservation.

“*Loan*” means (a) during the Construction Period, the commitment to lend to the Local Borrower the Estimated Eligible Project Costs set forth in this Loan Agreement (as it may be amended or revised from time to time), and (b) thereafter, the amount of money equal to the Eligible Project Costs which is actually loaned to the Local Borrower pursuant to this Loan Agreement.

“*Loan Agreement*” or “*Agreement*” means this Loan Agreement, including the Exhibits and these Standard Terms and Conditions attached to this Loan Agreement, as it may be supplemented, modified or amended from time to time in accordance with the terms hereof.

“*Loan Closing*” means the date of execution and delivery of this Loan Agreement.

“*Loan Repayment Date*” means the payment dates commencing and ending on the dates set forth in this Loan Agreement.

“*Loan Repayments*” means the payments payable by the Local Borrower pursuant to this Loan Agreement.

“*Local Borrower*” means the Political Subdivision or Indian Tribe that is a party to and is described in the first paragraph of this Loan Agreement.

“*Master Trust Indenture*” means and includes the Master Trust Indenture dated as of August 1, 1999, as supplemented, and any comparable or related document, pursuant to which the Authority issues Authority Bonds.

“*Political Subdivision*” has the meaning given that term by the Authority Act, currently: a county, city, town or special taxing district authorized by law to construct wastewater treatment facilities.

“*Project*” is the project described in Section 2.1 of the Loan Agreement, all or a portion of the Cost of which is financed from the proceeds of the Loan.

“*Repayment Period*” means the period over which the principal amount of the Loan will be repaid which period begins and ends on the dates set forth in this Loan Agreement.

“*Repayment Principal Amount*” means the amount the Authority agrees to loan to the Local Borrower pursuant to this Loan Agreement or such lesser amount of actual Eligible Project Costs as represents the aggregate amount of the Loan actually made pursuant to this Loan Agreement.

“*Reserve Fund Surety*” means a surety bond, insurance policy, letter of credit or similar arrangement representing the irrevocable obligation of the issuer thereof to pay to or at the direction of the Local Borrower an amount up to the Reserve Requirement as set forth in Exhibit A.

“*Safe Drinking Water Act*” means the Federal Safe Drinking Water Act (P.L. 93-523; 88 Stat. 1660; P.L. 96-190; 91 Stat. 1393; P.L. 104-182; 110 Stat. 1613), as amended in 1996.

“*Source of Repayment*” means the “source of repayment” set forth in this Loan Agreement as defined in Exhibit D.

“*State*” means the State of Arizona.

“*System*” means the “System” as defined in Section 2.2 of the Loan Agreement.

“*Tax-Exempt Obligation*” means any obligation or issue of obligations (including bonds, notes and lease obligations treated for federal income tax purposes as evidences of indebtedness) the interest on which is excluded from gross income for federal income tax purposes within the meaning of Section 150 of the Code, and includes any obligation or any investment treated as a “tax-exempt bond” for the applicable purpose of Section 148 of the Code

“*Trustee*” means the Trustee appointed by the Authority pursuant to the Bond Documents and its successor or successors and any other corporation which may at any time be substituted in its place as Trustee pursuant to the Bond Documents.

Terms not otherwise defined herein shall have the meanings ascribed to them in Exhibit D to the Loan Agreement.

Section 8.2 **Rules of Interpretation.** For all purposes of this Loan Agreement, except as otherwise expressly provided or unless the context otherwise requires:

- (a) Words of one gender include the corresponding words of other genders; words of neuter include both genders; and words in the singular include words in the plural and vice versa.
- (b) Words indicating persons, parties, or entities (and the like) include firms, associations, partnerships (including limited partnerships), limited liability companies (and the like), corporations, trusts and other legal entities, including public and governmental bodies, as well as natural persons.
- (c) References to a statute refer to the statute, as amended, and any successor statute, and to all regulations promulgated under or implementing the statute or successor statute, as in effect at the relevant time.
- (d) References to a governmental or quasi-governmental entity or representatives thereof also refer to an entity that succeeds to the functions of the governmental or quasi-governmental entity and representatives thereof.
- (e) Headings preceding sections of text and any table of contents are solely for convenience of reference and are not part of this Loan Agreement and are not to affect its meaning, interpretation or effect.
- (f) Actions permitted under this Loan Agreement may be taken at any time and from time to time in the actor's sole discretion.
- (g) The word "including" means "including, but not limited to" and the word "include" means "include, among others."
- (h) The terms "hereby," "hereof," "herein," and "hereunder" (and the like) refer to this Loan Agreement.
- (i) Indications of time of day mean local time in Phoenix, Arizona.
- (j) This Loan Agreement shall be governed by and construed in accordance with the applicable law of the State of Arizona, except for its conflict of law rules and except as preempted by federal.

Article 9 List of Federal Laws and Authorities

By Section 5.4 and Section 5.5 of Exhibit B to the Loan Agreement, the Local Borrower agrees that the Project will comply with applicable provisions of the following federal laws and authorities:

Environmental:

1. Archaeological and Historical Preservation Act of 1974, Pub. L. 93-291; 16 U.S.C. § 469a-1.
2. Clean Air Act, Pub. L. 95-95, as amended; 42 U.S.C. § 7401 et. seq.
3. Clean Water Act, Titles II, IV, and V, Pub. L. 92-500, as amended.
4. Coastal Barrier Resources Act, Pub. L. 97-348; 16 U.S.C. § 3501 et. seq.
5. Coastal Zone Management Act, Pub. L. 92-583, as amended; 16 U.S.C. § 1451 et. seq.
6. Endangered Species Act, Pub. L. 93-205, as amended; 16 U.S.C. § 1531 et seq.
7. Environmental Justice, Executive Order 12898.
8. Farmland Protection Policy Act, Pub. L. 97-98; 7 U.S.C. § 4201 et seq.

9. Fish and Wildlife Coordination Act, Pub. L. 85-624, as amended.
10. Floodplain Management, Executive Order 11988, as amended by Executive Order 12148.
11. Magnuson-Stevens Fishery Conservation and Management Act, Pub L. 94-265, as amended; 16 U.S.C. § 1801 et. seq.
12. National Historic Preservation Act of 1966, Pub. L. 89-665, as amended; 16 U.S.C. § 470 et. seq.
13. Protection and Enhancement of the Cultural Environment, Executive Order 11593.
14. Protection of Wetlands, Executive Order 11990, as amended by Executive Order 12608; Pub. L. 99-645, as codified at 16 U.S.C. § 3901 et. seq.
15. Safe Drinking Water Act, Section 1424(e), Pub. L. 92-523, as amended; 42 U.S.C. § 300f et. seq.
16. Wild and Scenic Rivers Act, Pub. L. 90-542, as amended; 16 U.S.C. § 1271 et. seq.
17. Migratory Bird Treaty Act of 1918, 16 U.S.C. § 703 et. seq.

Social Legislation:

1. Age Discrimination Act, Pub. L. 94-135; 42 U.S.C. § 6102.
2. Civil Rights Act of 1964, Pub. L. 88-352, Title VI; 42 U.S.C. § 2000d.
3. Equal Employment Opportunity, Executive Order 11246, as amended.
4. Participation by Disadvantaged Business Enterprises in Procurement Under Environmental Protection Agency (EPA) Financial Assistance Agreements.
 - a. Promoting the use of Small, Minority, and Women-owned Businesses, Executive Orders 11625, 12138 and 12432.
 - b. Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Pub. L. 100-590.
 - c. Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1993, Pub. L. 102-389; 42 U.S.C. § 4370d.
 - d. Title X Clean Air Act, Pub. L. 101-549; 42 U.S.C. § 7601 note.
5. Rehabilitation Act of 1973, Pub. L. 93-112; 29 U.S.C. § 794 (including Executive Order 11914 and 11250).
6. Section 13 of the Federal Water Pollution Control Act, Pub. L. 92-500; 33 U.S.C. § 1251.
7. The Drug Free Workplace Act Of 1988, Pub. L. 100-690.

Economic and Miscellaneous Authority:

1. Anti-Lobbying Provision (40 CFR Part 34) and New Restrictions on Lobbying, Section 319 of Pub. L. 101-121.
2. Debarment and Suspension, Executive Order 12549.

3. Demonstration Cities and Metropolitan Development Act of 1966, Pub. L. 89-754, as amended; 42 U.S.C. § 3331 et. seq.
4. Preservation of Open Competition and Government Neutrality, Executive Order 13502.
5. Prohibitions relating to violators of the Clean Air Act, Section 306 of the Clean Air Act, 42 U.S.C. § 7505; Section 508 of the Clean Water Act, 33 U.S.C. § 1368; Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans.
6. Uniform Relocation and Real Property Acquisition Policies Act of 1970, Pub. L. 91-646, as amended; 42 U.S.C. §§ 4601-4655.
