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**AGENDA  
TOWN OF CAMP VERDE  
REGULAR SESSION  
MAYOR AND COUNCIL  
473 S. MAIN STREET, SUITE 106  
WEDNESDAY, NOVEMBER 15, 2017 at 6:30 P.M.**

**If you want to speak ON ANY ITEM ON THE AGENDA, PLEASE complete the Request to Speak Form**

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

**1. Call to Order**

**2. Roll Call.** Councilor Jackie Baker, Councilor Buck Buchanan, Councilor Dee Jenkins, Councilor Brad Gordon, Councilor Robin Whatley, Vice Mayor Jessie Murdock, and Mayor Charles German.

**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) Special/Executive Session – November 1, 2017 (6:00 PM)
- 2) Regular Session – November 1, 2017 (6:30 PM)

**b) Set Next Meeting, Date and Time:**

- 1) Wednesday, November 22, 2017 at 6:30 p.m. – Council Hears Planning & Zoning – CANCELLED by Resolution 2017-972
- 2) Wednesday, December 6, 2017 at 6:30 p.m. – Regular Session
- 3) Wednesday, December 13, 2017 at 5:30 p.m. - Work Session
- 4) Wednesday, December 20, 2017 at 6:30 p.m. – Regular Session

**c) Approval of Town Manager Agreement/Contract Template.**

**5. Special Announcements and presentations:**

**6. 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

Page

5

7

13

§38-431.01(H))

- Page 25
7. **Public Hearing Agenda.** Public hearing, discussion and possible action.
- 7.1. **Public Hearing and possible approval of Liquor License Application #13133058 for Dan Charles Pierce-Pierce Wines Arizona, LLC located at 4626 Old Hwy 279, Camp Verde, AZ 86322 (Staff Resource: Judy Morgan)**
- 7.1.1. **Staff Comments**
- 7.1.2. **Public Hearing Open**
- 7.1.3. **Public Hearing Closed**
- 7.1.4. **Council Discussion**
- 33 7.2. **Community Development Block Grant Funding (CDBG) first Public Hearing regarding Use of CDBG Funds.**
- 7.2.1. **Staff Comments**
- 7.2.2. **Public Hearing Open**
- 7.2.3. **Public Hearing Closed**
- 7.2.4. **Council Discussion**
8. **Business.** Legal action can be taken.
- 35 8.1. **Presentation by the Economic Development Department, updating the Council on the Focused Future II Community and Economic Development Strategic Plan and retail recruitment efforts.** [Staff Resource: Steve Ayers]
- 67 8.2. **Consideration and possible adoption of Resolution 2017-991, “A Resolution of the Mayor and Common Council of Town of Camp Verde, Arizona, approving the sale and execution and delivery of not to exceed \$7,000,000 aggregate principal amount of Pledged Revenue Obligations, Series 2017, each evidencing a proportionate interest of the owners thereof in a Third Purchase Agreement; approving the form and authorizing the execution and delivery of such Purchase Agreement, a Third Trust Agreement, a Continuing Disclosure Undertaking, an Obligation Purchase Contract and other necessary agreements; adopting a Post-Issuance Continuing Disclosure Compliance Procedures in connection with Issuance of Obligations of the Town; delegating authority to the Mayor, Manager and Finance Director of the Town to determine certain matters and terms with respect to the foregoing; authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by this Resolution and Declaring an Emergency”** [Staff Resource: Mike Showers; Russ Martin]
- 8.3. **Discussion, consideration and possible direction to staff relating to existing financial limits in Town Code Sections 6-2-2 Vicious Dogs, 6-1-2 Dogs at Large and potentially others in the code.** [Resource: Mayor Charles German]
9. **Call to the Public for items not on the agenda. (Please complete Request to Speak Card and turn in to the Clerk.)**
10. **Council Informational Reports.** These reports are relative to the committee

meetings that Council members attend. The Committees are: Camp Verde Schools Education Foundation, Chamber of Commerce, Intergovernmental Association, NACOG Regional Council, Verde Valley Transportation Planning Organization, Yavapai County Water Advisory Committee, and shopping locally. 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.

**11. 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.

**12. Adjournment**

Posted by: \_\_\_\_\_ Date/Time: \_\_\_\_\_

*Note: Pursuant to A.R.S. §38-431.03.A.2 and A.3, the Council may vote to go into Executive Session for purposes of consultation for legal advice with the Town Attorney on any matter listed on the Agenda, or discussion of records exempt by law from public inspection associated with an agenda item.*

The Town of Camp Verde Council Chambers is accessible to the handicapped. 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

38-431.01 Meetings shall be open to the public

A. 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.

- Bashas's Community Board
- Town Hall
- Website

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**DRAFT MINUTES**  
**SPECIAL SESSION - EXECUTIVE SESSION**  
**MAYOR AND COUNCIL**  
**473 S. MAIN STREET, SUITE 106**  
**WEDNESDAY, NOVEMBER 1, 2017 at 6:00 P.M.**

1. **Call to Order.** The meeting was called to order at 6:00 p.m. Mayor German presided.
2. **Roll Call.** Council Members Jackie Baker, Dee Jenkins, Brad Gordon, Robin Whatley; Vice Mayor Jessie Murdock; and Mayor Charles German were present. Council Member Buck Buchanan was absent.
3. **Pledge of Allegiance.** Led by Mayor German.
4. **Discussion or consultation with staff relative to Council's position regarding negotiations for the purchase, sale or lease of real property APN # 404-02-172, located on McCracken Lane.** Note: Council may vote to go into Executive Session pursuant to ARS §38-431.03(A)(7) for discussions or consultations with designated representatives of the Council in order to consider its position and instruct its representatives regarding negotiations for the purchase, sale, or lease of real property. [Staff Resource Russ Martin]

Councilmember Gordon made a motion to go into Executive Session pursuant to A.R.S. §38-431.03(A)(7) for discussions or consultations with designated representatives of the Council in order to consider its position and instruct its representatives regarding negotiations for the purchase, sale, or lease of real property. The motion was seconded by Councilmember Baker and approved by a unanimous vote.

Council went into Executive Session at 6:02 p.m.

Council reconvened into Open Session at 6:14 p.m.

Councilmember Gordon made a motion to direct staff to proceed with a counter-offer [APN # 404-02-172], seconded by Councilmember Baker. It was approved unanimously.

5. **Adjournment.** The meeting was adjourned at 6:15 p.m.

\_\_\_\_\_  
Mayor Charles German

\_\_\_\_\_  
Attest: Town Clerk Judy Morgan

**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 Council Meeting of the Town Council of Camp Verde, Arizona, held on November 1, 2017. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

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Judy Morgan, Town Clerk

**DRAFT MINUTES**  
**TOWN OF CAMP VERDE**  
**REGULAR SESSION**  
**MAYOR AND COUNCIL**  
**473 S. MAIN STREET, SUITE 106**  
**WEDNESDAY, NOVEMBER 1, 2017 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 German called the meeting to order at 6:30 pm.

- 2. Roll Call.** Council Members Jackie Baker, Dee Jenkins, Brad Gordon, Robin Whatley; Vice Mayor Jessie Murdock; and Mayor Charles German were present. Council Member Buck Buchanan appeared telephonically.

Also Present: Town Manager Russ Martin, Town Clerk Judy Morgan, Community Development Director Carmen Howard, Library Director Kathy Hellman, Economic Development Director Steve Ayers, Economic Development Specialist Sebra Choe and Recording Secretary Marie Moore.

**3. Pledge of Allegiance**

Mayor German led the 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.

On a motion by Councilor Brad Gordon, seconded by Councilor Dee Jenkins, Council unanimously approved the consent agenda.

Councilor Gordon requested clarification on Item C. Town Manager, Russ Martin, explained that such a situation is common when an individual owns property that has no worth. This particular parcel is donated to the town due to a drainage issue.

**a) Approval of the Minutes:**

- 1) Work Session – October 11, 2017
- 2) Special “Field Trip” Session – October 18, 2017
- 3) Regular Session – October 18, 2017

**b) Set Next Meeting, Date and Time:**

- 1) Wednesday, November 8, 2017 at 5:30 p.m. – Work Session
- 2) Wednesday, November 15, 2017 at 6:30 p.m. – Regular Session
- 3) Wednesday, November 22, 2017 at 6:30 p.m. - Council Hears Planning & Zoning – CANCELLED by Resolution 2017-972
- 4) Wednesday, December 6, 2017 at 6:30 p.m. – Regular Session

**c) Possible authorization for the Mayor (or Vice Mayor) to execute required documents to facilitate the donation of parcel 404-15-149, in Verde Lakes Unit 2 subdivision. [Staff Resource: Russ Martin]**

**d) Possible approval of Liquor License Application for Acquisition of Control**

**for Jodi L. Vurnovas, Good 2 Go Stores, LLC, located at 1897 Pueblo Ridge Road, Suite A in Camp Verde, Arizona. (Staff Resource: Judy Morgan)**

**5. Special Announcements and presentations:**

None.

**6. Call to the Public for items not on the Agenda. (Please complete Request to Speak Card and turn in to the Clerk.)**

Alex Goetting addressed Council regarding a signage issue, indicating that although he is following ARS § 16-1019, his signs are still being removed and confiscated by the Town of Camp Verde. Goetting questioned if this situation was going to continue to happen and how it would be handled.

Deborah Moody informed Council that Ida Larson, a prominent community member who had been instrumental in the Verde Lakes area has passed away and her services would be held on November 5<sup>th</sup>, 2017. There will also be a Fire Preparedness and Community Event held at the Verde Lakes Water Company location on November 10<sup>th</sup> at 6:00pm.

**7. Business. Legal action can be taken.**

**7.1. [Discussion and possible] approval of the Library Posting and Display Policy and Application. [Staff Resource: Kathy Hellman]**

Library Director Kathy Hellman spoke about upcoming events, including an Art Contest where the winning participant's entry portraying the Verde Water Way will become part of a coloring book distributed throughout the State of Arizona.

Councilor Dee Jenkins pointed out a spelling error for correction on the manual before publication.

On a motion by Councilor Whatley, seconded by Councilor Jackie Baker, Council unanimously approved the updated version of the POSTING & DISPLAY POLICY and the DISPLAY APPLICATION for inclusion in the Camp Verde Library Policies & Practices manual and publication on the library website.

**7.2. Ordinance 2017-A427, An Ordinance of the Mayor and Common Council of the Town of Camp Verde, Yavapai County, Arizona amending the Town Zoning Map to change the Zoning Classification of an approximately 1-acre parcel, located at 2480 N. Arena Del Loma, APN # 403-19-137, from R1-35 (Residential: Single Family 35,000-Square-Foot Minimum Lot Size) District to RS (Residential and Services [Staff Resources: Carmen Howard]**

Community Development Director Carmen Howard briefly explained to Council the necessity for the change in zoning classification per the submitted application. Howard indicated that the ABIDE Maternity Home would like to expand and in order to do so, the change in zoning is required. The location of the property conforms to the General Plan and Howard recommended the approval from Council.

Councilor Jackie Baker questioned the number allowance in the facility. Howard clarified that it is five mothers with five babies, totaling 10 residents and with the additional building; the facility would be able to house an additional 10. Councilor



Baker questioned the well and septic situation on the property and if expansion was feasible with the rules and regulations in place. Howard expressed that she did not have the exact answer but would report to Council with the information. Howard also explained that such issues are regulated through Yavapai County and not the Town of Camp Verde.

Applicant, Michelle Evans extended her appreciation for the Council's consideration of her request. Evans also indicated that the existing septic has been modified in accordance with the possibility of having a second building. Evans spoke of the positive impacts being seen at the facility and the opportunity provided to equip mothers to make changes that may not have been available elsewhere.

On a motion by Councilor Jackie Baker, seconded by Dee Jenkins, Council unanimously approved amending the Town Zoning Map to change the Zoning Classification of an approximately 1-acre parcel, located at 2480 N. Arena Del Loma, APN 403-19-137, from R1-35 (Residential: Single Family 35,000-Square-Foot Minimum Lot Size) District to RS (Residential and Services and providing that this ordinance shall be effective thirty (30) days after its passage and approval according to law.

**7.3. Resolution 2017-990, A Resolution of the Mayor and Common Council of the Town of Camp Verde, Yavapai County, Arizona, declaring as a Public Record a certain document filed with the Town Clerk and entitled "amendments to the Planning and Zoning Ordinances and Subdivision Regulations" dated November 1, 2017. [Staff Resource: Carmen Howard]**

On a motion by Councilor Baker, seconded by Councilor Whatley, Council unanimously approved the Resolution of the Mayor and Common Council of the Town of Camp Verde, Yavapai County, Arizona, declaring as a Public Record a certain document filed with the Town Clerk and entitled "amendments to the Planning and Zoning Ordinances and Subdivision Regulations" dated November 1, 2017.

**8. Public Hearing Agenda. Public hearing, discussion and possible action.**

**8.1. Public Hearing, Discussion and Possible Recommendation to the Town Council for Ordinance 2017-A428, An Ordinance of the Mayor and Common Council of the Town of Camp Verde, Yavapai County, Arizona, adopting by reference a certain document filed with the Town Clerk entitled "Amendments to the Planning and Zoning Ordinances and Subdivision Regulation dated November 1, 2017", amending Section 102B, Non-Conforming Uses and Structures; Section 103, Definition of Terms; Section 203, Use Districts; Section 204, Use District Regulatory Criteria; Section 301, Exceptions to Yard and Height Requirements; Section 303, Home Occupations; Section 306, Mobile/Manufactured Home Parks (MHP & RV Parks); Section 312, Shipping Containers; Section 403, Off-Street Parking and Loading; and Section 405, Outdoor Lighting", of the Town of Camp Verde Planning and Zoning Ordinances and Subdivision Regulations. [Staff Resource: Carmen Howard]**

### **8.1.1. Staff Comments.**

Community Development Director Carmen Howard briefly explained the code amendments necessary to the lighting ordinance to achieve the dark skies designation, clarification made to storage usages and requirements, building separation distances, fence height requirements and parking standards, as well as the requirement of a license for vacation rentals, which follows state law and has been vetted by the Town Attorney.

Economic Development Director Steve Ayers spoke of the Dark Skies Designation and that the process has been discussed, codes amended and rules followed for approximately 20 years.

Economic Development Specialist Sebra Choe explained to Council that the application for the Dark Skies Designation is approximately 90% complete, and is currently lacking a description of events taken place within the Town regarding Dark Skies, pictures with captions, the addition of a new light policy, measurements of sky quality and a maintained log regarding mitigated lighting. Choe explained that currently they have 67 letters of support from the community and business owners for the designation.

### **8.1.2. Public Hearing Opened.**

Mayor German opened the Public Hearing at 7:01 p.m.

Ralph Nye strongly expressed his support toward passing the Dark Sky Ordinance and receiving the Dark Skies designation. Nye shared pictures of the constellations comprised in the Milky Way galaxy taken from his home in Lake Montezuma with a restored antique telescope. Nye expressed the importance of maintaining the rare view and spoke of the need to shield lights, and the potential issues that the construction of State Route 260 and upcoming development could pose.

### **8.1.3. Public Hearing Closed.**

Mayor German declared the Public Hearing Closed at 7:13 p.m.

### **8.1.4. Council Discussion.**

No further discussion took place.

On a motion by Vice Mayor Jessie Murdock, seconded by Councilor Jackie Baker, Council unanimously approved Ordinance 2017-A428, An Ordinance of the Mayor and Common Council of the Town of Camp Verde, Yavapai County, Arizona, adopting by reference a certain document filed with the Town Clerk entitled "Amendments to the Planning and Zoning Ordinances and Subdivision Regulation dated November 1, 2017", amending Section 102B, Non-Conforming Uses and Structures; Section 103, Definition of Terms; Section 203, Use Districts; Section 204, Use District Regulatory Criteria; Section 301, Exceptions to Yard and Height Requirements; Section 303, Home Occupations; Section 306, Mobile/Manufactured Home Parks (MHP & RV Parks); Section 312, Shipping Containers; Section 403, Off-Street Parking and Loading; and Section 405, Outdoor Lighting", of the Town of Camp Verde Planning and Zoning Ordinances and Subdivision Regulations.

**9. Call to the Public for items not on the agenda. (Please complete Request to Speak Card and turn in to the Clerk.)**

None.

**10. Council Informational Reports.**

Councilor Jackie Baker apologized for not making the Halloween Trunk or Treat event but was happy to hear how successful it was. She attended NACOG on the 26<sup>th</sup> of October and wanted to remind the community of Home Weatherization Program and Transportation assistance available and the Town will need to look into the opportunities as well.

Councilor Brad Gordon attended the Nature Conservancy and toured Hauser Farms and the top of the hill overlooking the new park. He listened to speakers regarding conversation of the Verde River and they are currently working with the Forest Service and private companies to move forward with the thinning projects. Gordon attended Coffee with a Cop and handed out candy at the Halloween Trunk or Treat event.

Vice Mayor Jessie Murdock thanked the staff and other Council members for working at the Trunk or Treat Main Street event; she was able to enjoy the event with her family. She also expressed her gratitude toward Randy McDonald and McDonald Brother's Construction who brought a loader decorated for the event and handed out candy they personally purchased.

Councilor Robin Whatley concurred with Vice Mayor Murdock.

Councilor Dee Jenkins attended the Bread of Life Banquet, briefly attended the Nature Conservancy event during her lunch break and also handed out candy at the Trunk or Treat Main Street event.

Mayor Charlie German extended a thank you to staff for helping with the Halloween event and all the community members who participated as well. There were 41 sign-ups, but more than that showed up to support the event. He attended the Bread of Life Dinner where the Town of Camp Verde was recognized with a plaque, which is on display for the public.

Councilor Buck Buchanan congratulated the Town on a successful event for the Trunk or Treat and had no other input.

**11. 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 reminded Council to report to the gym at 11:45 to serve lunch to the staff on Thursday, November 2<sup>nd</sup>; and the Town Christmas Party has been tentatively set for December 16, 2017.

**12. Adjournment**

The meeting adjourned at 7:27 pm.

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Mayor Charles German

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Attest: Town Clerk Judy Morgan

**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 Council Meeting of the Town Council of Camp Verde, Arizona, held on November 1, 2017. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

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Judy Morgan, Town Clerk

**EMPLOYMENT AGREEMENT  
TOWN MANAGER**

THIS AGREEMENT ("Agreement") effective as of the \_\_\_\_\_ ("Effective Date"), by and between the Town of Camp Verde, Arizona (the "Town"), acting through its Mayor and Common Council (collectively referred to as "the Council"), and \_\_\_\_\_ Manager's name, is made upon the following terms and conditions:

Recitals:

1. Pursuant to the Employment Agreement effective \_\_\_\_\_ date \_\_\_\_\_ the Town of Camp Verde Town Council engaged \_\_\_\_\_ Name to serve as Town Manager of the Town.

2. The Town of Camp Verde Town Council desires to employ \_\_\_\_\_ as the Town Manager and \_\_\_\_\_ desires to be employed by the Town of Camp Verde as its Town Manager, as provided for in § 3-2-1 of the Town Code and subject to the provisions and terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

**SECTION 1. Powers and Duties of the Town Manager.**

A. The Town hereby employs \_\_\_\_\_ ("the Town Manager") to perform the functions and duties of Town Manager as set forth in the Town Code, as well as such other legally permissible and proper duties and functions required by law, ordinance or code or as the Council shall from time to time assign. The Town Manager shall hold office at the pleasure of the Council and may be removed without cause by a vote of at least four members of the Council, as provided for in 3-2-1 of the Town Code and A.R.S. § 9-303(C).

B. The job of Town Manager is a salaried position for which the work week is not necessarily limited to 40 hours per week. Moreover, the parties recognize that the Town Manager must devote a great deal of time outside normal office hours to the business of the Town. It is therefore agreed and understood that the Town Manager shall work full time but that he/she shall be allowed to adjust his/her office hours as reasonable and necessary to conduct the business and affairs of the Town so that the Town Manager is able, for example, to attend Council meetings, as provided for in 3-2-1 (D) (6) of the Town Code.

C. The Town Manager agrees to remain in the exclusive employ of the Town of Camp Verde during this Agreement. The term "exclusive employ" shall not be construed to preclude occasional teaching, writing, speaking, or consulting performed on the Town Manager's time off, even if outside compensation is provided for such services. Such activities are expressly allowed, provided there is no activity involving any prohibited conflict of interest with the Town and such activities do not materially detract from the Town Manager's performance of the job for the Town.

SECTION 2. Term.

A. The term of this Agreement shall continue for a period of \_\_\_\_\_ (X) years from the effective date unless otherwise terminated in accordance with Section 3 below. This Agreement shall be automatically extended for an additional \_\_\_\_ (\_\_\_) year term unless either party gives notice of termination no later than sixty (60) days prior to the then scheduled termination date.

B. Because the Town Manager serves at the pleasure of the Council and may be removed without cause as provided in A.R.S. § 9-303(C) nothing herein shall be construed to prevent, limit or otherwise restrict or interfere with the Council's right to terminate the services of the Town Manager at any time without notice, subject only to the provisions of law and Section 3 below.

C. Nothing in this Agreement shall prevent, limit, or otherwise interfere with the right of the Town Manager to resign at any time from his/her position as Town Manager, subject to the notice requirements of Section 3-A-1.

SECTION 3. Termination of Agreement.

A. Termination by Either Party. Either party to this Agreement may terminate it pursuant to the following terms:

1. The Town Manager may terminate this Agreement for any reason or no reason at all. The Town Manager agrees that if he/she intends to terminate this Agreement, he/she shall provide written notice of his/her intent to terminate at least sixty (60) days in advance of the actual termination date unless the parties mutually agree to a shorter time period.

2. The Council may terminate this Agreement at any time with good cause, without cause or as provided by statute or ordinance, with the affirmative vote of four members of the Council at any regular or special meeting, and upon written notice setting forth the grounds for and the date of the termination and pay all benefits to which the Town Manager is entitled.

B. Termination by the Town Manager. If the Town Manager terminates this Agreement, then the following provisions shall apply.

1. On the date of termination all salary payable to the Town Manager under this Agreement shall cease, except that the Town shall pay to the Town Manager all salary earned but not paid as of the date of termination. In addition, the Town shall pay to the Town Manager all amounts due and owing for vacation leave and sick leave. The Town shall make such payments not later than seven (7) days after the date of termination. The Town Manager shall be entitled to no additional compensation or additional benefits after the date of termination other than COBRA benefits.

C. Termination by the Town. If the Town terminates this Agreement, it shall comply with the following terms and conditions.

1. Any Separation from Service by the Council. Separation of service may be accomplished through Town Code §3-1-3 or by negotiated resignation.

2. Termination for Cause. If the Town terminates this Agreement for good cause, the Town shall only be required to pay such salary as the Town Manager has earned but not been paid as of the date of termination, together with any additional amounts due and owing for accrued vacation leave and sick leave under the Town's personnel policies and procedures then in effect with regard to other full-time employees within three (3) days following the date of termination. The Town Manager shall be entitled to no additional benefits after the date of termination other than COBRA benefits. Good Cause includes material act(s) or omission(s) on the part of the Town Manager which is/are recognizable as a breach of a material provision of this Agreement, a conflict of interest, a criminal act, a violation of law or regulation, or misconduct. Good cause shall include the consistent, if intermittent, failure to perform the job of Town Manager in a reasonable, professional, and adequate fashion which continues or reoccurs after 10 days' written notice such that the failure is unacceptable. Good cause will include the inability to perform the job. The Town Manager shall be deemed unable to perform if Town Manager shall become permanently physically or otherwise disabled or suffer from injury, condition or illness which renders or is expected to render Town Manager, after reasonable accommodation, unable to perform the job of Town Manager for a period of in excess of 120 days.

3. Termination Without Cause Plus Severance Pay/Settlement. In the event the Town Manager is terminated by the Council (or forced to resign) without cause, the Town agrees to pay the Town Manager a severance payment equivalent to six (6) months of the Town Manager's Annual Base Salary. The Town Manager shall also be paid any accrued vacation and sick leave due as of the date of termination, in accordance with Town Code 3-1-3 (B).

4. Execution and Delivery of Settlement Agreement and Release. As a condition precedent to receiving any severance pay, the Town Manager shall execute and deliver to the Town an appropriate severance agreement and release acceptable to both parties, but which shall include the Town Manager's: (i) full release of the Town, the Town Council members, and all agents, representatives and employees of the Town of and from any and all claims and causes of action including, but not limited to, any and all actual or potential claims, demands, damages, causes of action or liability arising out of the Town Manager's employment or termination of employment with/by the Town, including any discrimination claims or actions; and (ii) an agreement not to initiate or cause to be initiated any lawsuit, claim, grievance, proceeding or investigation of any kind against the Town or any Town Council member, agent, representative or employee arising out of his/her employment.

5. Notice. Should the Town elect not to pursue renewal of the existing agreement or negotiations for a new agreement with the Town Manager at the termination of this agreement, Town shall provide the Town Manager with sixty (60) days' notice indicating its decision not to pursue renewal or negotiation of a new agreement with the Town Manager. Such non-renewal of the existing agreement shall not be deemed to be termination without cause.

D. Employment Work Product.

1. All memoranda, notes, records, other documents made or composed by employee, or made available to him during his employment, or any products, methods, or procedures concerning or in any way relating to the business or affairs of the Town will be the Town's

property and will be delivered to the Town upon the termination of employment or at any other time upon request.

#### SECTION 4. Compensation.

A. The Town agrees to pay the Town Manager an annual base salary of \$\_\_\_\_\_.00 for the first year of the Agreement, effective as of the Effective Date (the "Annual Base Salary"). The Annual Base Salary may be increased or decreased each year, effective on the anniversary date, by the same cost of living increase or decrease factor as applicable to all Town employees. In addition, from time to time during the period this Agreement is in effect, the Council may, within its sole discretion, grant the Town Manager such increases in salary as the Council deems appropriate, if any. Payment of this compensation shall be prorated and made on a bi-weekly basis, commencing with the first pay period after the Effective Date of this Agreement.

#### SECTION 5. Expense Reimbursement.

A. The Town shall reimburse the Town Manager for reasonable travel, food, lodging and other similar expenses incurred by the Town Manager in the performance of his/her official duties, in accordance with the same policies and procedures applicable to other employees as such policies and procedures currently exist or are hereafter amended. The Town Manager shall be authorized and allowed to use a Town credit card for purposes of charging reasonable business expenses incurred in conducting Town business. Business travel outside of the State of Arizona must be pre-approved in the Council's sole discretion and the Town Manager shall only be reimbursed and be allowed to charge for reasonable travel, food, lodging and similar expenses related thereto if the Council has, in its sole discretion, approved of such out-of-state travel.

B. The Town also agrees to assist the Town Manager in personal and professional development in his/her profession and shall annually set aside an amount allocated for the Town Manager's dues and membership fees in three (3) professional organizations such as the International City/County Management Association ("ICMA") and the Arizona City-County Managers Association ("ACMA"). The Town shall also pay the reasonable costs for the Town Manager to attend relevant or necessary educational conferences and seminars that will advance the business interests or affairs of the Town, or will enhance the Town Manager's professional knowledge, judgment, or performance. Examples of such conferences and seminars are those sponsored or held by the League of Arizona Cities and Towns, the ICMA, ACMA, and such others as the Council may approve.

C. It is the Town's desire that the Manager be a credentialed city/town manager (ICMA-CM). Reimbursement for this credentialing requires conformance with Town of Camp Verde Personnel Manual Policy 6-1 Education Assistance.

D. The Town shall provide Town Manager with a phone and the business use of a personal vehicle will be reimbursed at the then current IRS rate after submission by Town Manager of a reimbursement request.

E. The Town will reimburse other reasonable expenses incurred by Town Manager while he/she is engaged in Town business after submission by Town Manager of a reimbursement request.



F. Moving and Relocation Expenses – The Council desires that the Town Manager live within the Camp Verde Town limits. The Town will pay normal and usual moving expenses up to Five Thousand dollars (\$5,000) for the relocation of the Employees’ belongings and household items to a residence in the Town of Camp Verde. The Town will either pay a moving company or reimburse the Employee for these expenses after submittal of receipts. Reimbursement of moving expenses over Five Thousand dollars (\$5,000) must be negotiated in advance.

SECTION 6. Insurance Coverages.

A. The Town Manager shall be covered by the same family medical and dental plans as all other full-time employees of the Town.

B. The coverages provided for herein shall be subject to such changes as the Town or its insurance carrier may make from time to time applicable to all full-time employees of the Town. Additionally, any other coverages that may be added by the Town in the future and which are applicable to other full-time employees of the Town will be made available to the Town Manager on the same terms and conditions extended to such other employees and/or their dependents.

SECTION 7. Other Benefits.

A. Vacation Leave.

1. The Town Manager shall be entitled to accrue and use vacation leave at the rate and under the terms and conditions which apply to other Town employees pursuant to the Town of Camp Verde, Arizona Personnel Manual dated \_\_\_\_\_, with the exception that upon written request by the Town Manager, the Town Manager shall be paid his/her accrued but unused vacation time, subject to all IRS and state tax regulations and deductions.

2. Upon termination of employment, the Town shall pay the Town Manager for his/her accrued but unused vacation leave.

B. Sick Leave.

1. The Town Manager shall accrue sick leave as per Town of Camp Verde Personnel Manual.

C. Holidays. The Town Manager shall also be afforded with paid holidays according to the Camp Verde Personnel Manual in effect at that time.

D. Retirement. The Manager’s membership in Arizona State Retirement (ASR) shall be on the same basis as all other Town Employees and the Town’s contribution shall be on the same basis as for all other employees.

SECTION 8. Residency Within the Town.

The Town Council believes that the Town Manager will be more knowledgeable regarding the needs of the Town and its citizenry and better able to meet those needs if he/she resides full time

within the Town limits as required by Town Code 3-1-1. The Town Manager agrees to reside within the Town limits or the 86322 zip code area within 120 days of the date of hire, on a full-time basis and the failure to do so shall be considered good cause for termination.

#### SECTION 9. Performance Evaluation.

A. The Council shall review and evaluate the performance of the Town Manager on or about the first week of February of each calendar year during the period this Agreement is in effect. The review shall be in accordance with specific criteria developed jointly by the Council and the Town Manager. Said criteria may be added to or deleted as the Council may from time to time determine, in consultation with the Town Manager.

B. As and when required pursuant to Section 9.A of this Agreement, the Council and the Town Manager shall jointly define such goals and performance objectives that they determine necessary for the proper operation of the Town of Camp Verde, Arizona, and in the attainment of the Council's policy objectives and shall further establish a relative priority among those various goals and objectives; said goals and objectives to be reduced to writing. Any problem issues must be resolved in a timely manner as agreed mutually between Town and the Manager. If the parties are unable to agree, either party may terminate pursuant to Section 3.A of this Agreement.

#### SECTION 10. Indemnification.

To the extent it may be permitted to do by applicable law, the Town does hereby agree to defend, hold harmless, and indemnify Manager from any and all demands, claims, suits, actions, judgments, expenses and reasonable attorneys' fees incurred in any legal proceedings brought against Manager in the Manager's individual or official capacity as an employee and as Town Manager, providing the incident(s), which is (are) the basis of any such demand, claim, suits, actions, judgments, expenses and attorneys' fees, arose or does arise in the future from an act or omission of Manager, as an employee of the Town, acting within the course and scope of the Manager's employment with the Town; excluding, however, any such demand, claim, suits, actions, judgments, expenses and attorneys' fees for those claims or any causes of action where it is determine that the Manager committed official misconduct, or committed a willful or wrongful act or omission, or an act or omission constituting gross negligence, or acted in bad faith; and excluding any costs, fees, expenses or damages that would be recoverable or payable under an insurance contract, held either by the Town or by the Manager. Manager recognizes that the Town shall have the right to compromise and settle any claim or suit. The provisions of this Section 10 shall survive termination, expiration or other end of this Agreement and/or the Manager's employment with the Town.

#### SECTION 11. Notices.

Notices pursuant to this Agreement shall be given: by hand delivery to the party receiving notice; or by deposit in the custody of the United States Postal Service, first class postage prepaid or through overnight carrier service, addressed as follows or as such address may be changed from time to time upon notice to the other. Notice shall be deemed given when delivered, mailed or transmitted by overnight carrier as provided above and shall be deemed received the day it is hand delivered, three business days after being mailed, or one business day after being transmitted by overnight carrier.

Town: Mayor \_\_\_\_\_  
Town of Camp Verde  
473 S. Main St., Ste. 102  
Camp Verde, Arizona 86322

Town Attorney  
Address Line 1  
Address Line 2

Town Manager: \_\_\_\_\_  
Town of Camp Verde  
473 S. Main St., Ste. 102  
Camp Verde, Arizona 86322

Town Manager  
Home Address Line 1  
Home Address Line 2

SECTION 12. General Provisions.

A. Entire Agreement. This Agreement constitutes the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement may not be modified or amended other than by an agreement in writing signed by both Parties.

B. Severability. The invalidity in whole or part of any provision hereof shall not affect the validity of any other provision hereof and this Agreement shall remain in full force and effect except as to such invalid provision.

C. Conflict of Interest. Pursuant to A.R.S. § 38-511, the Town of Camp Verde may cancel this Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the agreement on behalf of the Town is, at any time while the agreement or any extension of the agreement is in effect, an employee or agent of any other party to the agreement in any capacity or a consultant to any other party of the agreement with respect to the subject matter of the agreement. In the foregoing event, the Town of Camp Verde further elects to recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting, or creating this Agreement on behalf of the Town of Camp Verde from any other party to the agreement arising out of this Agreement.

D. Modification or Amendment. Nothing herein shall prohibit the parties from modifying or amending the terms and conditions of this Agreement; provided, however, such amendment or modification shall only be effective if made in writing that is executed by the parties and supported by reasonable and sufficient consideration.

E. Governing Law. This Agreement shall be governed by the laws of the State of Arizona,

and any suit to enforce or interpret any provision hereof or to obtain any remedy with respect hereto may be sought only in the superior court for Yavapai County, Arizona. Each party irrevocably consents to jurisdiction and venue in said court.

F. Waiver. Failure of party to exercise any of its rights with respect to a breach of this Agreement shall not constitute a waiver of the same or similar breach in the future or any right that the party may have with respect to any other breach.

G. Headings. The headings provided in this agreement are for convenience and shall not affect the interpretation or enforcement of this agreement.

H. The Parties agree that they are not currently engaged in, and agree that for the duration of the Agreement they will not engage in, a boycott of Israel, as that term is defined in A.R.S. §35- 393.

IN WITNESS THEREOF, the Town of Camp Verde has caused this Agreement to be signed and executed in its behalf by its Mayor and duly attested by its Town Clerk, and the Town Manager has signed and executed this Agreement, both in duplicate, the day and year first written above.

\_\_\_\_\_  
Name, Town Manager

\_\_\_\_\_  
Name, Mayor of Camp Verde

Attest:

Approved as to form:

\_\_\_\_\_  
Name, Town Clerk

\_\_\_\_\_  
Name, Town Attorney

Law Firm

## References in Contract/Agreement Template

### TOWN CODE

#### Town Code SECTION 1-3-2 DEFINITIONS

Council. When the word "Council" is used, it shall mean the Town Council of the Town of Camp Verde.

#### Town Code SECTION 2-1-4 VACANCIES IN COUNCIL

The vacancy shall not reduce any Council quorum requirements.

#### Town Code SECTION 2-3-5 QUORUM

No action shall be taken unless a quorum is present. Four or more Council members (the Mayor counting as a member) shall constitute a quorum for transacting business, but a lesser number may adjourn from time to time to

compel the attendance of absent members. In any meeting where a quorum is present, it shall take a majority vote of the entire Council, or a minimum of four (4) votes, to enact any measure, resolution, ordinance, or other business on the agenda.

#### Town Code SECTION 2-3-6 PREPARATION OF AGENDA

- A. Prior to each Council meeting, or on or before a time fixed by the Council for preparation and distribution of an agenda, whichever is earlier, the Clerk shall collect all written reports, communications, ordinances, resolutions, contracts and other documents to be submitted to the Council, prepare an agenda in consultation with the Manager, Mayor, and no more than two (2) Councilmembers of the Council according to the order of business and furnish each Council member, the Mayor and the attorney with a copy of the agenda and other necessary reports and materials together with a copy of the minutes of the last preceding Council meeting. From time to time, addenda and late additions to the agenda are required and may be authorized by the Manager and Mayor due to extenuating circumstances beyond the control of the person requesting the addendum or late addition. All Council members are authorized to place item(s) on the agenda. Agenda item requests are to be submitted in written form to the Clerk. If the number of scheduled agenda items prevents the scheduling of a requested agenda item, the Mayor (with the consent of the requesting Council member) may schedule the requested item to be heard at the next meeting of the Council.

#### Town Code SECTION 3-1-1 RESIDENCY

Residency within Town limits for department heads or other personnel may be required for certain positions as reflected in the advertising for the position. To satisfy the residency requirements, persons are required to establish residency within the Town of Camp Verde Town limits or the 86322 zip code area within 120 days of the date of hire. There are no exceptions to this requirement. The residency requirements for the Town Manager is set forth in Section 3-2-1 of the Town Code, and residency requirement for the Town Marshal is set forth in Section 3-2-4 of the Town Code.

#### Town Code SECTION 3-1-3 REMOVAL PROVISIONS

- A. Removal for Cause.

The Town Manager and the Town Attorney will be reviewed by the Town Council using procedures that may be adopted by motion of the Council and may be removed from their positions for cause. All other department heads and classified employees report to the Town Manager and may be removed for cause. "Removal for Cause" includes failure to receive satisfactory performance reviews, violation of adopted work rules in the Personnel Handbook, violation of drug policies, conviction of a criminal offense involving moral turpitude, loss of any

professional license or other qualification necessary for the position, and failure to fulfill tasks assigned by the job description.

B. Termination Other than For Cause.

The Town Manager, Town Attorney (if employed by the Town), may be removed by the Council other than for cause, by offering severance pay of six (6) months' salary, conditioned on the employee and Town signing a mutual release for any employment claims, and including other terms mutually agreeable, as may be authorized by ARS §9-239.C, as may be amended.

C. A manager or department head shall provide the Council with thirty days' written notice of intention to resign his position.

### Town Code SECTION 3-2-1 TOWN MANAGER

A. Office Established. The office of Town Manager is hereby established.

B. Appointment of Town Manager. The Town Manager shall be appointed by majority vote of the Council on the basis of executive and administrative ability and shall hold office at the pleasure of the Council.

C. Eligibility. No member of the Council, their spouse or relatives to the first degree shall be eligible for appointment as Town Manager until one year has elapsed after such Council member shall have ceased to be a member of the Council. Prior to January 2014, the Town Manager shall be a resident of the Town, unless such requirement is waived by the Council. After January 2014, The Town Manager is required to establish residency within the Town limits of the Town of Camp Verde or the 86322 Zip Code area within 120 days of the date of hire. There are no exceptions to this requirement.

D. Powers and Duties of Town Manager. The Town Manager is the administrative head of the government of the Town under the direction and control of the Council, except as otherwise provided in this Article. He shall be responsible for the efficient administration of all the affairs of the Town that are under his control. In addition to his general powers as administrative head and not as a limitation thereon, it shall be his duty and he shall have the following powers:

1. Law Enforcement. To see that all laws and ordinances of the Town and all franchises, contracts, permits, and privileges granted by the Council are faithfully observed and to report any failure in that regard to the Council. The Council shall then give such instruction and direction as it may desire for remedial, corrective or terminating action by the Manager.

2. Authority Over Employees. To control, order and give direction to all heads of departments (other than Council-appointed officers) and to subordinate officers and employees of the Town under his jurisdiction through their department heads.

3. Power of Appointment and Removal. To appoint, remove, promote, and demote any and all officers and employees of the Town, except the Town Attorney and the Town Magistrate, all of whom shall be appointed by the Council. As to these officers, he shall recommend appointment and removal to the Council. All such actions of the Manager shall be subject to all applicable personnel ordinances, rules and regulations, and state statutes.

4. Administrative Reorganization of Offices. To conduct studies and effect such administrative reorganization of offices, positions, or units under his direction as may be indicated in the interest of efficient, effective, and economical conduct of the Town's business.

5. Ordinances. To recommend to the Council for adoption such measures and ordinances as he deems necessary.

6. Attendance at Council Meetings. To attend all meetings of the Council unless the Mayor excuses him individually or unless the Council excuses him, except when his removal is under consideration, in which case the Town Manager's attendance at a meeting shall be

governed by the Arizona Open Meeting Law (A.R.S. § 38-431 et seq., as may be amended). He may present recommendations relative to each item on the agenda for approval, rejection, or modification by the Council, and prepare the agenda as provided in Section 2-3-6.A.

7. Financial Reports. To keep the Council at all times fully advised as to the financial condition and needs of the Town.
8. Budget. To prepare and submit a proposed annual budget and a proposed annual salary plan to the Council.
9. Investigations and Complaints. To make investigations into the affairs of the Town and performance of any obligations of the Town and to report all findings to the Council. Further, it shall be the duty of the manager to investigate all complaints in relation to matters concerning the administration of the Town government. If the investigation involves the conduct of a person reporting directly to the Council (the Town Manager or Town Attorney) the Mayor and Vice-Mayor shall designate a person to conduct the investigation. If the Mayor and Vice Mayor cannot agree on such designation, the matter shall be referred to the Council.
10. Public Buildings. To exercise general supervision over all public buildings, parks, and other public property under the control and jurisdiction of the Council.
11. Additional Duties. To perform such other duties as may be required by the Council, not inconsistent with federal law, state law, or Town ordinances.
12. Salary Schedule. To recommend to the Council, a standard schedule of pay for each appointive office and position in Town service, including minimum, intermediate and maximum rates. To authorize the payment of overtime pay for such employees as may work in excess of a normal work period. Such rates of pay and periods of work shall be in conformity with rates and salaries enacted by the Council.
13. Documents. To sign contracts for budgeted items and other documents that are necessary to conduct the business and affairs of the Town per the Town Policy and Operations Guide.

#### E. Internal Relations.

1. Council-Manager Relations. The Council and its members shall deal with the administrative services of the Town only through the Town Manager, except for the purpose of inquiry, and neither the Council, nor any member thereof shall give orders or instructions to any subordinates of the Town Manager. The Town Manager shall take his orders and instructions from the Council only when sitting in a duly convened meeting of the Council, and no individual Council member shall give orders or instructions to the Town Manager.

F. Attendance at Commission Meetings. The Town Manager may attend any and all meetings of the planning and zoning commission and all other commissions, boards or committees created by the Council. He shall cooperate to the fullest extent possible with the members of all commissions, boards, or committees appointed by the Council.

G. Other Departments. The Town Manager may, with the concurrence of the Council, establish other departments (in addition to the departments set forth in this Code) to conduct the business and affairs of the Town.

H. Before appointing a person to fill the positions of Town Clerk, Town Marshal, Director of Public Works/Town Engineer or any other department head position, the Town Manager shall solicit input from no more than three persons serving on the Council.

## **PERSONNEL POLICY 7-1-2015**

### **Personnel Policy § 3-2-1 SECTION 3-2-1 PURPOSE**

The classification plan shall be developed and maintained so that all positions substantially similar with respect to duties, responsibilities, authority, and character of work are similarly classified and compensated, and positions substantially different in scope complexity are appropriately classified and compensated.

## **ARIZONA REVISED STATUTES**

### **A.R.S. § 9-303(C) City or town manager**

C. The person appointed to the office of city or town manager shall serve at the pleasure of the governing body of the city or town and may be removed without cause by a majority vote thereof.

### **A.R.S. § 38-511. Cancellation of political subdivision and state contracts; definition**

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

B. Leases of state trust land for terms longer than ten years cancelled under this section shall respect those rights given to mortgagees of the lessee by section 37-289 and other lawful provisions of the lease.

C. The cancellation under this section by the state or its political subdivisions shall be effective when written notice from the governor or the chief executive officer or governing body of the political subdivision is received by all other parties to the contract unless the notice specifies a later time.

D. The cancellation under this section by any department or agency of the state or its political subdivisions shall be effective when written notice from such party is received by all other parties to the contract unless the notice specifies a later time.

E. In addition to the right to cancel a contract as provided in subsection A of this section, the state, its political subdivisions or any department or agency of either may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the state, its political subdivisions or any department or agency of either from any other party to the contract arising as the result of the contract.

F. Notice of this section shall be included in every contract to which the state, its political subdivisions, or any of the departments or agencies of either is a party.

G. For purposes of this section, "political subdivisions" do not include entities formed or operating under title 48, chapter 11, 12, 13, 17, 18, 19 or 22.





**Agenda Item Submission Form – Section I**

**Meeting Date:** November 15, 2017

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

**Requesting Department:** Town Clerk

**Staff Resource/Contact Person:** Virginia Jones

**Agenda Title (be exact:** Public Hearing and possible approval of Liquor License Application #13133058 for Dan Charles Pierce-Pierce Wines Arizona, LLC located at 4626 Old Hwy 279 Camp Verde, AZ 86322

**List Attached Documents:**

**Estimated Presentation Time:** 5

**Estimated Discussion Time:** 5

**Reviews Completed by:**

- Department Head: \_\_\_\_\_       Town Attorney Comments: N/A
- Finance Department N/A  
     **Fiscal Impact:** None  
     **Budget Code:** \_\_\_\_\_ **Amount Remaining:** \_\_\_\_\_  
     **Comments:** \_\_\_\_\_

**Background Information:** Staff Received the application and posted the necessary paper work on October 24, 2017 for the required 20 days.

**Recommended Action (Motion):** Move to approve application

**Instructions to the Clerk:** Process application



17 OCT 17 11:44 AM

Arizona Department of Liquor Licenses and Control
800 W Washington 5th Floor
Phoenix, AZ 85007-2934
www.azliquor.gov
(602) 542-5141

DLIC USE ONLY

License # 13133058
Date Accepted: 10-17-17
CSR: SG

Application for Liquor License
Type or Print with Black Ink

APPLICATION FEE AND INTERIM PERMIT FEES (IF APPLICABLE) ARE NOT REFUNDABLE
A service fee of \$25 will be charged for all dishonored checks (A.R.S. § 44-6852)

SECTION 1 Type of License

- Interim Permit
New License
Person Transfer
Location Transfer (series 6, 7 and 9)
Probate/ Will Assignment/ Divorce Decree (No Fees)
Seasonal

SECTION 2 Type of Ownership

- J.T.W.R.O.S.
Individual
Partnership
Corporation
Limited Liability Co
Club
Government
Trust
Tribe
Other (Explain)

SECTION 3 Type of license

- Add Sampling Privilege for Series 9 and 10 only (Complete Sampling Privilege application)
Add Growler privileges (restaurant, series 12, license only. 300-foot restriction applies)

1.Type of License (restaurant, bar etc.): Domestic Farm Winery 2. LICENSE # (if issued): 13133058

SECTION 4 Applicants

1. Agent's Name: Pierce Dan Charles
2. Applicant/Licensee Name: Pierce Wines Arizona, LLC.
3. Business Name (Doing Business As-DBA): Pierce Wines Arizona, LLC
4. Business Location Address: 4626 W. Old Hwy 279 Camp Verde AZ 86332 Yavapai
5. Mailing Address: 5133 E Kathleen Rd Scottsdale AZ 85254
6. Business Phone: 602-320-1722 Daytime Contact Phone: 602-320-1722
7. Email Address: Dan@BodegaPierce.com

8. Is the Business located within the incorporated limits of the above city or town? Yes No
If you checked no, in what City, Town, County or Tribal/Indian Community is this business located?

Fees: Application 100.00 Interim Permit Site Inspection Finger Prints 60.00 Total of All Fees 160.00
Department Use Only
Is Arizona Statement of Citizenship & Alien Status for State Benefits complete? Yes No

**SECTION 5 Background Check**

EACH PERSON LISTED MUST SUBMIT A QUESTIONNAIRE, FINGERPRINT CARD ALONG WITH \$22. PROCESSING FEE PER CARD.

1. If the applicant is an entity, not an individual, answer questions 1a-b.

a) Date Incorporated/Organized: 03-05-2012 State where Incorporated/Organized: AZ

b) AZ Corporation or AZ L.L.C. File No: L-17440573 Date authorized to do business in AZ: 03-05-2012

2. List any individual or entity that own a beneficial interest of 10 % or more and/or controls the license. If the applicant is owned by another entity, attach an organizational chart showing the ownership structure. Attach additional sheets as needed to disclose any controlling person, member, shareholder or general partner who owns a beneficial interest of 10 % or more of the license.

Last	First	Middle	Title	%Owned	Mailing Address	City	State	Zip
Pierce America Trust			Manager <i>Member</i>	100	5133 E. Kathleen Rd,	Scottsdale,	AZ	85254
See Attached Flow Chart								

(Attach additional sheet if necessary)

**SECTION 6 Interim Permit**

If you intend to operate business while your application is pending you will need an interim permit pursuant to A.R.S.§4-203.01 For approval of an interim permit:

- There **must** be a valid license of the same series issued to the current location you are applying for **OR**
- A Hotel/Motel license is being replaced with a restaurant license pursuant to A.R.S.§4-203.01 (A)

1. Enter license number currently at the location: \_\_\_\_\_

2. Is the license currently in use?  Yes  No If no, how long has it been out of use? \_\_\_\_\_

I, (Signature) \_\_\_\_\_ declare that I am the CURRENT OWNER, AGENT, OR CONTROLLING PERSON on the stated license and location.

**Attach a copy of the license currently issued at this location to this application.**

**NOTARY**

State of Arizona )  
County of \_\_\_\_\_ )

On this \_\_\_\_\_ Day of \_\_\_\_\_, 20\_\_\_\_ before me personally appeared \_\_\_\_\_  
Day Month Year (Print Name of Document Signer)

Whose identity was proven to me on the basis of satisfactory evidence to be the person who he or she claims to be and acknowledged that he or she signed the above/attached document.

\_\_\_\_\_  
Signature of NOTARY PUBLIC

(Affix Seal Above)

**SECTION 7 Probate, Receiver, Bankruptcy Trustee, Assignment, or Divorce Decree of an existing liquor license ARS § 4-204**

EACH PERSON LISTED MUST SUBMIT A QUESTIONNAIRE, FINGERPRINT CARD ALONG WITH \$22. PROCESSING FEE PER CARD.

1. Current Licensee's Name: \_\_\_\_\_

(Exactly as it appears on the license) Last First Middle

2. Assignee's Name: \_\_\_\_\_

Last First Middle

License Number: \_\_\_\_\_

**ATTACH A COPY OF THE DOCUMENT THAT SPECIFICALLY ASSIGNS THE LIQUOR LICENSE TO THE ASSIGNEE.**

# PIERCE AMERICA TRUST

8. If the corporation/L.L.C. is owned by another entity, attach a percentage of ownership chart, and a director/officer/member disclosure for the parent entity. Attach additional sheets as needed in order to disclose personal identities of all owners.

Last	First	Middle	% Owned	Mailing Address	City-State-Zip
Pierce, Dan, Charles		Trustee	50	5133 East Kathleen Road, Scottsdale, AZ 85254	
Pierce, Barbara, Jean		Trustee	50	5133 East Kathleen Road, Scottsdale, AZ 85254	

(ATTACH ADDITIONAL SHEET IF NECESSARY)

12 JUL 12 11:41 AM '03

**SECTION 8 Government (for Cities, Towns or Counties only)**

1. Government Entity: \_\_\_\_\_

2. Person/Designee: \_\_\_\_\_  
Last First Middle Daytime Contact Phone #

**A SEPARATE LICENSE MUST BE OBTAINED FOR EACH PREMISES FROM WHICH SPIRITUOUS LIQUOR IS SERVED.**

**SECTION 9**  Person to Person – Current Licensee Information ARS§4-203(C), (D), (G)  
(Bar and Liquor Stores only – Series 06, 07 and 09)

1. License #: \_\_\_\_\_

2. Current Agent Name: \_\_\_\_\_  
Last First Middle

3. Current Licensee Name: \_\_\_\_\_  
(Exactly as it appears on the license)

4. Current Business Name: \_\_\_\_\_  
(Exactly as it appears on the license)

5. Current Daytime Phone: \_\_\_\_\_ Primary Email Address: \_\_\_\_\_

6. Does current licensee intend to operate the business while this application is pending?  Yes  No

7. I authorize the transfer of this license to the applicant: \_\_\_\_\_  
Signature or Agent or Individual controlling person

**NOTARY**

State of Arizona )  
County of \_\_\_\_\_ )

On this \_\_\_\_\_ Day of \_\_\_\_\_, 20\_\_\_\_ before me personally appeared \_\_\_\_\_  
Day Month Year (Print Name of Document Signer)

Whose identity was proven to me on the basis of satisfactory evidence to be the person who he or she claims to be and acknowledged that he or she signed the above/attached document.

\_\_\_\_\_  
Signature of NOTARY PUBLIC

(Affix Seal Above)

**SECTION 10 Proximity to Church or School - Questions to be completed by 6, 7, 9, 10 and 12G applicants.**

**A.R.S. §4-207.** (A) and (B) state that no **retailer's license** shall be issued for any premises which are at the time the license application is received by the director, within three hundred (300) horizontal feet of a church, within three hundred (300) horizontal feet of a public or private school building with kindergarten programs or grades one (1) through (12) or within three hundred (300) horizontal feet of a fenced recreational area adjacent to such school building.

**The above paragraph DOES NOT apply to:**

- a) Restaurants that do not sell growers (A.R.S. §4-205.02) Series 12
- b) Hotel/motel license (A.R.S. §4-205.01) Series 11
- c) Microbrewery (A.R.S. §4-205.08) Series 3
- d) Craft Distillery (A.R.S. §4-205.10) Series 18
- e) Government license (A.R.S. §4-205.03) Series 5
- f) Playing area of a golf course (A.R.S. §4-207 (B)(5))
- g) Wholesaler/Distributor Series 4
- h) Farm Winery Series 13
- i) Producer Series 1



1. Distance to nearest School: 2 miles  
 (If less than one (1) mile note footage)

2. Distance to nearest Church: 1.4 miles  
 (If less than one (1) mile note footage)

Name of School: Yavapai Apache Montessori  
 Address: 3580 Smith Ave, Camp Verde, AZ 86322

Name of Church: Middle Verde Rock Church  
 Address: 2221 Reservation Loop Rd., Camp Verde, AZ 86322

**SECTION 11 Business Financials A.R.S.§4-202(F)**

1. I am the:

- Tenant: a person who holds the lease of a property; a lessee.
- Sub-tenant: a person who holds a lease which was given to another person (tenant) for all or part of a property.
- Owner
- Purchaser
- Management Company

2. If the premises is leased give lessors: Name: Caduceus Cellars, LLC (the "Host Winery")

Address: 4626 Old Hwy 279 Camp Verde AZ 86332  
Street City State Zip

3. What is the penalty if the lease is not fulfilled? \$ none or Other: \_\_\_\_\_

4. Total money borrowed for the Business not including lease? \$ none

Please List Lenders/People you owe money to for business.

Last	First	Middle	Amount Owed	Mailing Address	City	State	Zip

(Attach additional sheet if necessary)

5. Has a license or a transfer license for the premises on this application been denied by the state within the past year?  
 Yes  No If yes, attach explanation.

6. Does any spirituous liquor manufacture, wholesaler, or employee have an interest in your business?  
 Yes  No If yes, attach explanation.

**SECTION 12 Diagram of Premises**

Check ALL boxes that apply to your business:

Walk-up or drive-through windows

Patio:  Contiguous  Non-Contiguous within 30 feet

1. Is your licensed premises now closed due to construction, renovation or redesign or rebuild?  
 Yes  No If yes, what is your estimated completion date? \_\_\_\_/\_\_\_\_/\_\_\_\_

Please attach a diagram of the premises which clearly show only the areas where spirituous liquor will be sold, served, consumed, dispensed, possessed or stored. Include all entrances, exits, interior walls, bar areas, dining areas, dance floor, stage, game room and the kitchen. **DO NOT INCLUDE** parking lots, living quarters or areas where business is not conducted under this liquor license. When completing your premises diagram, please identify which orientation is North.

2. Provide the square footage or outside dimensions of the licensed premises. Please do not include non-licensed areas such as parking lots, living quarters, etc.

3. As stated in A.R.S. §4-207.01 (B), I understand it is my responsibility to notify the Department of Liquor Licenses and Control when there are changes to the service areas or the square footage of the licensed premises, either by increase or decrease.

DP  
Applicants Initials

**RESTAURANTS AND HOTELS/MOTELS ONLY**

(IMPORTANT NOTE: A site inspection must be conducted prior to activation of the license. The fee of \$50.00 will be due and payable upon submitting this application.)

4a. Provide a detailed drawing of the kitchen and dining areas, including the locations of all kitchen equipment and dining furniture, these are required as part of the diagram. A.R.S. §4-205.02(C)

4b. Provide a restaurant operation plan.

**SECTION 13 SIGNATURE BLOCK**

I, (Signature) [Signature], hereby declare that I am the Owner/Agent filing this application, I have read this document and verify the content and all statements are true, correct and complete, to the best of my knowledge.

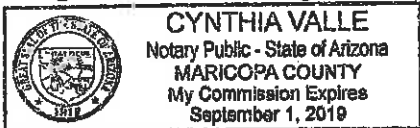
**NOTARY**

State of Arizona )

County of maricopa )

On this 10<sup>th</sup> Day of October, 20 17 before me personally appeared Dan C. Pierce  
Day Month Year (Print Name of Document Signer)

Whose identity was proven to me on the basis of satisfactory evidence to be the person who he or she claims to be and acknowledged that he or she signed the above/attached document.



(Affix Seal Above)

[Signature]  
Signature of NOTARY PUBLIC

**A.R.S. §41-1030. Invalidity of rules not made according to this chapter; prohibited agency action; prohibited acts by state employees; enforcement; notice**

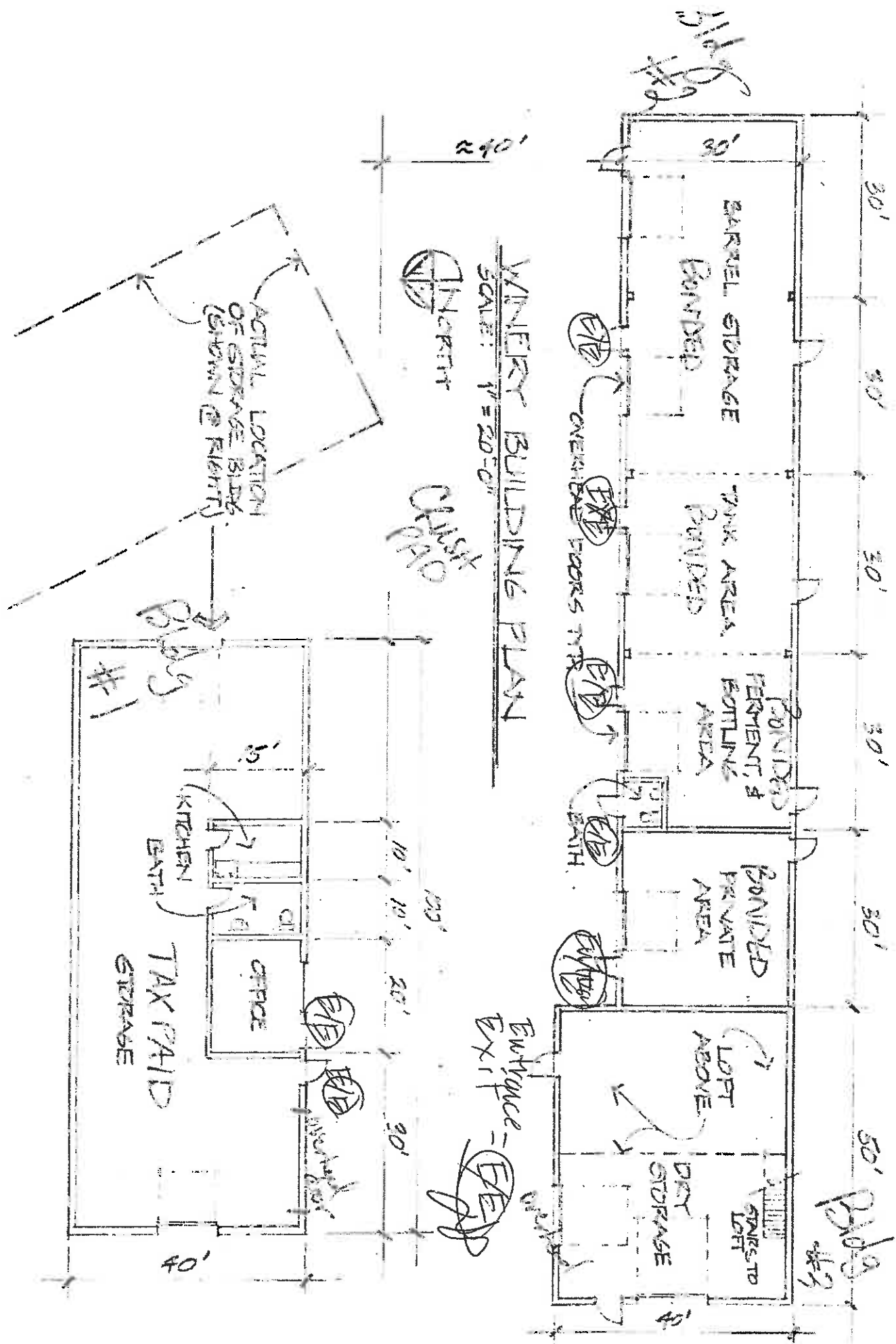
B. An agency shall not base a licensing decision in whole or in part on a licensing requirement or condition that is not specifically authorized by statute, rule or state tribal gaming compact. A general grant of authority in statute does not constitute a basis for imposing a licensing requirement or condition unless a rule is made pursuant to that general grant of authority that specifically authorizes the requirement or condition.

D. THIS SECTION MAY BE ENFORCED IN A PRIVATE CIVIL ACTION AND RELIEF MAY BE AWARDED AGAINST THE STATE. THE COURT MAY AWARD REASONABLE ATTORNEY FEES, DAMAGES AND ALL FEES ASSOCIATED WITH THE LICENSE APPLICATION TO A PARTY THAT PREVAILS IN AN ACTION AGAINST THE STATE FOR A VIOLATION OF THIS SECTION.

E. A STATE EMPLOYEE MAY NOT INTENTIONALLY OR KNOWINGLY VIOLATE THIS SECTION. A VIOLATION OF THIS SECTION IS CAUSE FOR DISCIPLINARY ACTION OR DISMISSAL PURSUANT TO THE AGENCY'S ADOPTED PERSONNEL POLICY.

F. THIS SECTION DOES NOT ABROGATE THE IMMUNITY PROVIDED BY SECTION 12-820.01 OR 12-820.02.

Lot 5000, 77 W. 2





## FIRST PUBLIC HEARING

### Town of Camp Verde Public Hearing Regarding Use of CDBG Funds November 15, 2017 6:30 p.m.

The Town is expected to receive approximately \$321,357 in FY17 federal CDBG funds from the Arizona Department of Housing Regional Account (RA). CDBG funds must be used to benefit low-income persons and areas, alleviate slum and blight or address urgent need. A public hearing will be held at 6:30 PM on November 15, 2017 at 473 South Main Street, Suite 106, Camp Verde, Arizona 86322, to gather citizen input on the use of the CDBG funds. Examples of possible uses include the following:

- 1) Public infrastructure (e.g., water, wastewater, street improvements);
- 2) Community facilities (e.g., parks, health clinics, libraries, senior or youth centers);
- 3) Housing (e.g., owner-occupied or multi-family rehab, utility connections on private property, new housing constructed by a non-profit);
- 4) Public services (e.g., paying the salary of an additional staff person to expand a Head Start program, purchasing a van to transport persons with disabilities, equipment and rent to start a new job training program); and
- 5) Economic development (e.g., a loan to a business for job creation, micro-enterprise development, acquisition of land for an existing business expansion).

For more information about the hearing, grievances, or the CDBG program; or to receive assistance in formulating prospective project ideas for presentation at the hearing contact the following:

Name, Title: Russ Martin, Town Manager  
Organization: Town of Camp Verde  
Address: 473 S. Main Street, Suite 102  
City, State, Zip: Camp Verde, AZ 86322  
Telephone: 928-554-0001  
Fax: 928-567-8291  
TTY: 800-367-8939 or 800-842-4681

Persons with disabilities who require special accommodations may contact Judy Morgan at the above location at least 48 hours before the hearing.

Posted \_\_\_\_\_ Date and Time \_\_\_\_\_

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Agenda Item 8.1



Town of Camp Verde

**Agenda Item Submission Form – Section I**

*Meeting Date: November 15, 2017*

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

*Requesting Department:* Administration

*Staff Resource/Contact Person:* Russ Martin

*Agenda Title (be exact):* Presentation by the Economic Development Department, updating the Council on the Focused Future II Community and Economic Development Strategic Plan and retail recruitment efforts.

*List Attached Documents:* Focused Future II Community and Economic Development Strategic Plan

*Estimated Presentation Time:* 15

*Estimated Discussion Time:* 5

*Reviews Completed by:*

- Department Head:                       Town Attorney Comments:

Finance Review:     Budgeted     Unbudgeted     N/A

Finance Director Comments/Fund:

*Fiscal Impact:*

*Budget Code:* \_\_\_\_\_ *Amount Remaining:* \_\_\_\_\_

*Comments:*

**Background Information:** The Council approved the Focused Future II Community and Economic Development Strategic Plan on January 20, 2016. The plan identified the Economic Development Department as the organization responsible for ensuring the plan was carried out. The plan involved a list of specific strategies, which support the plan's goal, in four focus areas: Tourism and Recreation, Infrastructure and Placemaking Development, Business Development, Support, Attraction, and Retention, and Workforce Development and Education. This presentation will update the council on the work done since the plan was approved to carry out those strategies and achieve the goals.

*Recommended Action (Motion):*

*Instructions to the Clerk:*



Strategic Plan for Economic Development

# REVISED WORKING PAPER #4

## COMMUNITY AND ECONOMIC DEVELOPMENT STRATEGIC PLAN

CAMP VERDE FOCUSED FUTURE II  
PARTNERS FOR STRATEGIC ACTION, INC.  
*in partnership with Applied Economics and ESI Corporation*  
November 2015

## Acknowledgements

### Town Council

Mayor Charles German  
Vice-Mayor Bruce George  
Jackie Baker (also served on Action Team)  
Carol German  
Bradford Gordon  
Jessie Jones  
Robin Whatley

### Action Team

Steve Ayers, project manager  
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Babs Capezio-Adams  
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Emily Diver

Dave Freeman  
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Linda Harkness  
Bill Jump  
Amber Marchant-Lee  
Eric Marcus  
Mary McCarthy  
Nikki Miller

Buddy Rocha  
Sheila Stubler  
Jane Whitmire  
Cheri Wischmeyer  
Alexandria Wright  
Ken Zoll



Darla Deville  
Kelly Patton



Audra Koester Thomas  
Curt Dunham

*in partnership with*  
Sarah Murley, Applied Economics  
Judie Scalise, ESI Corporation

## Table of Contents

Acknowledgements.....	1
Town Council.....	1
Action Team .....	1
Preamble.....	2
Engagement .....	2
Coordinated Effort .....	2
Plan Layout.....	3
Economic Snapshot.....	4
Camp Verde’s Strategic Position .....	4
Economic Context .....	4
Strategic Direction .....	11
Economic Development Primer .....	12
Guiding Principles.....	13
Community and Economic Development Vision.....	13
Community and Economic Development Strategy.....	13
Focus Area: Tourism and Recreation .....	14
Focus Area: Infrastructure and Placemaking Development .....	17
Focus Area: Business Development, Support, Attraction, and Retention .....	18
Focus Area: Workforce Development and Education.....	20
Implementation .....	22
Framework for Success .....	22
Plan Evaluation and Update.....	22
Roles and Responsibilities.....	24

## Preamble

Camp Verde has a sustained partnership with its energy provider, APS, to assist with community development efforts. As part of this partnership, APS has worked with the community several times through its Focused Future program. A *Focused Future* was developed by APS to provide local communities technical assistance in developing a grassroots community and economic development strategic plan. The latest Focused Future effort initiated in late 2014 bringing together citizens, landowners, agencies, policy makers, and other stakeholders to develop the Camp Verde Focused Future Strategic Plan for Community and Economic Development. Led by an active, broad-based citizen and stakeholder committee called the Action Team, a year-long process to devise a community and economic development strategy was successfully completed. The Action Team's purpose is to work closely with APS and their consultants in completing the project. Over the course of the planning process, the Action Team met eight times.

The Focused Future II process answers three basic questions:

1. What are the opportunities to successfully strengthen and expand Camp Verde's economy?
2. What are the appropriate strategic initiatives for economic development?
3. How should Camp Verde's partners collaborate to be successful in implementing these initiatives?

The town of Camp Verde is the local sponsor, along with APS, for the Focused Future II process.

## Engagement

While the broad-based Action Team was responsible for the construction of this plan, the process included several opportunities to receive feedback from and engage with community residents and stakeholders.

In early 2015, the Action Team initiated the engagement effort by identifying two topical areas to further investigate through facilitated focus groups. In January, a focus group was facilitated to better define, understand, and consider issues affecting and opportunities for youth and young families in Camp Verde. While deficiencies in the community were identified, specific attention was given to what needs to be done to keep and attract more young people to Camp Verde. In February, a focus group was facilitated to help better define, understand, and consider the current business climate in Camp Verde. The Action Team used feedback received from the focus groups to identify potential strategies most relevant for the community's sustainability and growth.

In April and May, the Action Team solicited feedback on the draft policy framework. Participants provided feedback via an online instrument. After further definition of the framework by the Action Team, a collaborative engagement effort in conjunction with the town's General Plan Update was facilitated at the town's annual Cornfest (July 18, 2015). While Cornfest provided an opportunity for the Action Team to speak one-on-one with interested residents and business interests, the engagement effort was extended with a display of the draft focus area goals and strategies at the library with feedback solicited through August 14, 2015.

## Coordinated Effort

The timing of the Focused Future II effort was intentional: as the required update of the town's general plan was approaching, the council elected to move forward with Focused Future so that the work of the

Action Team could inform the update of the economic development element. While the product of the Focused Future II effort is a stand-alone community and economic development plan, its policy framework was used to inform and update policy within the economic development element.

## Plan Layout

This plan has four key components.

### Economic Snapshot

Compiled at the project's onset, this section includes data the Action Team used to better understand the community's economic context. Considered a "snapshot in time," the reader should understand that more recent data may be available.

### Strategic Direction

This section sets the stage for the plan, providing the reader a primer on economic development and outlining the community's guiding principles and economic development vision.

### Community and Economic Development Strategy

The operating feature of the plan, this section outlines the goals, strategies, and baseline performance indicators for each of the four focus areas.

### Implementation

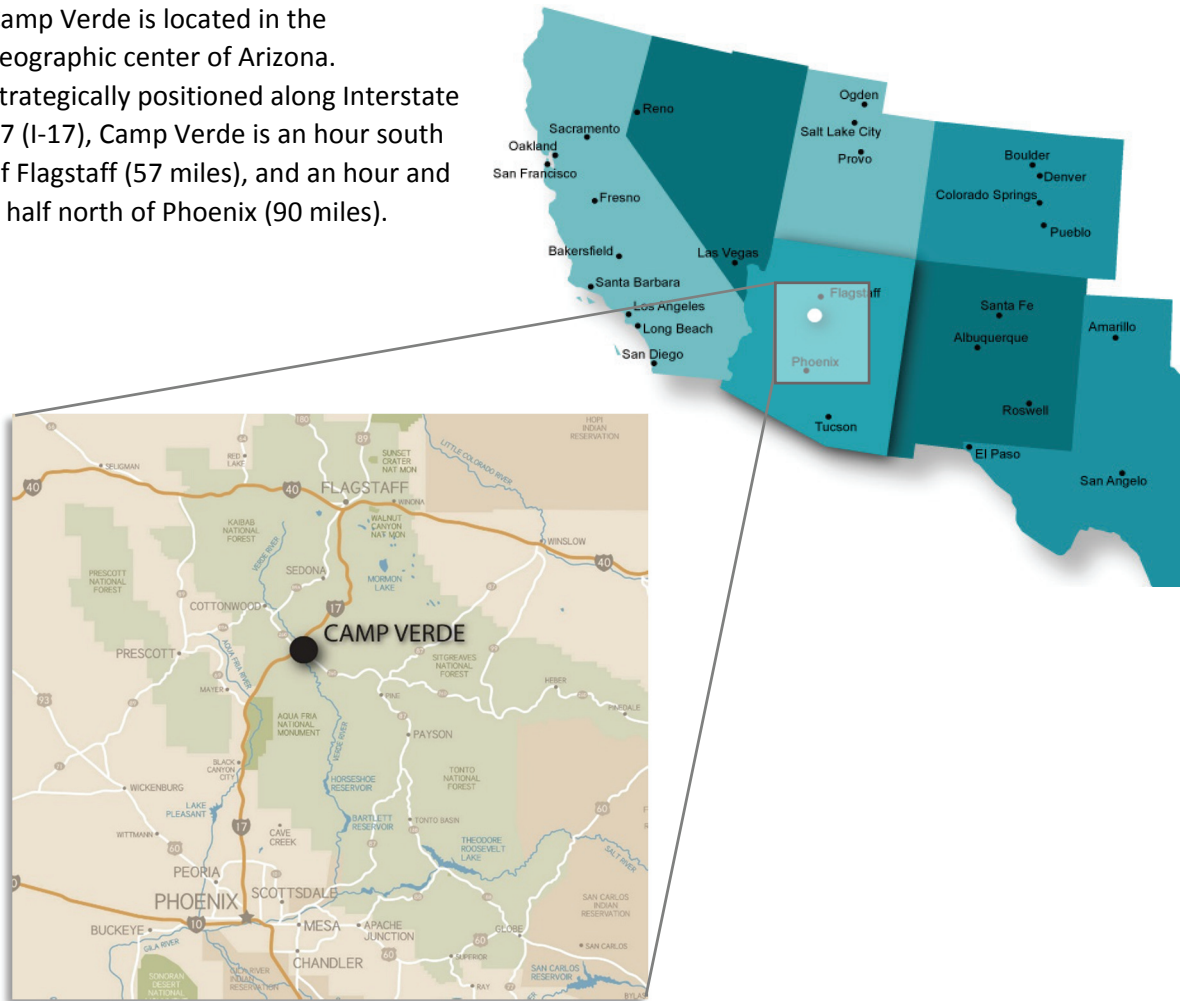
This section outlines recommendations for success and how the plan will be monitored and updated, and outlines the roles and responsibilities of regional partners whose contributions are collectively needed in order to realize success.



## Economic Snapshot

### Camp Verde's Strategic Position

Camp Verde is located in the geographic center of Arizona. Strategically positioned along Interstate 17 (I-17), Camp Verde is an hour south of Flagstaff (57 miles), and an hour and a half north of Phoenix (90 miles).



### Economic Context

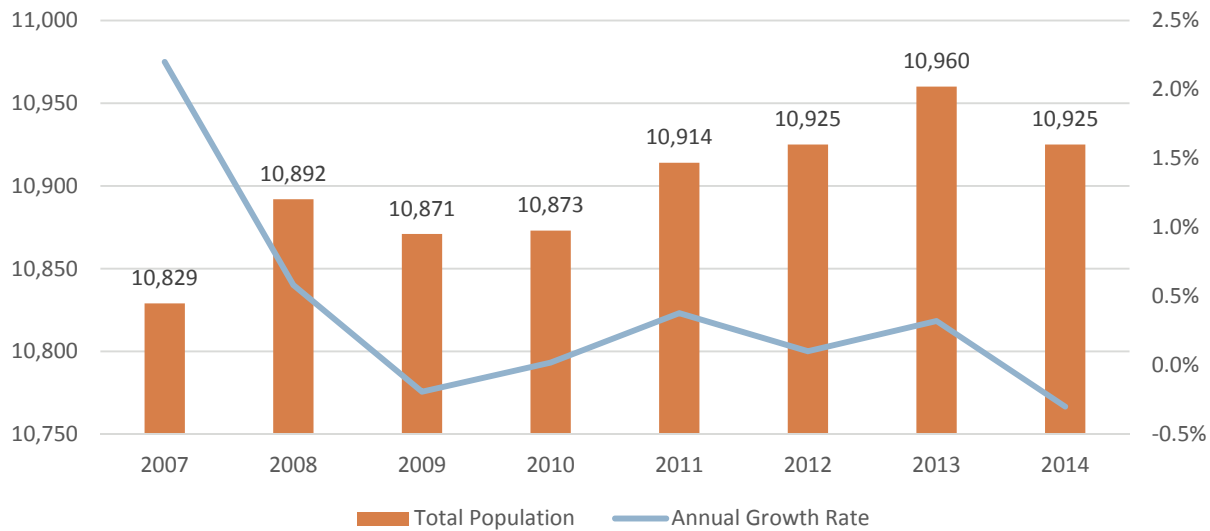
The economic context includes aspects measuring economic performance: population, labor force, income, economy, construction, assessed value, and quality of life. Indexing local data relative to statewide trends suggests that the town is lagging the state in terms of economic recovery.

#### Population

Population growth is the most basic measure of activity levels in a community. Details about demographic trends help explain how population may impact other facets of the economic climate. Camp Verde's population grew by only about 1.2 percent between 2007 and 2013 and most recently has experienced a slight decline in population. Statewide population grew only 5 percent from 2007 to 2013, most of which occurred prior to 2009.

In terms of demographics, the town's share of population under 18 in 2013 was significantly lower than the state at about 19 percent versus 25 percent; in contrast, the share of population over 64 was nearly twice the state average.

**Camp Verde Population Growth**  
 Source: Arizona Department of Administration



School enrollment also tells an interesting story, increasing through 2009, dropping significantly in 2010 and 2011, and then rebounding to pre-recession levels in 2012 and 2013. Most of this growth occurred at the elementary level, which may be an indicator of increases in younger working-age residents.

### Labor Force and Unemployment

Labor force trends are a good overall indicator of the level of economic opportunity. The labor force in Camp Verde grew through 2008, but has decreased steadily since that time. Since population has not declined, this may be an indicator of shifting demographics. Labor force participation in the town has also declined rapidly, from 63 percent of the population over age 18 in 2008 to 48 percent in 2013. In comparison, labor force participation at the state level is 61 percent.

Similar to the state, Camp Verde’s unemployment rate increased significantly during the recession. The state went from a low of 3.7 percent unemployment in 2007 to a high of 10.4 percent in 2010, while Camp Verde went from 4.9 to 12.4 percent during that time period. Since then, employment rates have improved.

### Camp Verde Labor Force and Unemployment Trends

Source: Arizona Department of Administration



Educational attainment is also a factor closely linked to unemployment rates. The share of high school graduates in 2013 was similar to the state at 86 percent, but the share of college graduates was well below the state average, at 14 percent versus 27 percent.

#### Median Income

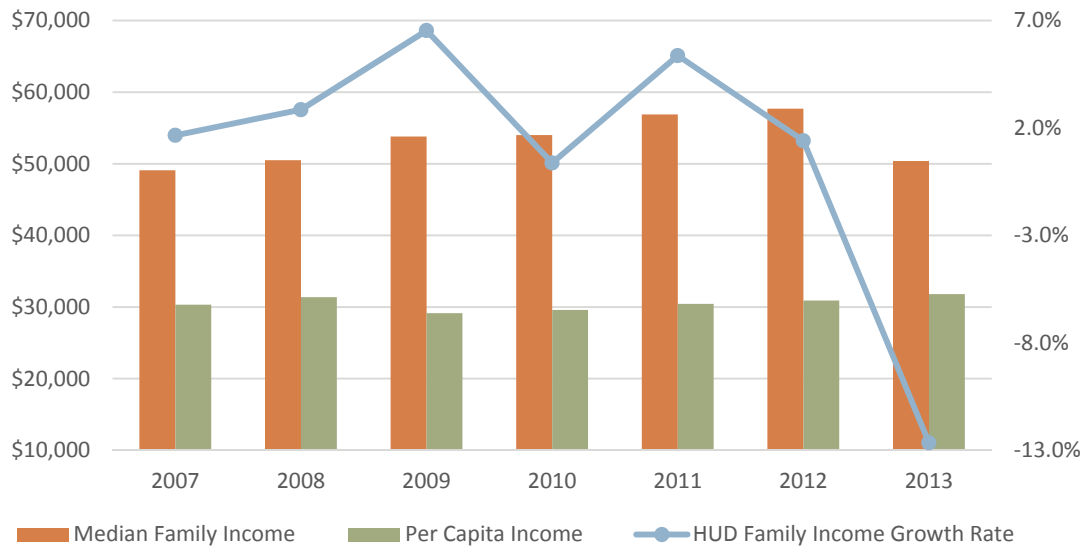
The most valid available measure of income at the local level is per capita income. Per capita income levels in the county increased 4.9 percent from 2007 to 2013 compared to a 5.6 percent increase statewide. However, per capita income in Yavapai County in 2013 was still only 85 percent of the state average. Some of this can be explained by the fact that the county has a larger-than-average retiree population which is not living off current income and which is not reflected the same way in the per capita income figures.

Median household income in Yavapai County increased by only 2.9 percent during the 2007 to 2013 period. Household income in Yavapai County was about 94 percent of the state average in 2013. Income data is not available at the city level.

The poverty rate in Camp Verde increased dramatically during the Great Recession, rising from 17 percent in 2009 to 30 percent in 2012. In 2009, the county was only slightly above the state average, but by 2012 it was over 70 percent above the state average.

### Yavapai County Income Comparison

Source: Woods & Poole Economics; U.S. Census Bureau, American Community Survey

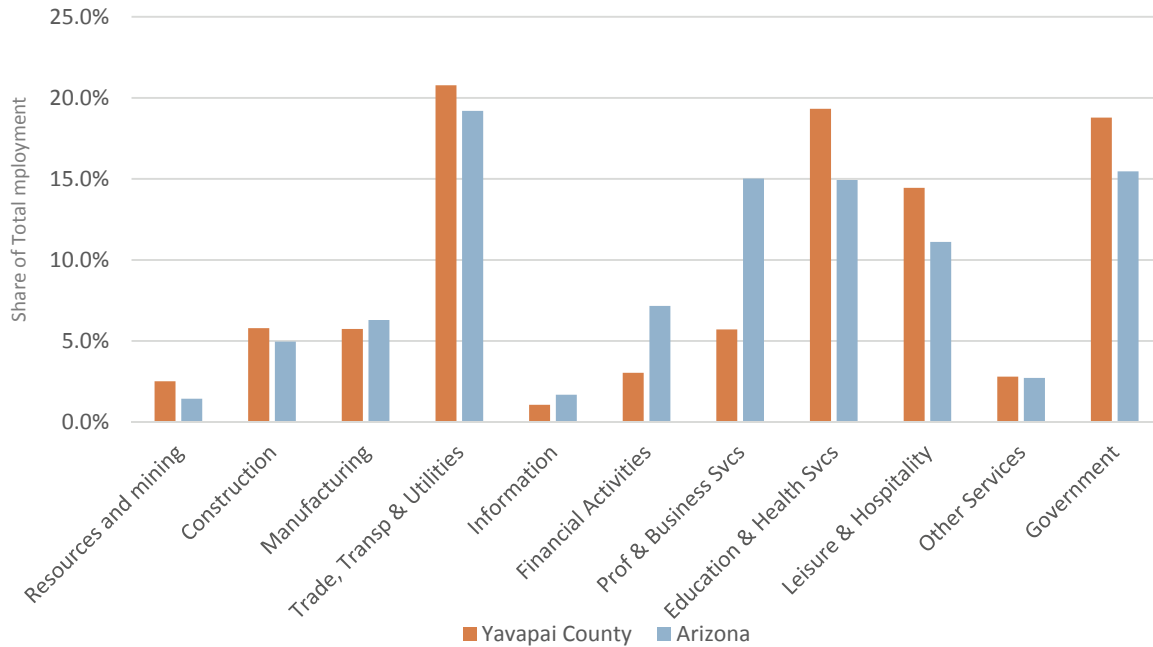


#### Economy

Understanding the makeup of the region’s economic base sheds light on its ability to weather recessions and its response to the recovery. Yavapai County has seen a steady decrease in the number of business establishments, with about 1,170 fewer establishments in 2013 than in 2007. Although data is only available for Camp Verde through 2011, the town appears to follow a similar pattern. Industry employment declined over the same time period in both the county and Camp Verde, although the county has shown modest growth since 2011. Camp Verde represents about only 5 percent of county employment. Overall, the county has a higher share of education/health services, hospitality, and government employment than the state as a whole. However, the share of employment in finance and professional services is well below average. The proportion of workers employed in export industries—those that bring in wealth from outside the area—is about 14 percent in Yavapai County versus roughly 23 percent for the state.

### 2013 Distribution of Employment by Industry

Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

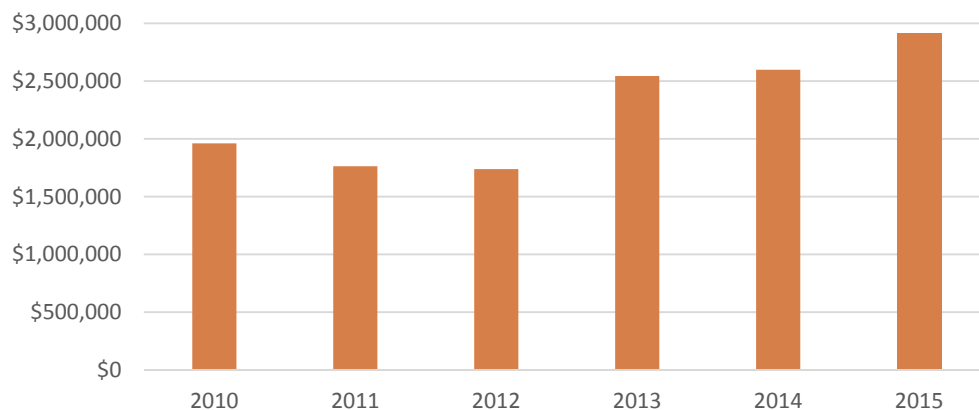


#### Taxable Sales

Taxable sales are a key indicator of local economic conditions, particularly in an economy not heavily driven by resource or manufacturing industries. Sales tax collections started to decline in Camp Verde in 2008 and continued this trend through 2012. A large portion of the decline locally came from construction sales tax as construction activity ground to a halt. Retail sales also dropped off significantly, although restaurants and bars fared better than other retail establishments. In August 2012, the local sales tax rate increased from 2 to 3 percent, resulting in increased collections in 2013. In recent years, however, Camp Verde has realized modest recovery in the local economy with sales tax collections bouncing back to pre-recession levels.

#### Sales Tax Trends

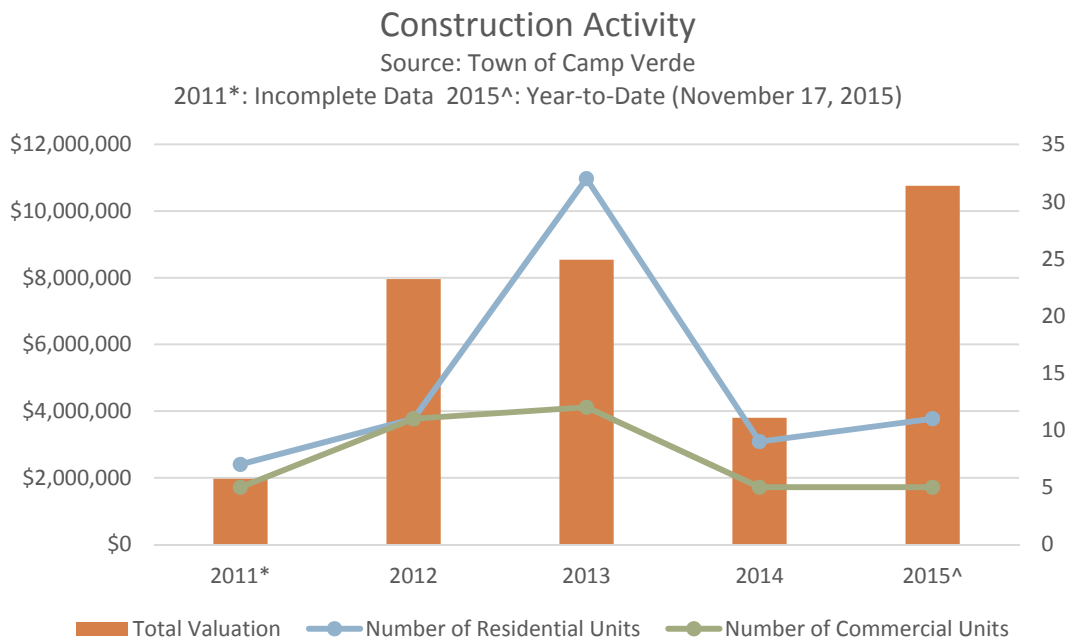
Sources: Town of Camp Verde; ADOA-EPS



### Construction

Construction activity is often a leading economic indicator and was a critical factor in Arizona’s recession. Construction activity in Camp Verde declined precipitously from 2007 to 2011, similar to many communities in Arizona. Since then, both residential and commercial activity in Camp Verde has been variable but trending upward. At the state level, construction activity began to pick up in the fourth quarter of 2011, following several years of minimal activity. Construction statewide has continued to increase gradually since that time, dominated by residential activity.

A signature development project has been the 2015 groundbreaking for Verde Valley Medical Center’s Camp Verde campus. Located at the northwest corner of SR 260 and Finnie Flat Road, the 26,000-square-foot-facility will provide extended-hours primary care, imaging and laboratory facilities, and physical therapy and rehabilitation services, including a pool for aqua therapy.



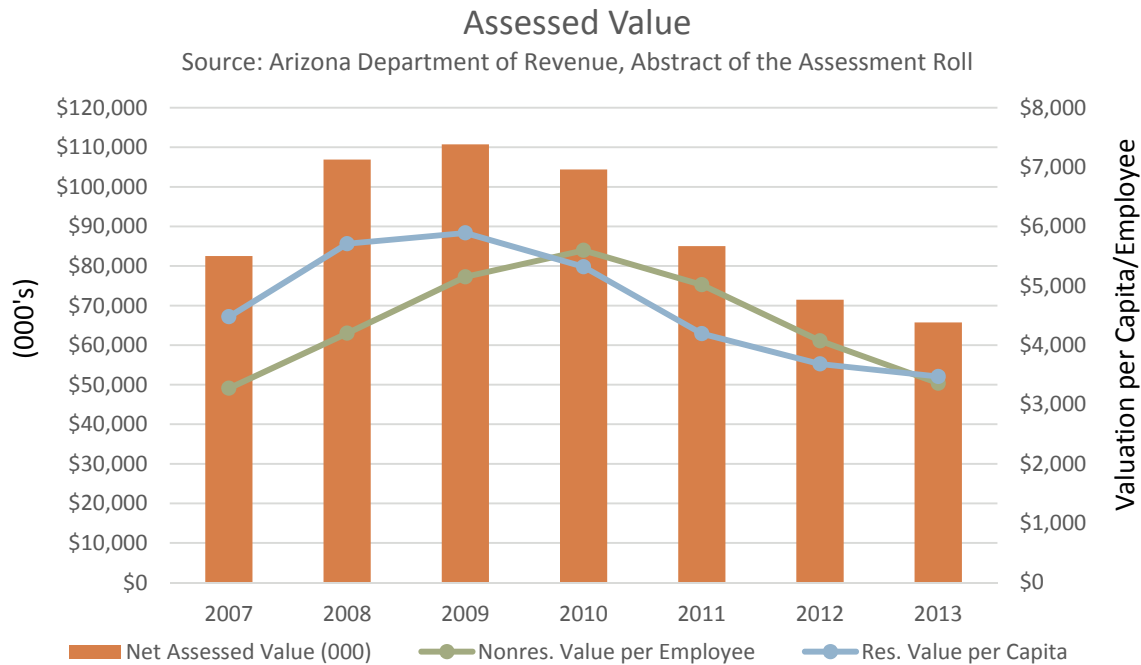
### Assessed Value

Assessed value generally fluctuates much less than construction activity, although this has been less true during the recent recession. Total assessed value in Camp Verde rose steadily through 2009 and then dropped 41 percent over the next four years during the recession; 2013-year value is still 20 percent below 2007 levels. Statewide assessed value is 27 percent below 2007 levels. Unlike many communities, residential and commercial values fell by nearly equal amounts in percentage terms and were comparable in magnitude to declines at the state level.

Residential value in the town in 2013 represented about 58 percent of the total assessed value, a ratio that has held fairly steady since 2007. Per capita residential valuation peaked in 2009, but has fallen by 41 percent since that time compared to a 40 percent drop at the state level. Commercial/industrial

assessed value per employee has also fallen from its peak in 2010 and is down about 40 percent for both the state and the town.

Although there is no impact on revenues, since the town has no property tax, assessed value trends are indicative of general real estate market conditions, although assessed value generally lags market value.



### Quality of Life

Quality of life is an important measure of the community’s overall health. In this section, we look at education and crime as well as cost of living.

In terms of education, dropout rates in Camp Verde are relatively low at only 1.9 percent, compared to a state average of 3.5 percent in 2015. Class sizes are also smaller than state averages. AIMS scores for 8<sup>th</sup>-grade students are below state averages in both reading and math, but the differences were less in 2014 than in previous years. In 2014, 66 percent of students met or exceeded standards in reading compared to 70 percent statewide; in math, 57 percent met or exceeded, compared to 59 percent statewide.

### Education Quality: AIMS Passing Rates

Source: Arizona Department of Education  
 \*\*Percent Meets or Exceeds



In terms of crime, Camp Verde is substantially safer than many of the state’s urban areas. The rate of violent crime per 100,000 population in 2013 was about half the state average, while the rate of property crime is about 29 percent below the state average.

Other measures of quality of life include housing costs and commute times. As of 2013, the median value of existing homes in Camp Verde was just slightly above the state average. Camp Verde has an above-average share of owner-occupied housing, which tends to make a community more stable. Commute times in Camp Verde are slightly longer than state averages, but the volume of traffic is far less than in urban areas.

### Strategic Direction

The community and economic development plan is intended to be an action-oriented strategy to strengthen Camp Verde’s economy. Its strategic nature focuses on actions that can be initiated or accomplished over the next five years. It is not intended to address every issue or tackle every problem facing the community. The objective is to identify those actions that are realistic and can provide results that build upon the community’s assets and opportunities.

The plan also recognizes the need for strong partnerships between government (municipal, tribal, and educational) agencies, citizens, service organizations, and the business community. The plan respects the existing roles and responsibilities of the various organizations but encourages collaboration in achieving many of the strategic initiatives. Effective implementation of this plan will require cooperation and collaboration over time to realize sustained success.



## Economic Development Primer

The purpose of the Camp Verde community and economic development plan is to serve as a guide to local decision making, provide a road map for the region’s economic future, and serve as a benchmark for monitoring progress over time.

Economic development efforts work to increase the standard of living for residents. Discussions about economic development typically focus on business growth through business retention, expansion, and attraction or expansion of the tax base. However, economic development is directly related to the area’s overall quality of life and ensuring that the local economy is sustainable over time.

There are two types of economic activity:

- Basic economic activities *bring new dollars into the community*. These activities include tourism-serving businesses and manufacturing. These types of activities typically create spin-off jobs for every job directly created.
- Non-basic activities *re-circulate money that is already in the area* through activities such as dry cleaners or car washes. These activities help to keep dollars in the community and cash registers ringing.

Both types of economic activity are critical to local economies. In order for the local and regional economy to grow and expand, there must be new dollars coming into the area and enough business in the community for new dollars to circulate within and not immediately leave the local economy. The longer dollars can circulate within a local economy through non-basic activities, more wealth is created. The term “economic leakage” describes when capital or income exits the economy rather than remaining within the community for a multiplying effect. The following graphic illustrates this concept.



## Guiding Principles

Guiding principles reflect the community's core values. The Action Team articulated that development efforts would be balanced and sustainable so as not to compromise the reasons why people live and do business in Camp Verde. These principles are intended to guide decision-making processes and define the manner in which Camp Verde will grow and develop.

1. Provide opportunities for citizens from a wide range of economic levels and age groups to live, work, and thrive in the community.
2. Develop, grow, and prosper in a manner that always reflects and respects the capacity of natural resources.
3. Foster sustainable development, encourage small businesses and entrepreneurs, and balance future growth with cultural/historic preservation.
4. Leverage existing social capital and foster an ethic of community investment.
5. Capitalize on opportunities to collaborate with partners and strategically align regional investments.
6. Integrate land use, circulation, and economic development planning.
7. Implement development decisions in a predictable, fair, and cost-effective manner that preserves the health, safety, and welfare of residents and visitors.
8. Seek opportunities that complement existing and potential competitive advantages.
9. Define and communicate the true costs associated with development projects, including the impacts of non-contiguous and resource-demanding development.
10. Use arts and culture to foster a creative economy and to further define a sense of place.

## Community and Economic Development Vision

A vision is an articulation of an ideal and unique future. A vision inspires, motivates, and transforms desire into action. Camp Verde's prosperity is generated largely through the natural resources and unique assets that surround and traverse our community. Our prosperity is connected to the health of the Verde River and surrounding landscape; therefore, we balance community and economic development with the need to preserve such assets for current and future generations.

*We successfully preserve our rich cultural history, Western agrarian heritage, and natural resources while fostering a strategically designed, resilient economy that supports a quality of life that enables our families to thrive.*

## Community and Economic Development Strategy

The community and economic development strategic plan is outlined through focus areas. Each focus area outlines goals, strategies, and indicators. Goals and strategies are not prioritized in this document.

*Goals* are desired ends or conditions that, if pursued over time, will ultimately result in the attainment of the community vision.

*Strategies* are the specific activities that help to achieve the goal.

*Indicators* are quantifiable measures that can be used to track progress over time. For purposes of this plan, selected indicators presented are intended to serve as a baseline measure for future performance.

## Focus Area: Tourism and Recreation

Camp Verde is home to a range of natural and cultural amenities, including Fort Verde State Historic Park, the Verde River, and Montezuma Castle National Monument. The community is known for its recreational amenities and outdoor activities, and has numerous enterprises that drive visitor activity in the region. Combined with the rich history and community love for festivals and gatherings, a hospitality and tourism-focused economic development strategy complements Camp Verde's assets.

### Goals

1. Establish Camp Verde as a destination, increasing visitor and retail traffic to grow the tax base.
2. Develop collaborative recreational, tourism, and agritourist/ecotourism programs that highlight community assets.
3. Expand recreational and entertainment amenities.

### Strategies

- a. Define and implement a new five-year asset-based branding, marketing, and self-promotion program for Camp Verde.
  - i. Devise a range of marketing platforms and partnerships (e.g., tour stops, press coverage, online/mobile presence, billboards in key markets, etc.)
  - ii. Develop a portfolio of tour and vacation package options (e.g., archaeological, riparian/birding/ecotourism, Western heritage and history, etc.)
  - iii. Communicate to residents the annual economic impact of tourism.
- b. Hold quarterly tourism caucus meetings where hospitality-related entities discuss upcoming events and strategize ways to collaborate.
- c. Implement a community amenity wayfinding package and improve signage along key corridors (i.e., I-17, SR 260).
- d. Establish a Camp Verde visitor center along I-17 to promote tourism and hospitality activities.
- e. Establish an outdoor, multifunctional venue (e.g., concerts, sports and games, festivals, community events, local vendors, etc.) by leveraging existing assets or investing in new amenities and better utilize existing indoor facilities.
- f. Continue to develop a comprehensive multi-use trail network with strategic partners, including marking all trails/trailheads and updating trail network map.
- g. Complete and implement the Verde River Recreation Master Plan to help enlighten the future of potential recreational properties (i.e., Rocking River Ranch and Shield Ranch).

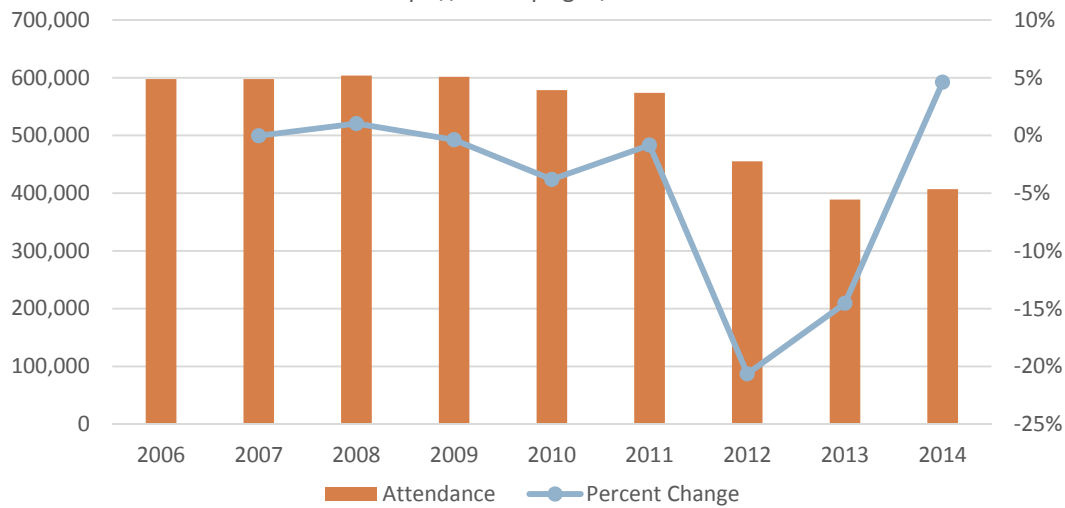
### Indicators

The Camp Verde area has several tourist attractions that draw visitors from around the state and beyond, including Montezuma Castle National Monument and Fort Verde State Historic Park. Over the years, the number of visitors at these two facilities has seen a steady decline.

Throughout the nine-year timeframe from 2006 to 2014, the average number of visitors to Montezuma Castle was 533,810 people. The peak year for attendance was 2008, after which began a steady decline until the year 2014, which saw a 5 percent increase in attendance from 2013, with nearly 408,000 visitors.

### Montezuma Castle National Monument Visitation

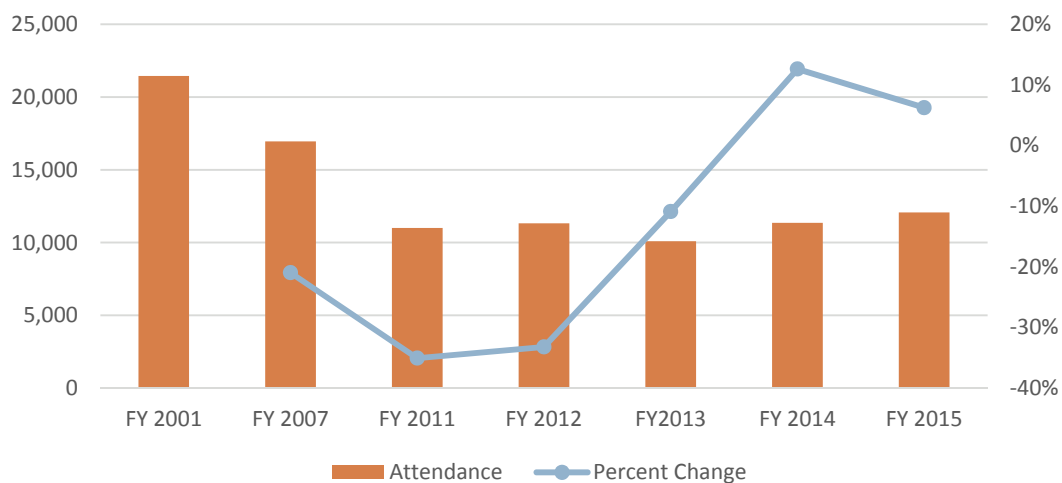
Source: National Park Service, Annual Park Visitation  
<https://irma.nps.gov/Stats>



Attendance at the Fort Verde State Historic Park experienced a similar trend. Based on the availability of data, the peak year for attendance was fiscal year 2001 with 21,450 visitors. The next year that attendance information is available is fiscal year 2007, which shows a 21 percent decline with 16,950 visitors, followed by another 35 percent decline in fiscal year 2012. It isn't until fiscal year 2014 that attendance begins to increase, with a little over 12,000 visiting during fiscal year 2015. This decline is due in part to a reduction to a five-day week (beginning on May 5, 2010) as part of cost-cutting measures related to the Great Recession. Visitation has grown since the re-establishment of seven-day operations (as of February 3, 2015). When examining the most recent attendance history, the average attendance from fiscal year 2011 to fiscal year 2015 is 11,168.

### Fort Verde State Historic Park Visitation

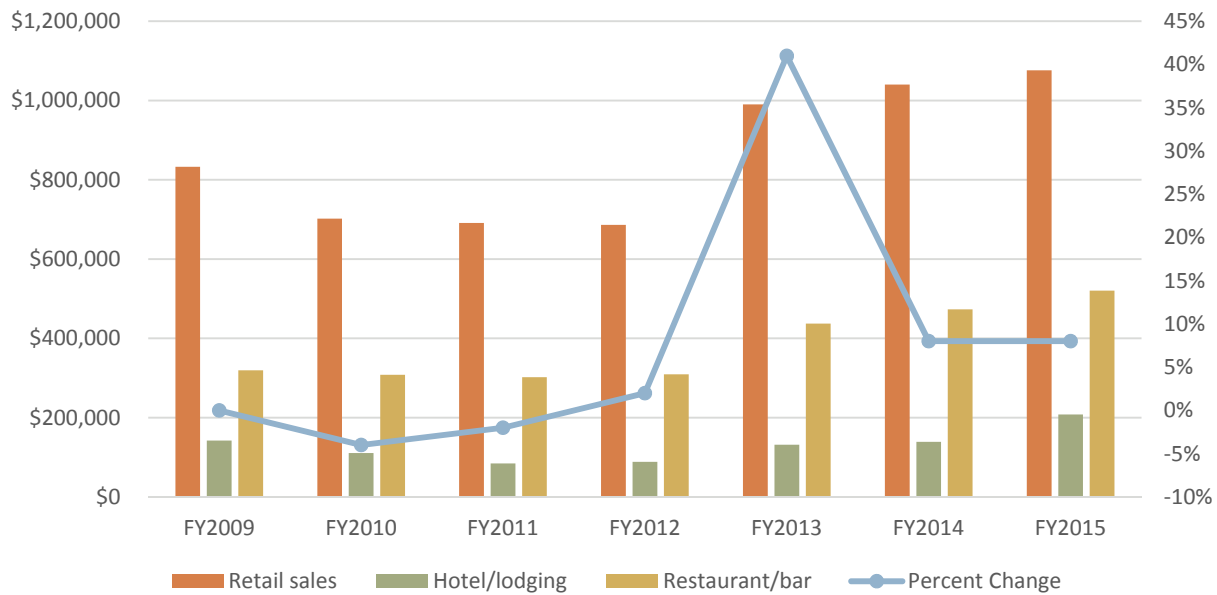
Source: Fort Verde State Historic Park



The town of Camp Verde collects transactional privilege taxes on retail sales, restaurant/bar sales, and lodging receipts. Tax collections have experienced a large fluctuation over the six-year time horizon. From fiscal year 2009 through fiscal year 2011, tax collections were on the decline. However, beginning in fiscal year 2012, the town saw gains in lodging and restaurant bar tax collections. By fiscal year 2013, tax collections in all categories increased, with an overall gain of 41 percent. During that timeframe, the greatest gain occurred in lodging receipts at 49 percent followed by retail sales tax collections at 44 percent.

### Camp Verde Tax Collections (FY 2009-2015)

Source: Town of Camp Verde



### Camp Verde Tax Collections (FY 2009-2015)

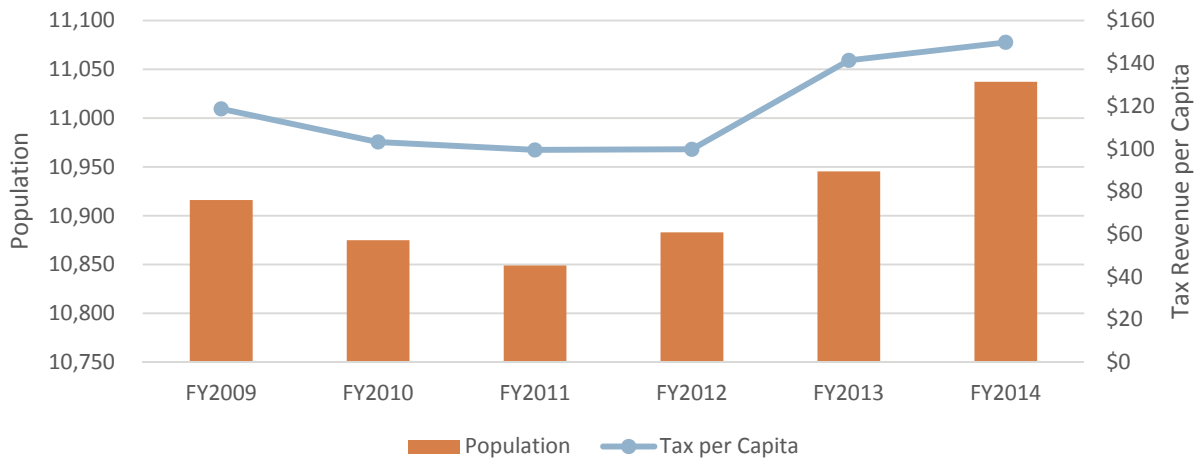
Source: Town of Camp Verde

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
<b>Retail Sales</b>	\$832,837	\$701,977	\$691,160	\$686,400	\$990,166	\$1,040,491	\$1,076,373
<b>Hotel/Lodging</b>	\$142,301	\$110,798	\$84,609	\$88,626	\$131,748	\$138,850	\$207,993
<b>Restaurant/Bar</b>	\$319,393	\$307,921	\$301,925	\$309,169	\$437,452	\$473,070	\$520,320
<b>Percent Change</b>	0%	-4%	-2%	2%	41%	8%	8%

When examining the per capita tax collections in Camp Verde, the greatest gain was experienced in fiscal year 2013, going from \$100 per capita to \$141 per capita.

## Per Capita Tax Collections (FY 2009-2014)

Source: Town of Camp Verde



Page | 17

### Focus Area: Infrastructure and Placemaking Development

Camp Verde is located in the center of Arizona with two high-capacity transportation corridors bisecting the town: I-17 and SR 260. The community is currently served by several utilities including APS, private water companies, and a fire district.

#### Goals

1. Provide adequate infrastructure to support and grow business, tourism, and development.
2. Enhance sense of place (e.g., through character areas).
3. Create a walkable and multimodal circulation network, improving connectivity and livability within the community.
4. Improve access to and awareness of amenities downtown.

#### Strategies

- a. Extend utilities and related infrastructure to “West 260” to support future industrial and commercial growth.
- b. Improve broadband speed/capacity.
- c. Protect, develop, and expand light industrial land uses (i.e., in coordination with Yavapai County’s sector strategy).
- d. Establish gateway monuments and leverage design opportunities with planned “West 260” roundabouts.
- e. Facilitate and implement a downtown circulation plan (e.g., event traffic, bike, pedestrian, etc.)
- f. Establish a beautification program to improve the community’s overall aesthetics (e.g., streetscape).
- g. Support continued “complete street” design.
- h. Continue to implement historic preservation initiatives and the telling of Camp Verde’s story.

#### Indicator

The mean travel time to work has not experienced a significant change from the year 2000 to 2013. According to the Census, in 2000 the mean commute time was 28 minutes, compared to 27 minutes

today. The majority of workers (74 percent) commute by car, truck, or van. However, during this time horizon the percentage of people commuting by car, truck, or van declined from 77 percent to 74 percent, while the percentage of people working from home increased from 4 percent to 10 percent.

### Camp Verde Commute by Mode and Mean Travel Time

Source: U.S. Census Bureau (2000), American Community Survey (2013)

	2000		2013	
	Count	Percent	Count	Percent
<b>Workers 16 years and over</b>	<b>3,620</b>	<b>100%</b>	<b>4,223</b>	<b>100%</b>
Car, truck, or van -- drove alone	2,788	77%	3,122	74%
Car, truck, or van -- carpooled	505	14%	537	13%
Public transportation (excluding taxicab)	14	0%	10	0%
Walked	121	3%	86	2%
Other means	49	1%	54	1%
Worked at home	143	4%	414	10%
<b>Mean travel time to work</b>	<b>28 min.</b>		<b>27 min.</b>	

### Focus Area: Business Development, Support, Attraction, and Retention

Major employers in the community include government entities, schools, and tribal enterprises. There are also a number of small businesses and entrepreneurial ventures, and a desire exists to strengthen the business climate so that more residents can live, work, and thrive in Camp Verde.

#### Goals

1. Support and grow local enterprises to maximize economic opportunities.
2. Increase the number of living-wage jobs in Camp Verde.

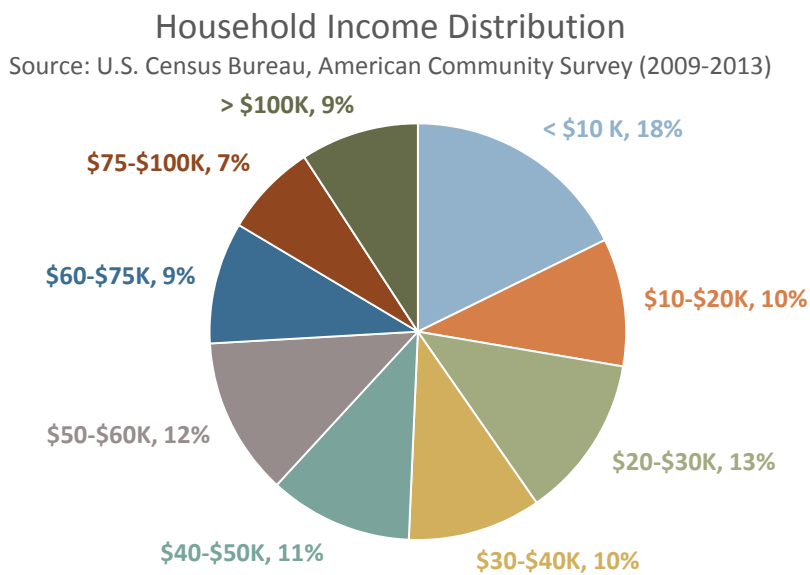
#### Strategies

- a. Work with local businesses and development interests to identify processes that can be streamlined/optimized.
  - i. Improve the synchronicity and collaboration of town departments.
  - ii. Combine the town's community development and economic development departments.
  - iii. Develop a business guide and "start-up checklist" to assist new business establishment.
  - iv. Clarify and publish community development policies and procedures via the town's website.
  - v. Identify key business sector targets and define an efficient permitting process to assist in attraction.
  - vi. Develop a menu of business-locating incentives to assist in business recruitment, retention, and expansion.
  - vii. Increase the town's capacity to find creative development proposal solutions.
  - viii. Create and maintain an inventory of available land/sites to assist in business locating.
- b. Identify secondary/complementary businesses that complement and support flagship employers and target opportunities for recruitment.
- c. Establish a business advocacy organization to support and promote retention of small businesses.

- i. Host regular business roundtables to discuss challenges and identify collaborative opportunities.
- ii. Hold an annual economic summit with key stakeholders (e.g., Yavapai-Apache Nation, Town, Yavapai College, Camp Verde Unified School District, etc.) to evaluate current economic health and strategize regional positioning.
- iii. Identify applicable business assistance needs and associated programming and strengthen existing resource opportunities and assistance.

Indicators

The median household income for Camp Verde residents is \$38,871. More than 40 percent of residents earn less than \$30,000 a year.



There are 454 business establishments in Camp Verde that employ 3,736 people. Retail trade has the greatest number of establishments at 85 with 24 percent, or 886 jobs. However, government employs the greatest number of people with 26 percent, or 967 jobs. Other notable sectors include educational services with 320 jobs, health care with 298 jobs, and construction with 281 jobs.



## Camp Verde Establishments and Employment by Sector

Source: AGS 2015, ZoomProspector

	Number of Establishments	Percent of Total	Number of Jobs	Percent of Total
<b>Total</b>	<b>454</b>	<b>100.0%</b>	<b>3,736</b>	<b>100.0%</b>
Agriculture, forestry and fishing	17	3.7%	76	2.0%
Mining	0	0.0%	0	0.0%
Utilities	3	0.7%	13	0.3%
Construction	48	10.6%	281	7.5%
Manufacturing	11	2.4%	57	1.5%
Wholesale trade	18	4.0%	93	2.5%
Retail trade	85	18.7%	886	23.7%
Transportation, warehousing and information	25	5.5%	108	2.9%
Communications	6	1.3%	12	0.3%
Financial and Insurance	24	5.3%	71	1.9%
Real estate and rental and leasing	13	2.9%	30	0.8%
Professional, scientific, and technical services	18	4.0%	52	1.4%
Administrative and support; waste management services	16	3.5%	126	3.4%
Educational services	9	2.0%	320	8.6%
Health care and social assistance	34	7.5%	298	8.0%
Arts, entertainment, and recreation	11	2.4%	79	2.1%
Accommodation and food services	13	2.9%	56	1.5%
Other services (except public administration)	56	12.3%	168	4.5%
Government	36	7.9%	967	25.9%
Unclassified Establishments	11	2.4%	43	1.2%

Page | 20

### Focus Area: Workforce Development and Education

Camp Verde is served by multiple public and private schools. The community is also served by Yavapai College and its six regional campuses and centers.

#### Goals

1. Develop and retain a competitive, workforce-ready population.
2. Establish a community ethic of lifelong education and training.
3. Strengthen collaborative connections between schools, businesses, and the community.

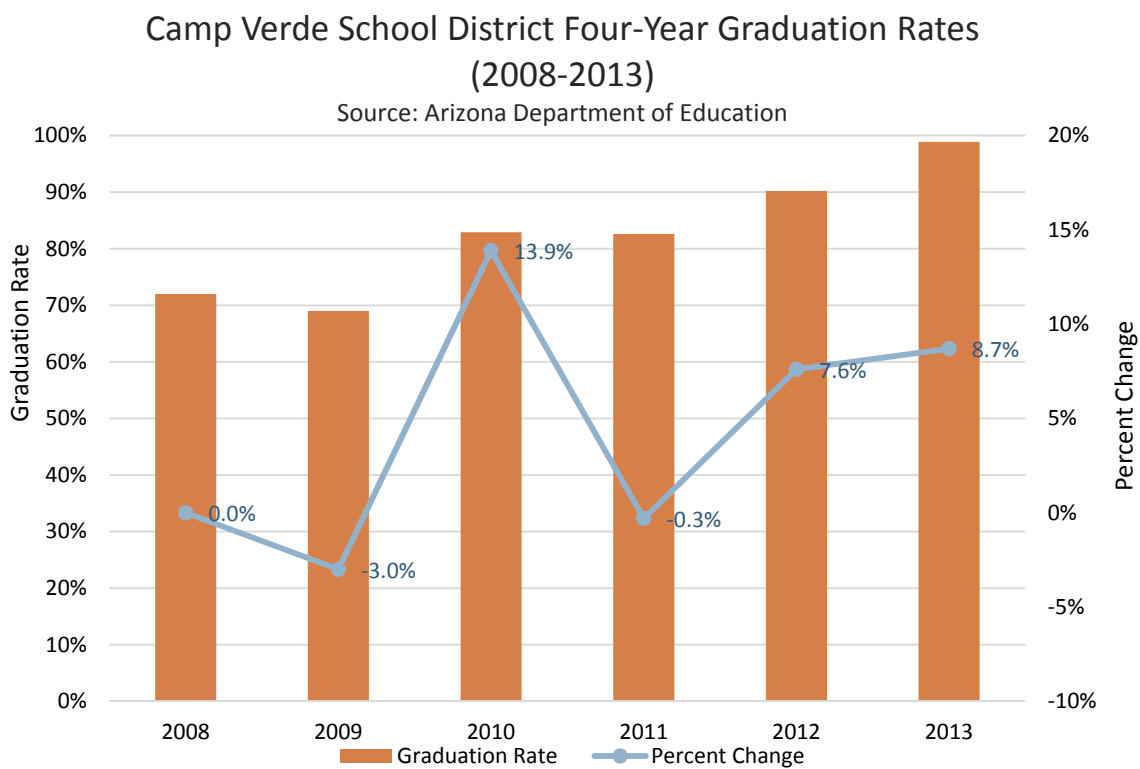
#### Strategies

- a. Support opportunities for registered apprenticeship programs.
- b. Support a continuous network of educational pathways (from elementary to secondary to post-secondary to continuing educational opportunities).
  - i. Continue to identify post-secondary, certificate, and vocational educational programs that complement competitive advantages (i.e., hospitality, recreational sciences, agricultural and range sciences, ecology).

- ii. Expand and foster awareness of and enrollment in dual credit programs.
- iii. Provide access to and communicate availability of soft skill training (e.g., communication, workforce attire, networking, etc.).
- iv. Expand internship, externship, and mentorship programs.
- c. Establish a volunteer corps (service club) where youth members are matched with service projects identified throughout the community.
- d. Develop a youth-focused entrepreneurial guild/program.

Indicators

The Camp Verde School District includes Camp Verde High School and the Verde Valley Technology Magnet School. The graduation rates are for the Camp Verde School District and show a steady increase in rates beginning in 2011.



The four-year graduation rates vary from year to year and are a reflection of the number of students who graduate in four years with a regular high school diploma divided by the number of students who form the adjusted cohort for the graduating class. Beginning in 2010, Camp Verde School District outperforms the overall graduation rates for Yavapai County and the State of Arizona.

## Four-Year Graduation Rate (2008-2013)

Source: Arizona Department of Education

	2008	2009	2010	2011	2012	2013
<b>Camp Verde School District</b>	72.0%	69.0%	82.9%	82.6%	90.2%	98.9%
<b>Yavapai County</b>	70.5%	73.4%	n/a	77.9%	78.6%	77.4%
<b>Arizona</b>	74.9%	76.1%	75.4%	77.9%	76.7%	75.1%

## Implementation

### Framework for Success

The *Camp Verde Focused Future II: Community and Economic Development Strategic Plan* is intended to help expand the regional economy and improve residents' standard of living. The following guidance helps to frame how success can be realized.

#### Coordinated Approach

Entities, organizations, and agencies involved in economic development must work together to achieve mutually agreed-upon goals to ensure a sustainable effort. Implementing the shared vision, goals, and strategies as articulated within this plan is the first step toward cohesive and coordinated efforts.

#### Regional Collaboration

A comprehensive understanding of the region and a commitment to collaborating with entities throughout the region is critical. Regional partners include the towns of Clarkdale and Jerome and the cities of Cottonwood and Sedona, Yavapai County, Yavapai-Apache Nation, federal agencies such as the National Forest Service and National Park Service, and regional entities, including the Northern Arizona Council of Governments (NACOG) and the Sustainable Economic Development Initiative (SEDI) of Northern Arizona. The greater Camp Verde community should not consider themselves alone in growing a thriving economy; regional collaboration and synergistic efforts benefit all contributing partners.

#### Long-Term Commitment

Economic development is not a simple checklist; overnight achievements should not be expected. Successful economic development programs require long-term investments (e.g., infrastructure and resource management) as well as continued political commitment to forwarding objectives and measuring progress.

### Plan Evaluation and Update

The *Camp Verde Focused Future II: Community and Economic Development Strategic Plan* serves as a guide for regional community and economic development efforts. However, it is critical to monitor how the plan is put into action. The town, in collaboration with its partners, is responsible for monitoring how the plan's implementation is progressing.

#### Adoption

The town of Camp Verde shall adopt or accept this plan. In coordination with the town's general plan update, policy direction provided herein is anticipated to become or serve as the framework for the update of the economic development element.

## Communication

The Focused Future process is grassroots in nature, fueled by the contributions of volunteers and input from the community. Communication about the plan and its progress is critical. Upon adoption or acceptance, the plan's goals and strategies, as well as the town and its partners' short-term action plans, should be widely communicated and progress reported.

## Plan Distribution and Presentations

Because of the collaborative nature of this plan and the various agencies and allies needed for its success, the town shall announce its adoption or acceptance of this plan and distribute this framework to regional entities and partners. It's important that the community's economic vision is understood and that regional efforts contribute to its realization.

## Formation of a Business Advocacy Group

A key strategy outlined within this plan is the development of a business advocacy group. Camp Verde has previously had a chamber of commerce, serving small businesses and assisting in business retention activities, and an effort is ongoing to re-establish a presence. While the town and other partners have attempted to address the gap in business support activities, strong business climates are served through an organization comprised of and for small business. Filling this business advocacy void is essential in formalizing and strengthening the voice of Camp Verde's business community.

## Keeping Score

While many of the outlined strategies will comprise the work program of the town's economic development director, other agencies and organizations will serve as leaders for executing other strategies. While the town shoulders accountability for this plan, its success will rest on the contributions of the entire community; entities as outlined in *Roles and Responsibilities* will assist in coordination, implementation, reporting, and other ways to contribute toward realization of this plan's vision.

Devising a strategy whereby the town and its partners report and track progress should be an immediate priority. Measuring community indicators against the plan's baseline reported herein (see: Indicators) is one mechanism for evaluating progress; authoring a report on strategy achievements is another mechanism for tracking effort.

The following implementation recommendations are offered:

- Employ the Focused Future II Action Team (or similar entity) to serve as steward to this plan, meeting biannually to review and track progress.
- Create an annual progress report, authored in the first quarter of the year, to assist in budget and capital improvements planning.
- Submit annual progress reports to the community, partners (see *Roles and Responsibilities*), and the program sponsor, APS.

## Plan Updates

As the plan is implemented and changes occur in the local and regional economy, the plan should also evolve. In keeping with the collaborative nature of the Focused Future program, the town and its partners should cooperatively review and identify potential changes or edits to the plan. Any

recommended changes would be presented to elected officials and considered in the same manner in which the plan was originally adopted or accepted.

### Roles and Responsibilities

The following matrix identifies primary and secondary roles in forwarding the strategies outlined in the *Camp Verde Focused Future II: Community and Economic Development Strategic Plan*. This matrix is intended to encourage collaboration and communication among entities as cooperation by these and other partners will be necessary to realize success. It is important to recognize that this list is not inclusive and serves to identify agencies with significant roles or interests and not to exclude the variety of partners or collaborative efforts needed to realize results.

Strategy	Primary Role	Secondary Role
<b>Tourism and Recreation</b>		
a. Define and implement a new five-year asset-based branding, marketing, and self-promotion program for Camp Verde.	Town	Yavapai-Apache Nation Sedona Verde Valley Tourism Council Verde Front Arizona Office of Tourism
i. Devise a range of marketing platforms and partnerships.	Town	Business advocacy group
ii. Develop a portfolio of tour and vacation package options.	Business advocacy group	
iii. Communicate to residents the annual economic impact of tourism.	Town	Yavapai College Yavapai-Apache Nation
b. Hold quarterly tourism caucus meetings where hospitality-related entities discuss upcoming events and strategize ways to collaborate.	Business advocacy group	NACOG
c. Implement a community amenity wayfinding package and improve signage along key corridors.	Town	ADOT Yavapai County Business advocacy group
d. Establish a dedicated Camp Verde visitor center along I-17 to promote tourism and hospitality activities.	Town	Yavapai-Apache Nation Business advocacy group Arizona State Parks

Strategy	Primary Role	Secondary Role
e. Establish an outdoor, multifunctional venue by leveraging existing assets or investing in new amenities and better utilize existing indoor facilities.	Town	Yavapai-Apache Nation Camp Verde Unified School District
f. Continue to develop a comprehensive multi-use trail network with strategic partners, including marking all trails/trailheads and updating trail network map.	Town	National Forest Service National Park Service
g. Complete and implement Verde River Recreation Master Plan to help inform the future of potential recreational properties.	Town	Arizona State Parks Ditch associations, companies

Infrastructure and Placemaking Development		
a. Extend utilities and related infrastructure to “West 260” to support future industrial and commercial growth.	Town	APS ADOT Water companies Land owners
b. Improve broadband speed/capacity.	Verde Valley Regional Economic Organization	NACOG (Broadband Planning Committee) Broadband providers
c. Protect, develop and expand light industrial land uses.	Town	Yavapai County
d. Establish gateway monuments and leverage design opportunity with planned “West 260” roundabouts.	Town	ADOT
e. Facilitate and implement a downtown circulation plan.	Town	NACOG Business advocacy group
f. Establish a beautification program to improve the community’s overall aesthetics.	Town	Business advocacy group Arizona State Parks
g. Support continued “complete street” design.	Town	NACOG ADOT

Strategy	Primary Role	Secondary Role
h. Continue to implement historic preservation initiatives and the telling of Camp Verde’s story.	Camp Verde Historical Society	Verde Valley Archaeology Center Town Yavapai-Apache Nation Arizona State Parks

Business Development, Support, Attraction, and Retention		
a. Work with local businesses and development interests to identify processes that can be streamlined/optimized.	Town	NACOG Business advocacy group
i. Improve the synchronicity and collaboration of town departments.	Town	
ii. Combine the town’s community development and economic development departments.	Town	
iii. Develop a business guide and “start-up checklist” to assist new business establishment.	Town	NACOG Arizona Commerce Authority
iv. Clarify and publish community development policies and procedures via the town’s website.	Town	
v. Identify key business sector targets and define an efficient permitting process to assist in attraction.	Town	NACOG Arizona Commerce Authority
vi. Develop a menu of business locating incentives to assist in business recruitment, retention, and expansion.	Town	NACOG Arizona Commerce Authority
vii. Increase the town’s capacity to find creative development proposal solutions.	Town	ULI Arizona (Community Plan) Arizona Association for Economic Development Yavapai County

Strategy	Primary Role	Secondary Role
viii. Create and maintain an inventory of available land/sites to assist in business locating.	Town	APS NACOG SEDI
b. Identify secondary/complementary businesses that complement and support flagship employers and target opportunities for recruitment.	NACOG	SEDI
c. Establish a business advocacy group to support and promote retention of small business.	SEDI	APS Yavapai College (Small Business Development Center)
i. Host regular business roundtables to discuss challenges and identify collaborative opportunities.	Business advocacy group	SEDI Yavapai College (Small Business Development Center)
ii. Hold an annual economic summit with key stakeholders to evaluate current economic health and strategize regional positioning.	Business advocacy group	SEDI Yavapai College (Small Business Development Center)
iii. Identify applicable business assistance needs and associated programming and strengthen existing resource opportunities and assistance.	Business advocacy group	SEDI Yavapai College (Small Business Development Center)

Workforce Development and Education		
a. Support opportunities for registered apprenticeship programs that match entrepreneurs with area youth and young adults.	Yavapai College	Department of Labor Valley Academy for Career and Technology Education (VACTE) Public/private schools



Strategy	Primary Role	Secondary Role
b. Establish a system that provides educational pathways from elementary to secondary to post-secondary to continuing educational opportunities.	Yavapai College	SEDI
i. Continue to identify post-secondary, certificate and vocational educational programs that complement competitive advantages.	Yavapai College	Schools
ii. Expand and foster awareness of dual credit programs.	Yavapai College	Schools
iii. Provide access to and communicate availability of soft skill training.	NACOG	Yavapai College Department of Labor SEDI
iv. Expand internship, externship, and mentorship programs.	Yavapai College	Schools NACOG SEDI
c. Establish a volunteer corps (service club) where youth members are matched with service projects identified throughout the community.	Schools	Yavapai College SEDI
d. Develop a youth-focused entrepreneurial guild/program.	Schools	Yavapai College SEDI

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**Agenda Item Submission Form – Section I**

**Meeting Date:** November 15, 2017

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

**Requesting Department:** Town Manager/Finance/Public Works

**Staff Resource/Contact Person:** Russ Martin/Mike Showers

**Agenda Title (be exact):**

*Consideration and possible adoption of Resolution 2017-991 “A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF TOWN OF CAMP VERDE, ARIZONA, APPROVING THE SALE AND EXECUTION AND DELIVERY OF NOT TO EXCEED \$7,000,000 AGGREGATE PRINCIPAL AMOUNT OF PLEDGED REVENUE OBLIGATIONS, SERIES 2017, EACH EVIDENCING A PROPORTIONATE INTEREST OF THE OWNERS THEREOF IN A THIRD PURCHASE AGREEMENT; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH PURCHASE AGREEMENT, A THIRD TRUST AGREEMENT, A CONTINUING DISCLOSURE UNDERTAKING, AN OBLIGATION PURCHASE CONTRACT AND OTHER NECESSARY AGREEMENTS; ADOPTING A POST-ISSUANCE CONTINUING DISCLOSURE COMPLIANCE PROCEDURES IN CONNECTION WITH ISSUANCE OF OBLIGATIONS OF THE TOWN; DELEGATING AUTHORITY TO THE MAYOR, MANAGER AND FINANCE DIRECTOR OF THE TOWN TO DETERMINE CERTAIN MATTERS AND TERMS WITH RESPECT TO THE FOREGOING; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION AND DECLARING AN EMERGENCY”*

**List Attached Documents:**

1. Offer Approving Resolution for the captioned Obligations
2. Forms of the Third Purchase Agreement
3. Third Trust Agreement
4. Preliminary Official Statement
5. Obligation Purchase Contract
6. Continuing Disclosure Compliance Procedures

**Estimated Presentation Time:** 20 min

**Estimated Discussion Time:** 20 min

**Reviews Completed by:**

**Department Head: Russ Martin**

**Town Attorney Bill Sims**

**Finance Review:**  **Budgeted**  **Unbudgeted**  **N/A**

**Finance Director Comments/Fund:**

**Fiscal Impact:** While \$250,000 has been budgeted within the current fiscal year for debt service payments on the CV Sports Complex, our expectation is that the first payment for debt service will not occur until after July 1<sup>st</sup> of 2018 placing it into the next budget year. That will allow us to budget exactly for the required debt service payment based on decisions of total amount borrowed and total length of time for repayment and the actual interest rate.

**Background Information:**

The Town has worked for over a decade now to develop the resources and plans to build a community park on the purchased 118 acres along Highway 260. This has gone through significant public discussion and review in the past and because of the completion of several other projects and clearances we are now at a point to begin the process of construction. To do so requires borrowing a significant amount, in this case we expect to borrow between 6 and 6.5 million dollars to accomplish the first phase of improvements.

First Phase will include as much infrastructure as possible and grading of the entire site to prepare for final placement of the items planned in the latest plan presented titled "Final Park Layout". The initial work is about to be let out for bid and ultimately will require finances be ready for payment of that contract. Additionally, we are needing to get final plans for field construction prepared also costing significant resources, to do so requires action to acquire the funding. This would be approximately 350-385K annual obligation paid for by excise tax (sales taxes) for 25 years. Any final direction on not to exceeds should be given during this conversation as the amounts do fluctuate a little depending on market rate eventually accomplished.

The attached documents in connection with their consideration of the approving resolution will accomplish this action and review should focus on particularly the Preliminary Official Statement. This is following a federal securities law that requires that a version of the Preliminary Official Statement, updated to reflect the sale of the obligations to the underwriter, be sent to prospective investors. In order to show that the Town used "due diligence" the Town Council members must have the chance to review the Preliminary Official Statement (which is considered our Town's document) and comment on it. The finance assistance we are getting specifically are asking that you concentrate on the information that is unique to the Town, its finances and the local tax base that an outsider would have no way of knowing about unless it was included in the Preliminary Official Statement. Your obligations under this are to ensure accuracy. Discussion on this during this meeting is expected and is the best time to deal with anything Town Council is unsure about or concerned with.

Finally, it includes an emergency clause requiring six affirmative votes (3/4 majority) to accomplish. The emergency clause is to avoid sudden changes to the rates, and this is expected that rates may rise in the near term while the financing is being secured.

**Direction:** Move to approve Resolution 2017-991 "A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF TOWN OF CAMP VERDE, ARIZONA, APPROVING THE SALE AND

*EXECUTION AND DELIVERY OF NOT TO EXCEED \$7,000,000 AGGREGATE PRINCIPAL AMOUNT OF PLEDGED REVENUE OBLIGATIONS, SERIES 2017, EACH EVIDENCING A PROPORTIONATE INTEREST OF THE OWNERS THEREOF IN A THIRD PURCHASE AGREEMENT; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH PURCHASE AGREEMENT, A THIRD TRUST AGREEMENT, A CONTINUING DISCLOSURE UNDERTAKING, AN OBLIGATION PURCHASE CONTRACT AND OTHER NECESSARY AGREEMENTS; ADOPTING A POST-ISSUANCE CONTINUING DISCLOSURE COMPLIANCE PROCEDURES IN CONNECTION WITH ISSUANCE OF OBLIGATIONS OF THE TOWN; DELEGATING AUTHORITY TO THE MAYOR, MANAGER AND FINANCE DIRECTOR OF THE TOWN TO DETERMINE CERTAIN MATTERS AND TERMS WITH RESPECT TO THE FOREGOING; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION AND DECLARING AN EMERGENCY”*

**Instructions to Clerk:**

## **RESOLUTION NO. 2017-991**

RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF TOWN OF CAMP VERDE, ARIZONA, APPROVING THE SALE AND EXECUTION AND DELIVERY OF NOT TO EXCEED \$7,000,000 AGGREGATE PRINCIPAL AMOUNT OF PLEDGED REVENUE OBLIGATIONS, SERIES 2017, EACH EVIDENCING A PROPORTIONATE INTEREST OF THE OWNERS THEREOF IN A THIRD PURCHASE AGREEMENT; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH PURCHASE AGREEMENT, A THIRD TRUST AGREEMENT, A CONTINUING DISCLOSURE UNDERTAKING, AN OBLIGATION PURCHASE CONTRACT AND OTHER NECESSARY AGREEMENTS; ADOPTING A POST-ISSUANCE CONTINUING DISCLOSURE COMPLIANCE PROCEDURES IN CONNECTION WITH ISSUANCE OF OBLIGATIONS OF THE TOWN; DELEGATING AUTHORITY TO THE MAYOR, MANAGER AND FINANCE DIRECTOR OF THE TOWN TO DETERMINE CERTAIN MATTERS AND TERMS WITH RESPECT TO THE FOREGOING; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION AND DECLARING AN EMERGENCY

**WHEREAS**, the Mayor and Common Council of the Town of Camp Verde, Arizona (the “Town”), have determined to finance the costs of a sports complex/park in and for the Town (the “Project”), by entering into a Third Purchase Agreement, to be dated as of the first day of the month of the dated date of the hereinafter described Obligations established as provided herein (the “Purchase Agreement”), with a bank authorized to exercise trust powers in the State of Arizona, appointed as provided herein, as trustee (the “Trustee”), in its separate capacity as “Seller”; and

**WHEREAS**, in connection with the Purchase Agreement, the Mayor and Common Council of the Town have deemed it necessary and desirable to provide for the sale and execution and delivery of Pledged Revenue Obligations, Series 2017, provided for by this Resolution (collectively, the “Obligations”), evidencing proportionate interests of the owners of the Obligations in payments to be made by the Town to the Trustee pursuant to the Third Trust Agreement, to be dated as of the first day of the month of the dated date of the Obligations (the “Trust Agreement”), between the Trustee and the Town, such payments to be made pursuant to the Purchase Agreement; and

**WHEREAS**, the payments represented by the Obligations will be secured by amounts received under the Purchase Agreement pursuant to which the Town will pledge Excise Tax Revenues and State Shared Revenues (as such terms are defined in the Trust Agreement); and

**WHEREAS**, pursuant to Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”), Participating Underwriters (as defined in the Rule) are required to reasonably determine that issuers have entered into written undertakings to make ongoing disclosure in connection with offerings of obligations to investors subject to the Rule; and

**WHEREAS**, the Mayor and Common Council of the Town hereby determine that procedures should be adopted in order to document practices and describe various procedures for preparing and disseminating such ongoing disclosure for the benefit of the holders of the Town’s obligations and to assist the Participating Underwriters in complying with the Rule and such written undertakings (the “Procedures”); and

**WHEREAS**, there have been presented to the Mayor and Common Council of the Town at the meeting at which this Resolution is being adopted (1) the proposed form of the Purchase Agreement; (2) the proposed form of the Trust Agreement; (3) the proposed form of the Undertaking; (4) the proposed form of the Obligation Purchase Contract, to be dated the date of the sale of the Obligations (the “Purchase Contract”), by and between the Town and Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), for the purchase of the Obligations; (5) the proposed form of the Preliminary Official Statement, to be dated the date of the dissemination thereof (the “Preliminary Official Statement”), relating to the Obligations, which, as to be revised after the sale of the Obligations, shall constitute the Official Statement, to be dated the date of sale of the Obligations (the “Official Statement”), relating to the Obligations and (6) the proposed form of the Procedures; and

**WHEREAS**, financing the costs of the Project pursuant to the Purchase Agreement is in furtherance of the purposes of the Town and in the public interest;

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

Section 1. (a) The execution and delivery of the Obligations by the Trustee is approved.

(b) The Manager or Finance Director of the Town are each authorized to determine on behalf of the Town: the identity of the Trustee; the date the Obligations are to be sold to the Underwriter; the aggregate principal amount of the Obligations which are to be executed and delivered but not to exceed the aggregate principal amount of \$7,000,000; the date the Obligations are to be dated; the dates on which interest on the Obligations is to be payable and the interest rates per annum the Obligations are to bear; the dates the Obligations are to mature but not later than thirty (30) years from the date of the execution and delivery of the Obligations, the principal amounts to mature on such dates and the provisions for redemption thereof in advance of such dates and the terms upon which the Obligations are to be sold to the Underwriter (including determinations of price, original issue discount and premium and underwriting compensation); provided, however, that the foregoing determinations shall not result in the yield on the Obligations, as calculated in accordance with Section 148 of the Code exceeding five and one-quarter percent (5.25%).

(c) The Manager and Finance Director of the Town are further each authorized to determine on behalf of the Town whether the purchase of an insurance policy securing payment of the Obligations or a surety bond or other reserve fund guaranty which would be a “qualified guarantee” for purposes of the Code would be advantageous to the Town or the terms of the financing represented by the Obligations. The Manager and Finance Director of the Town are each authorized to negotiate with and secure, with proceeds of the Obligations or otherwise, such an insurance policy or a reserve fund guaranty, or both, from one or more institutions, the claims-paying ability of which are then assigned one of the two highest rating categories by a nationally recognized credit rating agency. The Mayor, Manager and Finance Director of the Town are each authorized to execute and deliver any instruments or documents necessary in connection with the purchase of any such insurance policy and/or reserve fund guaranty, including those making provision for the repayment of amounts advanced by the institutions issuing such insurance policy and/or reserve fund guaranty.

(d) The forms and other terms of the Obligations, including the provisions for the signatures, authentication, payment, registration, transfer, exchange, redemption and number shall be as set forth in the Trust Agreement and are approved.

(e) The Procedures are hereby adopted to establish policies and procedures related to the purposes set forth in the Recitals hereto. The right to use discretion as necessary and appropriate to make exceptions or request additional provisions with respect to the Procedures as may be determined is hereby reserved. The right to change the Procedures from time to time, without notice, is also reserved.

Section 2. The Obligations are to be sold to the Underwriter pursuant to the terms of the Purchase Contract as such terms are to be determined as provided hereinabove.

Section 3. The form, terms and provisions of the Purchase Agreement, the Trust Agreement, the Undertaking and the Purchase Contract, in substantially the forms of such documents (including the Obligations and other exhibits thereto) presented at the meeting of the Mayor and Common Council of the Town at which this Resolution is being adopted are approved, with such final provisions, insertions, deletions and changes as determined as provided hereinabove and shall be approved by the Mayor of the Town, any other member of the Council, and, in the case of the Purchase Contract, the Manager or Finance Director of the Town, the execution of each such document being conclusive evidence of such approval, and the Mayor of the Town or any other member of the Council and, in the case of the Purchase Contract, the Manager or Finance Director of the Town, or the Clerk of the Town, where applicable, are authorized and directed, for and on behalf of the Town, to execute and deliver and attest or approve the Purchase Agreement, the Trust Agreement, the Undertaking and the Purchase Contract and to take all action to carry out and comply with the terms of such documents.

Section 4. The distribution of the Preliminary Official Statement by the Underwriter is approved, and the Official Statement in substantially the form of the Preliminary Official Statement, with such changes or revisions therein from the form of the Preliminary Official Statement as may be approved by the Mayor of the Town or any other member of the Council executing the same, is approved, and the Mayor of the Town or any other member of the Council is authorized, empowered and directed, in the name and on behalf of the Town, to



execute and deliver the same to the Underwriter and to execute and deliver instruments confirming that the Preliminary Official Statement is “deemed final” in accordance with Securities and Exchange Commission Rule 15(c)2-12.

Section 5. The Trustee (including in its separate capacity as Seller) is requested to take any and all action necessary in connection with the execution and delivery of the Purchase Agreement, the Trust Agreement, the Undertaking and the Purchase Contract and the sale and execution and delivery of the Obligations and is further authorized and directed to take such action as may be reasonable for the administration of the trusts so held by it.

Section 6. The covenants and agreements contained the Purchase Agreement as to the pledge of and the lien on Excise Tax Revenues and State Shared Revenues and the restriction on the issuance of further parity obligations secured by Excise Tax Revenues and State Shared Revenues are approved and confirmed.

Section 7. The Mayor, the Manager, the Finance Director and other officers of the Town, on behalf of the Town, are authorized and directed, without further order of the Mayor and Common Council of the Town, to do all such acts and things and to execute and deliver all such certificates, proceedings, agreements and other documents as may be necessary or convenient to be executed and delivered on behalf of the Town, to evidence compliance with, or further the purposes of, all the terms and conditions of this Resolution and the consummation of the transactions contemplated by the Preliminary Official Statement and the Official Statement and as may be necessary to carry out the terms and intent of this Resolution.

Section 8. All actions of the officers and agents of the Town which conform to the purposes and intent of this Resolution and which further the sale and execution and delivery of the Obligations as contemplated by this Resolution, whether heretofore or hereafter taken, are ratified, confirmed and approved.

Section 9. If any section, paragraph, clause or phrase of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or phrase shall not affect any of the remaining provisions of this Resolution. All orders, resolutions and ordinances or parts thereof inconsistent herewith are hereby waived to the extent only of such inconsistency. This waiver shall not be construed as reviving any order, resolution or ordinance or any part thereof.

Section 10. The immediate operation of the provisions of this Resolution is necessary for the preservation of the public peace, health and safety, particularly to immediately sell the Obligations to secure the best, available economic terms therefor, and an emergency is hereby declared to exist, and this Resolution will be in full force and effect from and after its passage by the Mayor and Common Council of the Town and it is hereby excepted from the referendum provisions of the Constitution and laws of the State of Arizona. After any of the Obligations are delivered by the Trustee to the Underwriter and upon receipt of payment therefor, this Resolution shall be and remain irrevocable until the Obligations and the interest and premium, if any, thereon shall have been fully paid, cancelled and discharged.

PASSED AND ADOPTED by the Council and approved by the Mayor of the  
Town of Camp Verde, Arizona, this 15th day of November, 2017.

.....  
Mayor

ATTEST:

.....  
Town Clerk

APPROVED AS TO FORM:

.....  
Town Attorney

PHX 332550784v1

CERTIFICATION

I hereby certify that the foregoing Resolution No. .... was duly passed and adopted by the Mayor and Common Council of the Town of Camp Verde, Arizona, at a regular meeting held on the 15th day of November, 2017, and the vote was ..... ayes and ..... nays.

.....  
Town Clerk

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**THIRD PURCHASE AGREEMENT**

by and between

**U.S. BANK NATIONAL ASSOCIATION[???],**  
as Seller

and

**THE TOWN OF CAMP VERDE, ARIZONA,**  
as Purchaser

Dated as of December 1, 2017

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**TABLE OF CONTENTS**

	<u>Page</u>
Section 1. Term and Payments.....	2
Section 2. Pledge; Limited Obligations. ....	3
Section 3. Surplus and Deficiency of Revenues from Excise Taxes and State Shared Revenues .....	4
Section 4. Parity Lien Obligations .....	4
Section 5. Town Control over Revenue Collection .....	4
Section 6. Certain Matters with Respect to Project .....	5
Section 7. Providing for Payment .....	6
Section 8. Term of Agreement.....	6
Section 9. Default; Remedies Upon Default.....	7
Section 10. Assignment. ....	8
Section 11. Federal Law Provisions.....	8
Section 12. Covenant as to Conflict of Interest; Other Statutory Restrictions .....	12
Section 13. Miscellaneous. ....	13

### THIRD PURCHASE AGREEMENT

THIS THIRD PURCHASE AGREEMENT, dated as of December 1, 2017 (this “Agreement”), by and between THE TOWN OF CAMP VERDE, ARIZONA, a municipal corporation under the laws of the State of Arizona (“Town”), as purchaser hereunder, and U.S. BANK NATIONAL ASSOCIATION, a national banking association (“Trustee”), in its capacity as trustee under the Third Trust Agreement, dated as of even date herewith (the “Trust Agreement”), by and between Trustee and Town and seller hereunder,

#### WITNESSETH:

WHEREAS, the Mayor and Council of Town have determined that it will be beneficial for the citizens of Town for Town to finance the costs of the Project (as such term and all other undefined terms used herein are defined in the Trust Agreement); and

WHEREAS, for such purpose, the Mayor and Council of Town requested that Trustee sell and execute and deliver the Obligations, and the Trustee has, as provided in the Trust Agreement, caused deposits to be made to the Acquisition Fund and the Costs of Issuance Fund; and

WHEREAS, Town is a municipal corporation duly incorporated and validly existing under the laws of the State; the Constitution and the laws of the State authorize Town to enter into this Agreement and the transactions contemplated by this Agreement; Town has duly authorized and executed this Agreement; this Agreement is a lawful, valid and binding obligation of Town, enforceable against Town in accordance with its terms; all required procedures for execution and performance of this Agreement, including publication of notice, public hearing or competitive bidding, if applicable, have been or will be complied with in a timely manner; the Payments will be paid when due out of funds which are legally available for such purposes; neither the execution and delivery of this Agreement or the Trust Agreement, nor the fulfillment of or compliance with the terms and conditions hereof or thereof nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which Town is now a party or by which Town is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of Town and the Project complies with all applicable environmental laws, rules and regulations (including, without limitation, all federal, state and local laws) and with Title III of the Americans with Disabilities Act and the regulations issued thereunder by the United States Department of Justice concerning accessibility of places of public accommodation and commercial facilities if and to the extent such Act and regulations apply to the Project; and

WHEREAS, Trustee has full legal authority and is duly empowered to enter into this Agreement and has taken all actions necessary to the execution and delivery hereof;

NOW THEREFORE, PURSUANT TO LAW AND FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS HEREINAFTER CONTAINED, IT IS HEREBY AGREED AS FOLLOWS:

Section 1. Term and Payments.

(a) Trustee hereby sells and conveys to Town, and Town hereby buys and accepts from Trustee, the Project. (Town acknowledges that Town is receiving good and valuable consideration from such sale.)

(b) Trustee shall have no further obligation to provide funds for the Project, and Town shall be entitled to sole and exclusive possession of the Project.

(c) As the purchase price, Town shall pay the Payments to Trustee. (The Interest Portion is interest for purposes of the Code.) This Agreement shall be deemed and construed to be a “*net purchase agreement*,” and the Payments shall be an absolute net return to Trustee, free and clear of any expenses or charges whatsoever, except as otherwise specifically provided herein.

Town shall further also pay to Trustee its fees and expenses in accordance with the provisions of the Trust Agreement and to the United States of America any amounts required by Section 11(b)(ii).

Town shall further also pay all amounts necessary for compliance with the Continuing Disclosure Undertaking.

Town shall receive a credit against amounts so due, equal to any amounts held in the Payment Fund in excess of the amount then required to be in the Payment Fund. If the balance available in the Payment Fund after a Payment is insufficient to make the next required payments of principal and interest due on the Obligation on the next date for payment thereof, Town shall pay any such deficiency in sufficient time to prevent default in the payment of principal or interest on the Obligation falling due on such date.

(d) The obligation of Town to pay the amounts described in paragraph (c) hereof (including the Payments) from the sources described herein and to comply with the other provisions hereof shall be absolute and unconditional and shall not be subject to any defense or any right of set-off, abatement, counterclaim, or recoupment arising out of any breach by Trustee of any obligation to Town or otherwise, or out of indebtedness or liability at any time owing to Town by Trustee. Until such time as all of the payments described in paragraph (c) hereof (including the Payments) shall have been fully paid or provided for, Town (i) shall not suspend or discontinue the same, (ii) shall comply with the other provisions hereof and (iii) shall not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, failure of Trustee or any other person to acquire the Project, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project or the taking by *eminent domain* of title to or temporary use of any or all of the Project, commercial frustration of purpose, abandonment of the Project by Town, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Trust Agreement or this Agreement. Nothing contained in this Section shall

be construed to release Trustee from the performance of any of the agreements on its part herein or in the Trust Agreement contained and in the event Trustee shall fail to perform any such agreements on its part, Town may institute such action against Trustee as Town may deem necessary to compel performance so long as such action does not abrogate the obligations of Town contained in the first sentence of this paragraph.

(e) Any of the payments described in paragraph (c) hereof (including the Payments) due on a day which is not a Business Day may be made on the next Business Day and will be deemed to have been made on the date due.

(f) Amounts payable to Trustee shall be paid by the means specified in writing to Town.

## Section 2. Pledge; Limited Obligations.

(a) Excise Tax Revenues and State Shared Revenues are hereby pledged by Town to the payment of all amounts described in Section 1(c) hereof (including the Payments), and such amounts shall be secured by a paramount and first lien on and pledge of Excise Tax Revenues and State Shared Revenues, on parity with the pledge and lien hereby granted by Town for the payment and security of the Parity IGA, the First Purchase Agreement, the Second Purchase Agreement and any Additional Revenue Obligations. Town shall make said payments from Excise Tax Revenues and State Shared Revenues (first making the Payments and thereafter making the other required payments). All of such payments are coequal as to the pledge of and lien on Excise Tax Revenues and State Shared Revenues pledged for the payment thereof and share ratably, without preference, priority or distinction, as to the source or method of payment from Excise Tax Revenues and State Shared Revenues or security therefor. Town intends that this pledge shall be a paramount and first lien on and pledge of Excise Tax Revenues and State Shared Revenues as will be sufficient to make such payments and payments on the Parity IGA, the First Purchase Agreement and the Second Purchase Agreement.

(b) Town shall remit to Trustee from Excise Tax Revenues and State Shared Revenues all amounts due under this Agreement in the amounts and at the times and for the purposes as required herein. The obligation of Town to make payments of any amounts due under this Agreement, including amounts due after default or termination hereof, is limited to payment from Excise Tax Revenues and State Shared Revenues and shall under no circumstances constitute a general obligation or a pledge of the full faith and credit of Town, the State or any of its political subdivisions, or require the levy of, or be payable from the proceeds of, any *ad valorem* property taxes.

(c) Town may, at the sole option of Town, make payments due pursuant to Section 1 hereof from its other funds as permitted by law and as Town shall determine from time to time, but Trustee acknowledges that it has no claim hereunder to such other funds. No part of the purchase price payable pursuant to this Agreement shall be payable out of any *ad valorem* property taxes imposed by Town or from bonds or other obligations, the payment of which Town's general taxing authority is pledged, unless (i) the same shall have been duly budgeted by Town according to law, (ii) such payment or payments shall be within the



budget limitations of the statutes of the State and (iii) any such bonded indebtedness or other obligation is within the debt limitations of the Constitution of the State.

Section 3. Surplus and Deficiency of Revenues from Excise Taxes and State Shared Revenues. Excise Tax Revenues and State Shared Revenues in excess of amounts, if any, required to be deposited with or held by Trustee for payments due under this Agreement shall constitute surplus revenues and may be used by Town for any lawful purpose for the benefit of Town, including the payment of obligations to which Excise Tax Revenues and State Shared Revenues may from time to time be pledged on a basis subordinate hereto. If at any time the moneys in the funds held for payment of amounts due under this Agreement are not sufficient to make the deposits and transfers required, any such deficiency shall be made up from the first moneys thereafter received and available for such transfers under the terms of this Agreement and, with respect to payment from Excise Tax Revenues and State Shared Revenues, *pro rata*, as applicable, with amounts due with respect to the Parity IGA, the First Purchase Agreement, the Second Purchase Agreement and any Additional Revenue Obligations, and the transfer of any such sum or sums to said fund as may be necessary to make up any such deficiency shall be in addition to the then-current transfers required to be made pursuant hereto.

Section 4. Parity Lien Obligations. Additional Revenue Obligations may be incurred but only if Excise Tax Revenues plus State Shared Revenues, when combined mathematically for such purpose only, in the most recently completed fiscal year of Town, shall have amounted to at least two (2) times the highest combined interest and principal requirements for any succeeding fiscal year of the Town for the Parity IGA, the First Purchase Agreement, the Second Purchase Agreement, this Agreement and any Additional Revenue Obligations.

Section 5. Town Control over Revenue Collection. To the extent permitted by applicable law, Excise Tax Revenues shall be retained and maintained so that the amounts received from Excise Tax Revenues and State Shared Revenues, when combined mathematically for such purpose only, all within and for the most recently completed fiscal year of Town, shall have been equal to at least two (2) times the total of interest and principal requirements for the current fiscal year of Town for the Parity IGA, the First Purchase Agreement, the Second Purchase Agreement, this Agreement and any Additional Revenue Obligations. If the revenues from Excise Tax Revenues and State Shared Revenues for any such fiscal year shall not have been equal to at least one and one-quarter (1¼) times the total of the interest and principal requirements for the current fiscal year of Town for the Parity IGA, the First Purchase Agreement, the Second Purchase Agreement, this Agreement and any Additional Revenue Obligations or if at any time it appears that Excise Tax Revenues and State Shared Revenues will not be sufficient to meet such requirements, Town shall, to the extent permitted by applicable law, impose new exactions of the type of the excise taxes which will be part of the excise taxes or increase the rates for the excise taxes currently imposed fully sufficient at all times, after making allowance for contingencies and errors, in each fiscal year of Town in order that (i) Excise Tax Revenues and State Shared Revenues will be sufficient to meet all current requirements hereunder and (ii) Excise Tax Revenues and State Shared Revenues will be reasonably calculated to attain the level as required by the first sentence of this paragraph.

Section 6. Certain Matters with Respect to Project.

(a) Except with respect to its power and authority to enter into this Agreement and to perform its covenants hereunder, Trustee has made and makes no representation or warranty, express or implied, and assumes no obligation with respect to the title, merchantability, condition, quality or fitness of the Project for any particular purpose or the conformity of the Project to any plans, specifications, construction contract, purchase order, model or sample, or as to their design, construction, delivery, installation, construction oversight and operation or their suitability for use by Town after completion. All such risks shall be borne by Town without in any way excusing Town from its obligations under this Agreement, and Trustee shall not be liable to Town for any damages on account of such risks. Except with respect to any acts by Trustee which are not undertaken at the request of Town or with the prior approval of Town, Town waives all claims against Trustee growing out of the acquisition, construction, installation or otherwise of the Project. Trustee shall have no liability to Town for any failure of any contractor to perform any contract or other undertaking with respect to the Project in any respect. Trustee shall have no obligation to obtain or insure compliance with any required permits or approval procedures with respect to the Project. In the event of any defect in any item of the Project or other claim with respect to the Project, recourse of Town shall be against the contractors, manufacturers, suppliers, etc. of the Project and, where applicable, the person selling the property to Trustee, and not against Trustee. For such purpose, Trustee hereby assigns and transfers to Town the right, title and interest of Trustee in and to all representations, warranties, guarantees and service agreements relating to the Project made or entered into by Trustee and by any contractor, manufacturers, suppliers, etc. of the Project. Trustee further designates Town as its attorney-in-fact granting to Town the right to initiate and take all actions necessary to enforce any and all construction contracts and all such warranties and service agreements. Trustee is entering into this Agreement solely as Trustee, shall not be personally liable hereunder and shall be afforded the same rights, protections, immunities and indemnities acting hereunder as afforded to it as Trustee under the Trust Agreement. Notwithstanding anything to the contrary herein, at no time shall Trustee be listed in the chain of title to the Project.

(b) Trustee hereby irrevocably appoints Town as its sole and exclusive agent to act for and on behalf of Trustee in financing the costs of the Project. As such agent, Town shall have full authority to do all things necessary to bring about the financing of the costs of the Project. Trustee shall not be liable, responsible or accountable for the acts of Town as its agent hereunder, and Town hereby assumes all responsibility for the performance of such duties. Should any shortfall or deficiency occur in the Acquisition Fund, the Town shall immediately pay such amounts to Trustee for deposit in the Acquisition Fund.

(c) Town, by keeping and performing the covenants and agreements herein contained, shall at all times during the term of this Agreement, peaceably and quietly, have, hold and enjoy the Project, without suit, trouble or hindrance from Trustee. Town hereby grants and conveys to Trustee, and all persons claiming by, through or under Trustee, including its successors and assigns under the Trust Agreement and the Owners for whom it acts, a nonexclusive easement upon, in and to the Project for the purpose of permitting the Project to be maintained upon the premises.

(d) Notwithstanding any other terms or provisions of this Agreement, the interest of Trustee in the Project is solely in its capacity as Trustee for the purpose of facilitating the financing or refinancing, as applicable, of the Project, and Trustee shall not have the power, authority or obligation to assume any responsibility for the overall management or maintenance of the Project, including, without limitation, any day-to-day decision-making or operational aspects of the Project.

Section 7. Providing for Payment. Town may provide for the payment of any of the Payments in any one or more of the following ways:

(a) by paying such Payment as provided herein as and when the same becomes due and payable at its scheduled due date pursuant to Section 1 hereof or on a date on which it can be prepaid;

(b) by depositing with a Depository Trustee, in trust for such purposes, money which, together with the amounts then on deposit with Trustee and available for such Payment is fully sufficient to make, or cause to be made, such Payment at its scheduled due date or on a date on which it can be prepaid or

(c) by depositing with a Depository Trustee, in trust for such purpose, any Defeasance Obligations which are noncallable, in such amount as shall be certified to Trustee and Town, by a national firm of certified public accountants acceptable to Town, as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit with Trustee and available for such Payment, to make, or cause to be made, such Payment at its scheduled due date or on a date on which it can be prepaid.

Upon any partial prepayment of a Payment, each installment of interest which shall thereafter be payable as a part of the subsequent Payments shall be reduced, taking into account the interest rate or rates on the Obligations remaining outstanding after the partial prepayment so that the interest remaining payable as a part of the subsequent Payments shall be sufficient to pay the interest on such outstanding Obligations when due.

Section 8. Term of Agreement. This Agreement shall not terminate so long as any payments are due and owing pursuant to the Obligations. Subject to Section 7 hereof, upon full payment or provision for payment and in consideration of the timely payment of all of the amounts described in Section 1(c) hereof (including the Payments) and provided that Town has performed all the covenants and agreements required by Town to be performed, this Agreement shall cease and expire. The obligations of Town under this Agreement, including, without limitation, its obligation to pay the Payments, shall survive any action brought as provided in the next Section hereof, and Town shall continue to pay the Payments and perform all other obligations provided in this Agreement; provided, however, that Town shall be credited with any amount received by Trustee pursuant to actions brought under the next Section hereof.

Section 9. Default; Remedies Upon Default.

(a) (i) Upon (A) the nonpayment of the whole or any part of any of the amounts described in Section 1(c) hereof (including the Payments) at the time when the same are to be paid as provided herein or in the Trust Agreement, (B) the violation by Town of any other covenant or provision of this Agreement or the Trust Agreement, (C) the occurrence of an event of default with respect to the Parity IGA, the First Purchase Agreement, the Second Purchase Agreement or any Additional Revenue Obligations or (D) the insolvency or bankruptcy of Town as the same may be defined under any law of the United States of America or the State, or any voluntary or involuntary action of Town or others to take advantage of, or to impose, as the case may be, any law for the relief of debtors or creditors, including a petition for reorganization, and

(ii) if such default has not been cured (A) in the case of nonpayment of any of the amounts described in Section 1(c) hereof (including the Payments) as required hereunder or under the Trust Agreement on the due date or the nonpayment of principal or interest due with respect to the Parity IGA, the First Purchase Agreement, the Second Purchase Agreement or any Additional Revenue Obligations on their due dates; (B) in the case of the breach of any other covenant or provision of the Trust Agreement or this Agreement not cured within sixty (60) days after notice in writing from Trustee specifying such default and (C) in the case of any other default under any of the Parity IGA, the First Purchase Agreement, the Second Purchase Agreement or any Additional Revenue Obligations after any notice and passage of time provided for under the proceedings under which such obligations were issued then,

(iii) subject to the limitations of the Trust Agreement, Trustee may take whatever action at law or in equity, including the remedy of specific performance, may appear necessary or desirable to collect the Payments and any other amounts payable by Town under the Trust Agreement or this Agreement then due (but not the Payments and such other amounts accruing), or to enforce performance and observance of any pledge, obligation, agreement or covenant of Town under the Trust Agreement or this Agreement, and with respect to Excise Tax Revenues and State-Shared Revenues, without notice and without giving any bond or surety to Town or anyone claiming under Town, have a receiver appointed of Excise Tax Revenues and State Shared Revenues which are pledged to the payment of amounts due hereunder, with such powers as the court making such appointment shall confer (and Town does hereby irrevocably consent to such appointment); provided, however, that under no circumstances may the Payments be accelerated.

Each right, power and remedy of Trustee provided for in this Agreement shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for herein, or, unless prohibited by the terms hereof, now or hereafter existing at law or in equity or by statute or otherwise, in any jurisdiction where such rights, powers and remedies are sought to be enforced, and the exercise or beginning of the exercise by Trustee of any one or more of the rights, powers or remedies provided for herein or now or hereafter existing at law or in equity or

by statute or otherwise shall not preclude the simultaneous or later exercise by either party of any or all of such other rights, powers or remedies. The failure to insist upon strict performance of any of the covenants or agreements herein set forth shall not be considered or taken as a waiver or relinquishment for the future of the rights of Trustee to insist upon a strict compliance by Trustee with all the covenants and conditions hereof. Town shall, upon not less than 10 days' prior request by Trustee, execute, acknowledge and deliver to Trustee a statement in writing certifying that this Agreement is unmodified and in full force and effect (or, if this Agreement has been modified, that it is in full force and effect except as modified, and stating the modification), and the dates to which the amounts payable hereunder have been paid in advance, if any.

(b) Trustee shall in no event be in default in the performance of any of its obligations hereunder unless and until Trustee shall have failed to perform such obligation within 30 days or such additional time as is reasonably required to correct any such default after notice by Town properly specifying wherein Trustee has failed to perform any such obligation. No default by Trustee shall relieve Town of its obligations to make the various payments herein required, so long as any of the Obligations remain outstanding; however, Town may exercise any other remedy available at law or in equity to require Trustee to remedy such default so long as such remedy does not interfere with or endanger the payments required to be made to Trustee under the Trust Agreement.

#### Section 10. Assignment.

(a) Except as otherwise provided herein, Town shall not assign, transfer, pledge or hypothecate or otherwise dispose of this Agreement or any interest therein and any assignment in contravention hereof shall be void.

(b) Subject to the terms of the Trust Agreement, all and every part of the right, title and interest in and to this Agreement and all payments of any kind due or which become due to Trustee hereunder are sold, pledged, assigned and transferred pursuant to the Trust Agreement.

#### Section 11. Federal Law Provisions.

(a) (i) As described in further detail in the Tax Certificate, no direction for the making of any investment or other use of the proceeds of any of the Obligations or of the Project shall be made, permitted to be made or omitted from being made which would cause the Obligations to be "arbitrage bonds" as that term is defined in section 148 (or any successor provision thereto) of the Code or "private activity bonds" as that term is defined in section 141 (or any successor provision thereto) of the Code, and the requirements of such sections and related regulations of the Code shall be complied with throughout the term of the Obligations. (Particularly, Town shall be the owner of the Project for federal income tax purposes. Town shall not enter into any management or service contract with any entity other than a governmental entity for the operation of any portion of the Project unless the management or service contract complies with the requirements of Revenue Procedure 97-13 or such other authority as may control at the time or any lease or other arrangement with any entity other than

a governmental entity that gives such entity special legal entitlements with respect to any portion of the Project). Also, the payment of principal and interest with respect to the Obligations shall not be guaranteed (in whole or in part) by the United States or any agency or instrumentality of the United States. The proceeds of the Obligations, or amounts treated as proceeds of the Obligations, shall not be invested (directly or indirectly) in federally insured deposits or accounts, except to the extent such proceeds may be so invested for an initial temporary period until needed for the purpose for which the Obligations are being executed and delivered, may be so used in making investments in a *bona fide* debt service fund or may be invested in obligations issued by the United States Treasury. Town shall comply with the procedures and covenants contained in any arbitrage rebate provision or separate agreement executed in connection with the execution and delivery of the Obligations (initially those in subsection (b)) for so long as compliance is necessary in order to maintain the exclusion from gross income for federal income tax purposes of the Interest Portion. In consideration of the purchase and acceptance of the Obligations by the owners from time to time thereof and of retaining such exclusion and as authorized by Title 35, Chapter 3, Article 7, Arizona Revised Statutes, Town shall, and the appropriate officials of Town are hereby directed, to take all action required to retain such exclusion or to refrain from taking any action prohibited by the Code which would adversely affect in any respect such exclusion.

(ii) (A) Town shall take all necessary and desirable steps, as determined by the Mayor and Council of Town, to comply with the requirements hereunder in order to ensure that the Interest Portion is excluded from gross income for federal income tax purposes under the Code; provided, however, compliance with any such requirement shall not be required in the event Town receives a Special Counsel's Opinion that either compliance with such requirement is not required to maintain the exclusion from gross income of the Interest Portion or compliance with some other requirement will meet the requirements of the Code relating to such exclusion. In the event Town receives such a Special Counsel's Opinion, the parties agree to amend this Agreement to conform to the requirements set forth in such opinion.

(B) If for any reason any requirement hereunder is not complied with, Town shall take all necessary and desirable steps, as determined by Town, 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 and Town shall pay any required interest or penalty under hereinafter described Regulations section 1.148-3(h) with respect to the Code.

(C) Written procedures have been established for Town to ensure that all nonqualified obligations are remediated according to the requirements under the Code and related Regulations and to monitor the requirements of section 148 of the Code relating to arbitrage, with which Town will comply.

(D) The procedures required by any arbitrage rebate provision or separate agreement executed in connection with the issuance of the Obligations (initially, those in the next subsection) shall be complied with for so long as compliance is necessary pursuant to the Code.

(E) Town designates the Obligations as “qualified tax-exempt obligations” for purposes of section 265(b)(3) of the Code. In that connection, it is hereby represented and covenanted that Town, together with all its subordinate entities or entities that issue obligations on its behalf, or on behalf of which it issues obligations, during the current calendar year have not issued and will not issue tax-exempt obligations designated as qualified tax-exempt obligations in an aggregate amount, including the Obligations, exceeding \$10,000,000.

(b) (i) Undefined terms used in this subsection shall have the meanings given to them in the Code and the Regulations.

(ii) Unless an exception available pursuant to the Regulations applies as indicated in a Special Counsel’s Opinion or a written statement of an expert consultant employed pursuant to paragraph (vii) hereof, within 60 days after the end of each Bond Year, Town shall cause the Rebate Requirement to be calculated and shall pay to the United States of America:

(A) not later than 60 days after the end of the fifth Bond Year and every fifth Bond Year thereafter, an amount which, when added to the future value of all previous Rebate Payments with respect to the Obligations (determined as of such Computation Date), is equal to at least 90% of the sum of the Rebate Requirement (determined as of the last day of such Bond Year) plus the future value of all previous Rebate Payments with respect to the Obligations (determined as of the last day of such Bond Year); and

(B) not later than 60 days after the retirement of the last Obligation, an amount equal to 100% of the Rebate Requirement (determined as of the date of retirement of the last Obligation).

Each Rebate Payment required to be made under this Section shall be filed on or before the date such payment is due, with the Internal Revenue Service at the appropriate location and with required forms and other materials, currently by addressing it to IRS Service Center, Ogden, Utah 84201, and accompanying it with IRS Form 8038-T.

(iii) 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.

(iv) For purposes of paragraph (iii), whether a Nonpurpose Investment has been purchased or sold or disposed of for its fair market value shall be determined as follows:

(A) The fair market value of a Nonpurpose Investment generally shall be the price at which a willing purchaser would purchase the Nonpurpose Investment from a willing seller in a bona fide arm’s length transaction. Fair market value shall be determined on the date on which a contract to purchase or sell the Nonpurpose Investment becomes binding.

(B) Except as provided in Subsection (v) or (vi), a Nonpurpose Investment that is not of a type traded on an established securities market, within the meaning of Code section 1273, is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

(C) If a United States Treasury obligation is acquired directly from or sold or disposed of directly to the United States Treasury, such acquisition or sale or disposition shall be treated as establishing the fair market value of the obligation.

(v) The purchase price of a certificate of deposit that has a fixed interest rate, a fixed payment schedule and a substantial penalty for early withdrawal is considered to be its fair market value if the yield on the certificate of deposit is not less than:

(A) the yield on reasonably comparable direct obligations of the United States; and

(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.

(vi) A guaranteed investment contract shall be considered acquired and disposed of for an amount equal to its fair market value if:

(A) A bona fide solicitation in writing for a specified guaranteed investment contract, including all material terms, is timely forwarded to all potential providers. The solicitation must include a statement that the submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with Town or any other person (whether or not in connection with the Obligations), and that the bid is not being submitted solely as a courtesy to Town or any other person for purposes of satisfying the requirements in the Regulations that Town receive bids from at least one reasonably competitive provider and at least three providers that do not have a material financial interest in the Obligations.

(B) All potential providers have an equal opportunity to bid, with no potential provider having the opportunity to review other bids before providing a bid.

(C) At least three reasonably competitive providers (i.e. having an established industry reputation as a competitive provider of the type of investments being purchased) are solicited for bids. At least three bids must be received from providers that have no material financial interest in the Obligations (e.g., a lead underwriter within 15 days of the issue date of the Obligations or a financial advisor with respect to the investment) and at least one of such three bids must be from a reasonably competitive provider. If Town uses an agent to conduct the bidding, the agent may not bid.



(D) The highest-yielding guaranteed investment contract for which a qualifying bid is made (determined net of broker's fees) is purchased.

(E) The determination of the terms of the guaranteed investment contract takes into account as a significant factor the reasonably expected deposit and drawdown schedule for the amounts to be invested.

(F) The terms for the guaranteed investment contract are commercially reasonable (i.e. have a legitimate business purpose other than to increase the purchase price or reduce the yield of the guaranteed investment contract).

(G) The provider of the investment contract certifies the administrative costs (as defined in Regulations section 1.148-5(e)) that it pays (or expects to pay) to third parties in connection with the guaranteed investment contract.

(H) Town retains until three years after the last outstanding Obligation is retired, (1) a copy of the guaranteed investment contract, (2) a receipt or other record of the amount actually paid for the guaranteed investment contract, including any administrative costs paid by Town and a copy of the provider's certification described in (G) above, (3) the name of the person and entity submitting each bid, the time and date of the bid, and the bid results and (4) the bid solicitation form and, if the terms of the guaranteed investment contract deviate from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose of the deviation.

(vii) Such experts and consultants shall be employed by Town to make, as necessary, any calculations in respect of rebates to be made to the United States of America in accordance with section 148(f) of the Code with respect to the Obligations.

(c) Town shall comply with and carry out all of the provisions of the Continuing Disclosure Undertaking, provided that such costs of compliance shall be payable solely from Excise Tax Revenues and State Shared Revenues. Notwithstanding any other provision of this Agreement, failure of Town to comply with the Continuing Disclosure Undertaking shall not be considered an event of default; however, the Trustee may (and, at the request of the original purchaser of the Obligations or the owners of at least 25% aggregate principal amount in outstanding Obligations and receipt of indemnity to its satisfaction, shall) take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause Town to comply with its obligations under this Section. Trustee is not responsible for monitoring or verifying compliance by the Town with the Continuing Disclosure Undertaking.

## Section 12. Covenant as to Conflict of Interest; Other Statutory Restrictions.

(a) To the extent applicable by provision of law, Trustee acknowledges that this Agreement is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, the provisions of which are incorporated herein and which provides that Town may within three (3) years after its execution cancel any contract (including this Agreement)

without penalty or further obligation made by Town if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of Town is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice is received by all other parties to the contract unless the notice specifies a later time. Trustee covenants not to employ as an employee, an agent or, with respect to the subject matter of this Agreement, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of Trustee within three years from the execution of this Agreement, unless a waiver of Section 38-511, Arizona Revised Statutes, is provided by Town. No basis exists for Town to cancel this Agreement pursuant to Section 38-511, Arizona Revised Statutes, as of the date hereof.

(b) To the extent applicable under Section 41-4401, Arizona Revised Statutes, Trustee shall comply with all federal immigration laws and regulations that relate to its employees and its compliance with the “e-verify” requirements under Section 23-214(A), Arizona Revised Statutes. The breach by Trustee of the foregoing shall be deemed a material breach of this Agreement and may result in the termination of the services of Trustee by Town. Town retains the legal right to randomly inspect the papers and records of Trustee to ensure that Trustee is complying with the above-mentioned warranty. Trustee shall keep such papers and records open for random inspection during normal business hours by Town. Trustee shall cooperate with the random inspections by Town including granting Town entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

(c) Pursuant to Section 35-393 et. seq., Arizona Revised Statutes, Trustee hereby certifies it is not currently engaged in, and for the duration of this Agreement shall not engage in, a boycott of Israel. The term “boycott” has the meaning set forth in Section 35-393, Arizona Revised Statutes. If Town determines that Trustee’s certification above is false or that it has breached such agreement, Town may impose remedies as provided by law.

### Section 13. Miscellaneous.

(a) No covenant or obligation herein to be performed by Town may be waived except by the written consent of Trustee, and a waiver of any such covenant or obligation or a forbearance to invoke any remedy on any occasion shall not constitute or be treated as a waiver of such covenant or obligation as to any other occasion and shall not preclude Trustee from invoking such remedy at any later time prior to the cure by Town of the condition giving rise to such remedy.

(b) This Agreement shall be construed and governed in accordance with the laws of the State in effect from time to time.

(c) The recitals set forth at the beginning of this Agreement are incorporated in this Agreement by this reference. This Agreement constitutes the entire agreement between the parties and shall not be modified, waived, discharged, terminated,

amended, supplemented, altered or changed in any respect except by a written document signed by both Trustee and Town, subject to the restrictions with regard thereto provided by the Trust Agreement.

(d) Any term or provision of this Agreement found to be prohibited by law or unenforceable or which would cause this Agreement to be invalid, prohibited by law or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without, to the extent reasonably possible, causing the remainder of this Agreement to be invalid, prohibited by law or unenforceable.

(e) The captions set forth herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

(f) Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, successors, assigns and personal representatives, as the case may be. Any person or entity acquiring any interest in or to the right, title or interest of Trustee herein shall be and have the rights of a third party beneficiary hereunder.

(g) This Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

[Remainder of page left blank intentionally.]

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

Trustee:

U.S. BANK NATIONAL ASSOCIATION, as seller

By .....

Printed Name: .....

Title: .....

Town:

TOWN OF CAMP VERDE, ARIZONA, a municipal corporation under the laws of the State of Arizona, as purchaser

By.....  
Mayor

ATTEST:

By.....  
Town Clerk

PHX 332550785v2

**SCHEDULE**

Payment  
Date

Principal

Interest

Total  
Payment

**Total**

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**THIRD TRUST AGREEMENT**

by and between

**U.S. BANK NATIONAL ASSOCIATION[???],**  
as Trustee

and

**THE TOWN OF CAMP VERDE, ARIZONA**

Dated as of December 1, 2017

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ARTICLE I  
DEFINITIONS

Section 1.1.	Definitions.....	3
Section 1.2.	Interpretation.....	9
Section 1.3.	Obligations Not General Obligations of the Town .....	9

ARTICLE II  
SPECIAL REVENUE OBLIGATIONS

Section 2.1.	Authorization of the Obligations .....	9
Section 2.2.	Date; Interest Accrual .....	9
Section 2.3.	Payment Amounts and Dates and Interest Rates .....	9
Section 2.4.	Interest on Obligations .....	10
Section 2.5.	Form .....	10
Section 2.6.	Execution .....	10
Section 2.7.	Book-Entry Only System.....	11
Section 2.8.	Application of Proceeds .....	11
Section 2.9.	Transfer and Exchange. ....	11
Section 2.10.	Obligations Mutilated, Lost, Destroyed or Stolen .....	12
Section 2.11.	Payment.....	13
Section 2.12.	Execution of Documents and Proof of Ownership. ....	13
Section 2.13.	Obligation Register .....	14
Section 2.14.	Payment of Unclaimed Amounts .....	14

ARTICLE III  
ACQUISITION FUND; COSTS OF ISSUANCE FUND

Section 3.1.	Establishment and Application of Acquisition Fund.....	15
Section 3.2.	Establishment and Application of Costs of Issuance Fund.....	15

ARTICLE IV  
PREPAYMENT OF OBLIGATIONS

Section 4.1.	Prepayment Provisions.....	16
Section 4.2.	Selection of Obligations for Prepayment.....	16
Section 4.3.	Notice of Prepayment; Effect.....	17
Section 4.4.	Partial Prepayment of Obligation.....	18

ARTICLE V  
PAYMENT FUND

Section 5.1.	Trustee’s Rights in Purchase Agreement.....	18
Section 5.2.	Establishment and Application of Payment Fund.....	18
Section 5.3.	[Reserved to Preserve Section Numbering].....	19
Section 5.4.	Transfers of Investment Earnings to Payment Fund.....	19
Section 5.5.	Surplus .....	19

**ARTICLE VI  
MONEYS IN FUNDS; INVESTMENT; CERTAIN TAX COVENANTS**

Section 6.1.	Held in Trust .....	19
Section 6.2.	Investments Authorized .....	19
Section 6.3.	Accounting.....	20
Section 6.4.	Allocation of Earnings .....	20
Section 6.5.	Valuation and Disposition of Investments .....	20
Section 6.6.	Limitation of Investment Yield.....	21
Section 6.7.	Other Tax Covenants .....	21

**ARTICLE VII  
THE TRUSTEE**

Section 7.1.	Appointment of Trustee .....	21
Section 7.2.	Liability of Trustee; Standard of Care .....	22
Section 7.3.	Merger or Consolidation .....	22
Section 7.4.	Protection and Rights of the Trustee.....	22
Section 7.5.	Compensation of Trustee .....	25
Section 7.6.	Removal and Resignation of Trustee.....	25
Section 7.7.	Appointment of Agent .....	26
Section 7.8.	Commingling .....	26
Section 7.9.	Records .....	26

**ARTICLE VIII  
MODIFICATION OR AMENDMENT OF AGREEMENTS**

Section 8.1.	Amendments Permitted.....	26
Section 8.2.	Procedure for Amendment With Written Consent of Obligation Owners. ....	27
Section 8.3.	Disqualified Obligations .....	28
Section 8.4.	Effect of Supplemental Trust Agreement .....	28
Section 8.5.	Endorsement or Replacement of Obligations Delivered After Amendments .....	28
Section 8.6.	Amendatory Endorsement of Obligations .....	29

**ARTICLE IX  
COVENANTS, NOTICES**

Section 9.1.	Compliance With and Enforcement of Purchase Agreement .....	29
Section 9.2.	Observance of Laws and Regulations.....	29
Section 9.3.	Recordation and Filing.....	29
Section 9.4.	Further Assurances.....	29
Section 9.5.	Notification to the Town of Failure to Make Payments .....	30
Section 9.6.	Business Days .....	30



ARTICLE X  
LIMITATION OF LIABILITY

Section 10.1.	Limited Liability of the Town.....	30
Section 10.2.	No Liability of the Town for Trustee Performance .....	30
Section 10.3.	Indemnification of the Trustee.....	30
Section 10.4.	Opinion of Counsel.....	31

ARTICLE XI  
EVENTS OF DEFAULT AND REMEDIES OF OBLIGATION OWNERS

Section 11.1.	Seller’s Rights Held in Trust.....	32
Section 11.2.	Remedies Upon Default; No Acceleration .....	32
Section 11.3.	Application of Funds.....	32
Section 11.4.	Institution of Legal Proceedings .....	32
Section 11.5.	Non-waiver .....	33
Section 11.6.	Power of Trustee to Control Proceedings .....	33
Section 11.7.	Limitation on Obligation Owners’ Right to Sue.....	33

ARTICLE XII  
MISCELLANEOUS

Section 12.1.	Defeasance.....	34
Section 12.2.	Notices .....	35
Section 12.3.	Incorporation of State Statutes.....	35
Section 12.4.	Governing Law .....	36
Section 12.5.	Binding Effect and Successors.....	36
Section 12.6.	Execution in Counterparts.....	36
Section 12.7.	Destruction of Cancelled Obligations.....	36
Section 12.8.	Headings .....	36
Section 12.9.	Parties Interested Herein .....	37
Section 12.10.	Waiver of Notice.....	37
Section 12.11.	Severability of Invalid Provisions.....	37

- EXHIBIT A - FORM OF OBLIGATION
- EXHIBIT B - PAYMENT REQUEST FORM
- EXHIBIT C - REIMBURSEMENT REQUEST FORM

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### THIRD TRUST AGREEMENT

THIS THIRD TRUST AGREEMENT, dated as of December 1, 2017 (together with any duly authorized, executed and delivered supplement thereto, this “Trust Agreement”), by and between U.S. BANK NATIONAL ASSOCIATION, a national banking association, as trustee, or any successor thereto acting as trustee pursuant to this Trust Agreement and in its capacity as “Seller” pursuant to the hereinafter described Purchase Agreement (the “Trustee”), and THE TOWN OF CAMP VERDE, ARIZONA, a municipal corporation under the laws of the State of Arizona (the “Town”);

#### WITNESSETH:

WHEREAS, the Mayor and Council of the Town have determined that it will be beneficial to the citizens of the Town to finance the costs of a sports complex/park in and for the Town (the “Project”); and

WHEREAS, for purposes of financing the costs of the Project, the Mayor and the Council of the Town requested that the Trustee sell and execute and deliver Pledged Revenue Obligations, Series 2017, in the principal amount of \$\_\_\_\_,000 (the “Obligations”), and the Trustee has, as provided in this Trust Agreement, caused deposits to be made to the Acquisition Fund (as such term and all other terms not otherwise defined hereinabove are hereinafter defined) and the Costs of Issuance Fund; and

WHEREAS, the Town and the Trustee will enter into this Trust Agreement to facilitate the administration of the financing of the costs of the Project, and the Trustee has full legal authority and is duly empowered to enter into this Trust Agreement and has taken all actions necessary to authorize the execution and delivery hereof;

NOW, THEREFORE, in consideration for the Obligations executed, delivered and Outstanding under this Trust Agreement; the acceptance by the Trustee of the trusts created herein; the purchase and acceptance of the Obligations by the Owners, and to secure the payment of principal and interest (to the extent provided herein) represented by the Obligations, the rights of the Owners of the Obligations and the performance and the observance of the covenants and conditions contained in the Obligations, the Purchase Agreement and herein, and the performance and the observance of all of the covenants and conditions contained therein, the Town absolutely and irrevocably pledges and assigns to the Trustee, and the Trustee hereby declares an irrevocable trust and acknowledges its acceptance of all right, title and interest in and to the following described trust estate, which shall be administered by the Trustee according to the provisions of this Trust Agreement and for the equal and proportionate benefit of the Owners of Obligations:

A. All right, title and interest of Seller in, under and pursuant to the Purchase Agreement, the Payments and any other amounts payable by the Town under the Purchase Agreement and the present and continuing right to (i) make claim for, collect or cause to be collected, receive or cause to be received all such revenues, receipts and other sums of money payable or receivable thereunder, (ii) bring actions and proceedings thereunder or for the

enforcement of such rights, and (iii) do any and all other things which the Seller is or may become entitled to do thereunder;

B. Amounts on deposit from time to time in the funds created pursuant hereto, subject to the provisions of this Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein; and

C. Any and all other real or personal property of any kind from time to time hereafter by delivery or by writing of any kind specifically conveyed, pledged, assigned or transferred, as and for additional security hereunder for the Obligations, by the Seller or by anyone on its behalf or with its written consent, in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof,

TO HAVE AND TO HOLD, all and singular, the trust estate, including all additional property which by the terms hereof has or may become subject to the encumbrance of this Trust Agreement, unto the Trustee and its successors and assigns, forever, subject, however, to the rights of the Town, its successors and assigns, under the Purchase Agreement;

IN TRUST, however, for the equal and proportionate benefit and security of the Owners from time to time of the Obligations executed and delivered hereunder and Outstanding, none of the Obligations being entitled to priority or distinction one over the other in the application of the Excise Tax Revenues and the State Shared Revenues pledged by the Purchase Agreement to the Payments, regardless of the delivery of any of the Obligations prior to the delivery of any other of the Obligations, or regardless of the time or times principal represented by any Obligations are paid or are subject to prepayment with respect to principal represented thereby, all of the Obligations being co-equal as to the pledge of and lien on the Excise Tax Revenues and the State Shared Revenues pledged for the Payments thereof and sharing ratably, without preference, priority or distinction, as to the source or method of payment from the Excise Tax Revenues or the State Shared Revenues or security therefor and conditioned, however, that if the Town shall well and truly pay or cause to be paid fully and promptly when due all indebtedness, liabilities, obligations and sums at any time secured hereby, including interest and attorneys' fees, and shall promptly, faithfully and strictly keep, perform and observe or cause to be kept, performed and observed all of its covenants, warranties and agreements contained herein, this Trust Agreement shall be and become void and of no further force and effect; otherwise, the same shall remain in full force and effect, and upon the trust and subject to the covenants and conditions hereinafter set forth. For such purposes, the Town and the Trustee hereby agree as follows:

ARTICLE I  
DEFINITIONS

Section 1.1. Definitions. In addition to the terms defined in the first paragraph hereof and in the Recitals hereto and in the Purchase Agreement and unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Trust Agreement, have the meanings herein specified.

“Acquisition Fund” means the fund of that name established pursuant to Article III and held by the Trustee.

“Additional Revenue Obligations” means any additional obligations which may hereafter be issued or incurred by the Town (or any financing conduit acting on behalf of the Town) having a lien upon and payable from the Excise Tax Revenues and the State Shared Revenues on a parity with, and in compliance with the terms of, the Parity IGA, the First Purchase Agreement, the Second Purchase Agreement and the Purchase Agreement.

“Authorized Denominations” means \$5,000 of principal represented by the Obligations due on a specific payment date or integral multiples thereof.

“Bond Year” means each one-year period beginning on the day after the expiration of the preceding Bond Year. The first Bond Year shall begin on the date of issue of the Obligations and shall end on the date selected by the Town, provided that the first Bond Year shall not exceed one calendar year. The last Bond Year shall end on the date of retirement of the last Obligation.

“Bond Yield” means the discount rate that produces a present value equal to the Issue Price of all unconditionally payable payments of principal, interest and fees for qualified guarantees within the meaning of Regulations section 1.148-4(f) and amounts reasonably expected to be paid as fees for qualified guarantees in connection with the Obligations as determined under Regulations section 1.148-4(b), recomputed if required by Regulations section 1.148-4(b)(4) or 4(h)(3). The present value of all such payments shall be computed as of the date of issue of the Obligations and using semiannual compounding on the basis of a 360-day year.

“Business Day” means any day of the week other than a Saturday, Sunday or a day which shall be in the State a legal holiday or a day on which the Trustee is authorized or obligated by law or executive order to close or a day on which the Federal Reserve is closed as modified by the effect of Section 9.6.

“Certificate of Completion” means the notice of completion, filed with the Trustee by the Town Representative, stating that the Project has been substantially completed.

“Closing Date” means December \_\_\_\_, 2017.

“Code” means the Internal Revenue Code of 1986, as amended. References to the Code and sections thereof include applicable regulations and temporary

regulations thereunder and any successor provisions to those sections, regulations or temporary regulations and any applicable regulations or temporary regulations issued pursuant to the Internal Revenue Code of 1954.

“Completion Date” means the date on which the Certificate of Completion is filed with the Trustee by the Town Representative.

“Continuing Disclosure Undertaking” means the Continuing Disclosure Undertaking, dated the date of the Obligations, by the Town.

“Corporate Trust Office” means the office of the Trustee designated in Section 12.2 or any successor corporate trust office.

“Costs of Issuance Fund” means the fund of that name established pursuant to Article III and held by the Trustee.

“Defaulted Interest” has the meaning provided in Section 2.11(d).

“Defeasance Obligations” means, to the extent permitted by law, (1) cash, (2) non-callable direct obligations of the United States of America (“Treasuries”), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively, (5) securities eligible for “AAA” defeasance under then-existing criteria of S&P or (6) any combination of the foregoing.

“Delivery Costs” means all items of expense directly or indirectly payable by or reimbursable to the Town or the Trustee relating to the sale and execution and delivery of the Purchase Agreement, this Trust Agreement and the Obligations, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, financing discounts, legal fees and charges, insurance fees and charges, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Obligations and charges and fees in connection with the foregoing.

“Depository Trustee” means any bank or trust company, which may include the Trustee, designated by the Town, with a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000) and subject to supervision or examination by federal or State of Arizona authority.

“Designated Office” means the office designated as such by the Trustee in writing to the Town.

“DTC” means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

“Electronically” means with respect to notice, one transmitted through a timesharing terminal, computer network or facsimile machine, if operative as between any two parties, or if not operative, by telephone (promptly confirmed in writing).

“Event of Default” means an event of default under the Purchase Agreement as provided in Section 9 thereof.

“Excise Tax Revenues” means revenues from the unrestricted transaction privilege (sales) tax, business license and franchise fees, parks and recreation fees and permits and fines and forfeitures which the Town imposes; provided that the Mayor and Council of the Town may impose other transaction privilege taxes in the future, the uses of revenue from which will be restricted, at the discretion of such Council.

“First Purchase Agreement” means the First Purchase Agreement, dated as of May 1, 2011, by and between U.S. Bank National Association, as seller, and the Town, as purchaser.

“Gross Proceeds” means:

(i) any amounts actually or constructively received by the Town from the sale of the Obligations but excluding amounts used to pay accrued interest on the Obligations within one year of the date of issuance of the Obligations;

(ii) transferred proceeds of the Obligations under Regulations section 1.148-9;

(iii) any amounts actually or constructively received from investing amounts described in (i), (ii) or this (iii) and

(iv) replacement proceeds of the Obligations within the meaning of Regulations section 1.148-1(c). Replacement proceeds include amounts reasonably expected to be used directly or indirectly to pay debt service on the Obligations, pledged amounts where there is reasonable assurance that such amounts will be available to pay principal or interest on the Obligations in the event the Town or the Trustee encounters financial difficulties and other replacement proceeds within the meaning of Regulations section 1.148-1(c)(4). Whether an amount is Gross Proceeds is determined without regard to whether the amount is held in any fund or account established under this Trust Agreement.

“Independent Counsel” means an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the Town or the Trustee and which may include the counsel giving a Special Counsel’s Opinion.

“Interest Payment Date” means each January 1 and July 1, while the principal represented by any Obligations is Outstanding provided that, pursuant to Section 9.6, if any such day is not a Business Day, any payment due on such date may be made on the next

Business Day, without additional interest and with the same force and effect as if made on the specified date for such payment.

“Interest Portion” means the amounts of each of the Payments in the column in the Schedule attached to the Purchase Agreement designated “Interest,” denominated as and comprising interest pursuant to the Purchase Agreement and received by the Owners of the Obligations.

“Investment Property” means any security, obligation (other than a tax-exempt bond within the meaning of Code section 148(b)(3)(A)), annuity contract or investment-type property within the meaning of Regulations section 1.148-1(b).

“Issue Price” means the price determined as provided in Regulations section 1.148-1(b).

“Market Value” means the indicated bid value of the investment or investments to be valued as shown in The Wall Street Journal or any publication having general acceptance as a source of valuation of the same or similar types of securities or any securities pricing service available to or used by the Trustee and generally accepted as a source of valuation.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Town by notice to the Trustee.

“Nonpurpose Investment” means any Investment Property acquired with Gross Proceeds and which is not acquired to carry out the governmental purposes of the Obligations.

“Notification” shall have the meaning provided in Section 10.3.

“Outstanding” refers to Obligations issued in accordance with this Trust Agreement, excluding: (i) Obligations which have been exchanged or replaced, or delivered to the Trustee for credit against a mandatory prepayment installment with respect to principal represented thereby; (ii) Obligations which have been paid; (iii) Obligations which have become due and for the payment of which moneys have been duly provided to the Trustee; and (iv) Obligations for which there have been irrevocably set aside with a Depository Trustee sufficient moneys or obligations permitted hereby and by the Purchase Agreement bearing interest at such rates and with such maturities as will provide sufficient funds to pay the principal, interest and premium, if any, represented by such Obligations, provided, however, that if principal represented by any such Obligations is to be prepaid, the Town shall have taken all action necessary to prepay such Obligations and notice of such prepayment shall have been duly mailed in accordance with the proceedings under which such Obligations were issued or irrevocable instructions so to give such notice shall have been given to the Trustee.

“Owner” or any similar term, when used with respect to an Obligation means the person in whose name such Obligation shall be registered.

“Parity IGA” means the Amendment to and Restatement of the Intergovernmental Agreement, dated as of July 24, 2009, between the Town and the Camp Verde Sanitary District.

“Parity Obligations” means the Parity IGA, the First Purchase Agreement, the Second Purchase Agreement, the Purchase Agreement and any Additional Revenue Obligations.

“Payment Fund” means the fund of that name established pursuant to Article V and held by the Trustee.

“Payment Request Form” means the form set forth in Exhibit B which is attached hereto.

“Payments” means the “Payments” required to be paid by the Town pursuant to Section 1(c) of the Purchase Agreement and as set forth in the Schedule to the Purchase Agreement, subject to the provisions of Section 5.2(b).

“Permitted Investments” means any investment permitted by applicable law, including Section 35-323, Arizona Revised Statutes.

“Project Costs” means all architectural, engineering, soils, survey, archaeology, demolition, construction management fees, development fees, contingencies and other related costs of installation, construction and other matters necessary for the Project and all costs incurred by the Trustee or the Town with respect to the transaction to which this Trust Agreement pertains.

“Purchase Agreement” means the Third Purchase Agreement, dated as of December 1, 2017, by and between the Trustee, as seller, and the Town, as purchaser.

“Rebate Payment” means any payment within the meaning of Regulations section 1.148-3(d)(1) with respect to a Nonpurpose Investment.

“Rebate Requirement” means, for each Bond Year and for the Obligations, at any time the excess of the future value of all Receipts over the future value of all Rebate Payments. For purposes of calculating the Rebate Requirement the Bond Yield shall be used to determine the future value of Receipts and Rebate Payments in accordance with Regulations section 1.148-3(c). The Rebate Requirement is zero for any Nonpurpose Investment meeting the requirements of a rebate exception under section 148(f)(4) of the Code or Regulations section 1.148-7.

“Receipt” means any receipt within the meaning of Regulations section 1.148-3(d)(2) with respect to a Nonpurpose Investment.



“Regular Record Date” means the close of business on the fifteenth day of the month preceding each Interest Payment Date.

“Regulations” means sections 1.148-1 through 1.148-11 and section 1.150-1 of the regulations of the United States Department of the Treasury promulgated under the Code, including and any amendments thereto or successor regulations.

“Reimbursement Request Form” means the form set forth in Exhibit C attached hereto.

“Responsible Officer” means, when used with respect to the Trustee, the president, any vice president, any assistant vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, any senior associate, any associate or any other officer of the Trustee within the Corporate Trust Office customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at the Corporate Trust Office because of such person’s knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Trust Agreement.

“S&P” means Standard & Poor’s Financial Services, LLC, a limited liability company organized and existing under the laws of the State of New York, its successors and assigns, and, if such company shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Town by notice to the Trustee.

“Second Purchase Agreement” means the Second Purchase Agreement, dated as of October 1, 2014, by and between U.S. Bank National Association, as seller, and the Town, as purchaser.

“Securities Depository” means a “clearing agency” (securities depository) registered under Section 17A of the Securities Exchange Act of 1934, as amended.

“Special Counsel’s Opinion” means an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the Town.

“Special Record Date” has the meaning provided in Section 2.11(d).

“State” means the State of Arizona.

“State Shared Revenues” means any amounts of excise taxes, transaction privilege (sales) taxes and income taxes imposed by the State or any agency thereof and returned, allocated or apportioned to the Town, except the Town’s share of any such taxes which by State law, rule or regulation must be expended for other purposes, such as motor vehicle fuel taxes.

“Tax Certificate” means the Certificate Relating To Federal Tax Matters, dated the Closing Date, with respect to the Obligations.

“Town Representative” means the Town Manager, the Town Finance Director or any other person authorized by the Town Manager or the Mayor and Council of the Town to act on behalf of the Town with respect to this Trust Agreement.

Section 1.2. Interpretation.

(a) Any reference herein to the Mayor and Council of the Town or any officer of the Town shall include those succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

(b) Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa and the use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender.

(c) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof. References to “Articles” and “Sections” are to those in this Agreement.

Section 1.3. Obligations Not General Obligations of the Town. The Obligations shall be payable solely out of the revenues and other security pledged hereby and shall not constitute an indebtedness or general obligation of the Town within the meaning of any State constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Town or be a charge against the Town’s general credit or a charge against the general credit or the taxing powers of the State or any political subdivision thereof.

ARTICLE II  
SPECIAL REVENUE OBLIGATIONS

Section 2.1. Authorization of the Obligations. The Trustee is hereby authorized and directed to execute and deliver to the original purchaser thereof, the Obligations in the principal amount of \$\_\_\_\_,000, evidencing proportionate ownership interests in the Payments. In no event shall the Obligations be deemed liabilities, debts or obligations of the Trustee.

Section 2.2. Date; Interest Accrual. Each Obligation shall be dated the Closing Date, and interest represented thereby shall be payable from such date or from the most recent Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding Obligations.

Section 2.3. Payment Amounts and Dates and Interest Rates. The Obligations shall be in Authorized Denominations. Principal represented by the Obligations shall be payable on the dates and in the principal amounts, and interest represented thereby shall be computed at the rates, as shown below:

<u>Payment Date</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rates</u>
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Section 2.4. Interest on Obligations. Interest represented by the Obligations shall be payable semiannually on January 1 and July 1 of each year commencing \_\_\_\_\_ 1, 20\_\_, to and including the date of payment or prepayment of the amount of principal represented by the Obligations. Except for the initial period, said interest shall represent the portion of the Payments designated as interest and coming due during the six-month period preceding each Interest Payment Date with respect to the Obligations. The proportionate share of the portion of the Payments designated as interest with respect to any Obligation shall be computed by multiplying the portion of Payments designated as principal with respect to such Obligation by the rate of interest applicable to such Obligation (on the basis of a 360-day year of twelve 30-day months), except that the first portion of the Payments designated as interest shall be for interest from the date of initial execution and delivery to \_\_\_\_\_ 1, 20\_\_.

Section 2.5. Form. The Obligations shall be in fully registered, certificated form substantially in the form set forth in Exhibit A hereto.

Section 2.6. Execution. The Obligations shall be executed by and in the name of the Trustee by the manual signature of an authorized representative of the Trustee. If any representative whose signature appears on any Obligation ceases to be such representative before the Closing Date, such signature shall nevertheless be as effective as if the representative had remained in office until the Closing Date. Any Obligation may be executed on behalf of the Trustee by such person as at the actual date of the execution of such Obligation shall be the proper authorized representative of the Trustee although at the nominal date of such Obligation such person shall not have been such authorized representative of the Trustee. No Obligation

shall be valid or become obligatory for any purpose or shall be entitled to any security or benefit under this Trust Agreement unless and until executed and delivered by the Trustee. The execution by the Trustee of any Obligation shall be conclusive evidence that the Obligation so executed has been duly authorized and delivered hereunder and is entitled to the security and benefit of this Trust Agreement.

Section 2.7. Book-Entry Only System. The Trustee and the Town may from time to time enter into, and discontinue, an agreement with a Securities Depository which is the Owner of the Obligations, to establish procedures with respect to the Obligations not inconsistent with the provisions of this Trust Agreement; provided, that, notwithstanding any other provisions of this Trust Agreement, any such agreement may provide that different provisions for notice to the Securities Depository may be set forth herein and that a legend shall appear on each Obligation so long as the Obligations are subject to such agreement. With respect to Obligations registered in the name of a Securities Depository (or its nominee), neither the Trustee nor the Town shall have any obligation to any of its members or participants or to any person on behalf of whom an interest is held in the Obligations. It is hereby acknowledged that the Town and the Trustee intend to enter into an agreement with DTC in connection with the execution and delivery of the Obligations, and while such agreement is in effect, the procedures established therein shall apply to the Obligations notwithstanding any other provisions of this Trust Agreement to the contrary. As long as DTC is the Securities Depository with respect to the Obligations, the Trustee shall be a “DTC Direct Participant.” The Trustee shall not have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Obligations regarding accuracy of any records maintained by DTC or DTC participants, the payments by DTC or DTC participants of any amount in respect of principal, interest or premium, if any, represented by the Obligations, any notice which is permitted or required to be given to or by Owners hereunder (except such notice as is required to be given by the Town to the Trustee or to DTC), or any consent given or any other action taken by DTC as Owner.

Section 2.8. Application of Proceeds. The proceeds received by the Trustee from the sale of the Obligations (\$\_\_\_\_\_) shall forthwith be applied by the Trustee as follows:

- (1) \$\_\_\_\_\_ shall be deposited in the Costs of Issuance Fund, and
- (2) the balance of the proceeds (\$\_\_\_\_\_) shall be deposited in the Acquisition Fund.

Section 2.9. Transfer and Exchange.

(a) Any Obligation may, in accordance with its terms, be transferred upon the registration books for the Obligations required to be kept pursuant to the provisions of Section 2.13 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Obligation for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Obligation or Obligations shall be surrendered for transfer, the Trustee shall execute and deliver

a new Obligation or Obligations in fully registered form of the maturity, date and interest rate and for a like aggregate payment amount.

(b) Obligations may be exchanged at the Designated Office for a like aggregate payment amount of Obligations of Authorized Denominations of the same payment date and interest rate. In connection with any such exchange or transfer of Obligations, the Owner requesting such exchange or transfer shall, as a condition precedent to the exercise of the privilege of making such exchange or transfer, remit to the Trustee an amount sufficient to pay any tax or other governmental charge required to be paid, other than one imposed by the Town (which will not be payable by the Trustee), or any fee or expense of the Trustee or the Town with respect to such exchange or transfer.

(c) The Trustee may, but shall not be obligated to, exchange or register the transfer of an Obligation (i) if principal represented by the Obligation is to be prepaid, in whole or in part, or (ii) during a period of fifteen (15) days preceding the giving of a notice of prepayment. If an Obligation subject to such prepayment is to be transferred after having been selected for prepayment, any notice of prepayment which has been given to the transferor shall be binding on the transferee and a copy of the notice of prepayment shall be delivered by the Trustee to the transferee along with the duly registered Obligation or Obligations.

Section 2.10. Obligations Mutilated, Lost, Destroyed or Stolen. If any Obligation shall become mutilated, the Trustee, at the expense of the Owner of said Obligation, shall execute and deliver a new Obligation of like tenor and payment date and amount in exchange and substitution for the Obligation so mutilated, but only upon surrender to the Trustee of the Obligation so mutilated. Any mutilated Obligation so surrendered to the Trustee shall be cancelled by it and redelivered to, or upon the order of, the Owner of such Obligation. If any Obligation shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and, if an indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Owner of such Obligation, shall execute and deliver a new Obligation of like tenor and payment date and amount and numbered as the Trustee shall determine in lieu of and in substitution for the Obligation so lost, destroyed or stolen. The Trustee may require payment of an appropriate fee for each new Obligation delivered under this Section and of the expenses which may be incurred by the Trustee in carrying out the duties under this Section. Any Obligation issued under the provisions of this Section in lieu of any Obligation alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Trust Agreement with all other Obligations secured by this Trust Agreement. The Trustee shall not be required to treat both the original Obligation and any replacement Obligation as being Outstanding for the purpose of determining the principal amount of Obligations which may be executed and delivered hereunder or for the purpose of determining any percentage of Obligations Outstanding hereunder, but both the original and replacement Obligation shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Obligation for an Obligation which has been mutilated, lost, destroyed or stolen, and which has become due, the Trustee may make payment with respect to such Obligation upon receipt of the aforementioned indemnity.

Section 2.11. Payment.

(a) Payment of interest due represented by any Obligation on any Interest Payment Date shall be made to the person appearing on the registration books for the Obligation maintained by the Trustee as the Owner thereof as of the Regular Record Date immediately preceding such Interest Payment Date, such interest to be paid by check mailed on the date due by first class mail to such Owner at the address thereof as it appears on such registration books, payable in lawful money of the United States of America.

(b) The principal and premium, if any, represented by any Obligations shall be payable in lawful money of the United States of America upon surrender when due at the Designated Office.

(c) Interest and, if satisfactory arrangements for surrender are made with the Trustee, principal and premium, if any, payable to any Securities Depository or to any Owner of \$1,000,000 or more in principal amount of Obligations shall be paid by wire transfer in immediately available funds to an account in the United States of America if the Owner makes a written request of the Trustee at least twenty (20) days before the Interest Payment Date specifying the account address. The notice may provide that it shall remain in effect for subsequent payments until otherwise requested in a subsequent written notice.

(d) Any interest represented by any Obligation which is payable on, but is not punctually paid or duly provided for on, any Interest Payment Date (“Defaulted Interest”) shall forthwith cease to be payable to the Owner on the relevant Regular Record Date solely by virtue of such Owner having been such Owner. Such Defaulted Interest shall thereupon be paid, together with interest thereon at the same rate per annum as such Defaulted Interest, by the Trustee (out of funds provided to it by the Town) to the persons in whose names such Obligations are registered at the close of business on a special record date for the payment of such portion of Defaulted Interest as may then be paid from the sources herein provided (the “Special Record Date”). When the Trustee has funds available to pay the Defaulted Interest and interest thereon, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest and interest thereon which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment by the Trustee. The Trustee shall promptly cause notice of the proposed payment of such Defaulted Interest and interest thereon and the Special Record Date therefor to be mailed, first class postage prepaid, to each Owner of an Obligation at his address as it appears in the registration books by the Trustee for the Obligation not less than ten (10) days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and interest thereon and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest and interest thereon shall be paid to the persons in whose names the Obligations are registered on such Special Record Date.

Section 2.12. Execution of Documents and Proof of Ownership.

(a) Any request, direction, consent, revocation of consent or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Obligation Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an

instrument in writing for that purpose, or by any bank, trust company or other depository for such Obligations. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of Obligations shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if made in the following manner:

(1) The fact and date of the execution by any Owner or the attorney or agent thereof of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions, that the persons signing such instruments acknowledged the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

(2) The fact of the ownership of Obligations by any person and the amount, the payment date and the numbers of such Obligations and the date of his holding the same be proved on the registration books maintained pursuant to Section 2.13.

(b) Nothing contained in this Article II shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which the Trustee may deem sufficient. Any request or consent of the Owner of any Obligation shall bind every future Owner of the same Obligation in respect of anything done or suffered to be done by the Trustee in pursuance of such request or consent.

Section 2.13. Obligation Register. The Trustee will keep or cause to be kept, at the Designated Office, sufficient books for the registration and transfer of the Obligations which shall at all times during regular business hours on any Business Day be open to inspection by the Town and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Obligations as hereinbefore provided.

Section 2.14. Payment of Unclaimed Amounts. In the event any check for payment of interest represented by an Obligation is returned to the Trustee unendorsed or is not presented for payment within two (2) years from its payment date or any Obligation is not presented for payment of principal when due, including because of prepayment, if funds sufficient to pay such interest or principal due upon such Obligation shall have been made available to the Trustee for the benefit of the Owner thereof, it shall be the duty of the Trustee to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Obligation who shall thereafter be restricted exclusively to such funds for any claim of whatever nature relating to such Obligation or amounts due thereunder. The obligation of the Trustee to hold such funds shall continue for two years and six months (subject to applicable escheat laws) following the date on which such interest or principal payment became due, whether on the date due or the date fixed for prepayment, or otherwise, at which time the Trustee shall surrender such

unclaimed funds so held to the Town, whereupon any claim of whatever nature by the Owner of such Obligation arising under such Obligation shall be made upon the Town.

ARTICLE III  
ACQUISITION FUND; COSTS OF ISSUANCE FUND

Section 3.1. Establishment and Application of Acquisition Fund.

(a) The Trustee shall establish a special trust fund designated as the “Town of Camp Verde Series 2017 Acquisition Fund” (herein referred to as the “Acquisition Fund”), shall keep such fund separate and apart from all other funds and moneys held by it and shall administer such fund as provided in this Trust Agreement.

(b) (1) Upon receipt of a duly executed, applicable Payment Request Form, the Trustee shall remit to the payee designated in the Payment Request Form, the amount requested to be paid in such Payment Request Form for Project Costs within three (3) Business Days following submission of such Payment Request Form. Notwithstanding the foregoing, the Trustee shall apply moneys on deposit in the Acquisition Fund to reimburse the Town for any Project Costs with respect to the Project incurred or advanced by the Town within three (3) Business Days of receipt of a duly executed Reimbursement Request Form. The Trustee has no duty or obligation to confirm that such disbursements constitute Project Costs.

(2) On the Completion Date, the Trustee shall transfer any remaining amounts in the Acquisition Fund to the Payment Fund to be applied only to the Payments due from the Town on the next succeeding Interest Payment Date and the Acquisition Fund shall be closed.

(3) Any amount remaining in the Acquisition Fund upon the occurrence of an Event of Default shall not be disbursed as provided in this Section, but shall be immediately transferred to the Payment Fund and used only to pay principal and interest represented by the Obligations.

Section 3.2. Establishment and Application of Costs of Issuance Fund.

(a) The Trustee shall establish a special trust fund designated as the “Town of Camp Verde Series 2017 Costs of Issuance Fund” (herein referred to as the “Costs of Issuance Fund”), shall keep such fund separate and apart from all other funds and moneys held by it and shall administer such fund as provided in this Trust Agreement.

(b) Amounts in the Costs of Issuance Fund shall be disbursed for Delivery Costs. Disbursements from the Costs of Issuance Fund shall be made by the Trustee upon receipt of a requisition for disbursement (on which the Trustee is entitled to rely) executed or approved by the Town Representative. Each such certificate shall set forth the amounts to be disbursed for payment, or reimbursement of previous payments, of Delivery Costs and the



person or persons to whom said amounts are to be disbursed. The Trustee has no duty or obligation to confirm that such disbursements constitute Delivery Costs.

(c) On the earlier of April 1, 2018, or when all Delivery Costs associated with the Obligations have been paid (as shown by a certificate of a Town Representative, if requested by the Trustee), the Trustee shall transfer any amounts remaining in the Costs of Issuance Fund to the Payment Fund, and the Costs of Issuance Fund shall be closed.

ARTICLE IV  
PREPAYMENT OF OBLIGATIONS

Section 4.1. Prepayment Provisions.

(a) Principal represented by the Obligations is subject to prepayment in such order and from such principal amount payable selected by the Town and by lot within such principal amount by such methods as may be selected by the Trustee (or if held in book-entry form in any manner acceptable to DTC) from prepayments made by the Town pursuant to Section 7 of the Purchase Agreement, in whole or in part on any date on or after July 1, 20\_\_, at a price equal to the principal amount thereof to be prepaid, together with accrued interest to the date fixed for prepayment, but without premium.

(b) Principal represented by the Obligations payable on July 1, 20\_\_, shall be prepaid on July 1 of the years indicated and in the amounts indicated at a price equal to the amount thereof plus interest accrued to the date of prepayment, but without premium:

Year Prepaid

Principal Amount Prepaid

A remaining principal amount of \$\_\_\_\_,000 of such Obligations shall be paid on July 1, 20\_\_.

Whenever Obligations subject to mandatory prepayment are purchased, prepaid (other than pursuant to mandatory prepayment) or delivered by the Town to the Trustee for cancellation, the principal amount of the Obligations represented thereby so retired shall satisfy and be credited against the mandatory prepayment requirements for such Obligations for such years as the Town may direct.

Section 4.2. Selection of Obligations for Prepayment. Principal represented by the Obligations shall be prepaid only in the amounts of \$5,000 of principal represented by each or integral multiples thereof. The Town shall, at least forty-five (45) days prior to the prepayment date, notify the Trustee of such prepayment date and of the payment dates of the Obligations and the payment amount of principal represented by the Obligations due on any such payment date to be prepaid on such date. For the purposes of any prepayment of less than all of the Obligations payable on a single payment date, if the Obligations are not held in a book-entry-only system as described in Section 2.7, the particular Obligations or portions of Obligations payable on the date(s) selected to be prepaid shall be selected by the Trustee by lot in accordance

with its standard procedures not more than forty-five (45) nor less than thirty (30) days prior to the prepayment date by such selection methods as the Trustee shall in its sole discretion deem appropriate and fair; provided, however, that such selection methods shall provide for the selection of Obligations or portions thereof for prepayment in principal amounts of \$5,000 or integral multiples thereof such that any \$5,000 Obligation or \$5,000 portion of an Obligation payable on the date selected shall be as likely to be called for prepayment as any other such \$5,000 Obligation or \$5,000 portion thereof. The Trustee shall promptly notify the Town in writing of the Obligations so selected for prepayment, and the Town will provide the Trustee within thirty (30) days a recomputed payment schedule for the Purchase Agreement. Notwithstanding the foregoing, the Securities Depository for Obligations held in a book-entry-only system shall select the Obligations for prepayment from Obligations maturing in a given year according to its stated procedures. While the Town intends that allocations be made in accordance with the foregoing proportional provisions, the selection of Taxed Obligations for prepayment shall be subject to practices and procedures of the Securities Depository as in effect from time to time.

#### Section 4.3. Notice of Prepayment; Effect.

(a) The Trustee shall cause notice of any optional prepayment hereunder to be mailed to the Owners of all of the Obligations to be prepaid at the addresses appearing in the Register kept for such purpose pursuant to Section 2.13. Each such notice shall (1) be sent no more than 60 nor less than 30 calendar days prior to the prepayment date, (2) identify the Obligations to be prepaid (specifying the CUSIP numbers, if any, assigned to the Obligations), (3) specify with respect to the Obligations being prepaid their date of issue, their final payment date, their prepayment date and their prepayment price, (4) set forth the name, address and telephone number of the person from whom information pertaining to the prepayment may be obtained, and (5) state that on the prepayment date the Obligations to be prepaid will be payable at the Designated Office, that from that date interest will cease to accrue and that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Obligations. No defect affecting any Obligation, whether in the notice of prepayment or the delivery thereof (including any failure to mail such notice), shall affect the validity of the prepayment proceedings for any other Obligations.

(b) If at the time of mailing of notice of an optional prepayment of principal represented by Obligations, there has not been deposited with the Trustee moneys or Defeasance Obligations sufficient to prepay all Obligations subject to such prepayment and the requirements of (e) below are not satisfied, then such notice shall state that the prepayment is conditional upon the deposit of moneys or Defeasance Obligations sufficient for the prepayment with the Trustee and satisfaction of such requirements not later than the opening of business on the prepayment date, and such notice will be of no effect and such Obligations shall not be prepaid unless such moneys or Defeasance Obligations are so deposited and such requirements in (e) below are met.

(c) Any notice of prepayment shall be mailed by first class mail, postage prepaid; provided that any notice of prepayment given to any Owner of \$1,000,000 or more in aggregate principal amount of Obligations also shall be transmitted electronically. A

certificate of the Trustee shall conclusively establish the mailing or delivery of any such notice for all purposes.

(d) Notice having been mailed in the manner provided in (b) above, the Obligations and portions thereof, principal which is represented thereby, shall become due and payable on the prepayment date, and upon presentation and surrender of such Obligation at the place or places specified in that notice, shall be paid at the prepayment price, plus interest accrued to the prepayment date.

(e) If the money or Defeasance Obligations for the prepayment of all of the portion of principal represented by the Obligations to be prepaid, together with interest accrued thereon to the prepayment date, is held by the Trustee on the prepayment date, so as to be available therefor on that date, then from and after the prepayment date such principal thereof to be prepaid shall cease to bear interest, and, the Obligations or portion thereof represented thereby no longer shall be considered to be Outstanding hereunder. If those moneys shall not be so available on the prepayment date, such principal shall continue to bear interest, until paid, at the same rate as they would have borne otherwise.

(f) All moneys deposited in the Payment Fund and held by the Trustee for the prepayment of such portions of principal represented by particular Obligations shall be held in trust for the account of the Owners of such Obligations and shall be paid to them, respectively, upon presentation and surrender of those Obligations.

Section 4.4. Partial Prepayment of Obligation. Upon surrender of any Obligation, the principal portion of which has been prepaid in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the Town, a new Obligation or Obligations of Authorized Denominations equal in aggregate payment amount to the unpaid portion of the Obligation surrendered and of the same payment date.

## ARTICLE V PAYMENT FUND

Section 5.1. Trustee's Rights in Purchase Agreement. The Trustee holds in trust hereunder all of its rights and duties in the Purchase Agreement, including but not limited to all of the rights to receive and collect all of the Payments and all other amounts required to be deposited in the Payment Fund pursuant to the Purchase Agreement or pursuant hereto. All of the Payments and such other amounts to which the Seller may at any time be entitled shall be paid directly to the Trustee in trust, and all of the Payments collected or received by the Trustee shall be held by the Trustee in trust hereunder in the Payment Fund for the benefit of the Owners.

### Section 5.2. Establishment and Application of Payment Fund.

(a) The Trustee shall establish a special trust fund designated as the "Town of Camp Verde Series 2017 Payment Fund" (herein referred to as the "Payment Fund"). So long as any Obligations are Outstanding, the Town shall have no beneficial right or interest in

the Payment Fund or the moneys deposited therein, except only as provided in this Trust Agreement, and such moneys shall be used and applied by the Trustee as hereinafter set forth.

(b) Subject to the limitations pursuant to the Purchase Agreement with respect to the Excise Tax Revenues and the State Shared Revenues, the Town shall be required to make the Payments, taking into account any funds on deposit in the Payment Fund as a credit towards any Payment then due. Not less than ten (10) Business Days prior to each Interest Payment Date, the Trustee shall notify the Town of the amount required to be paid, after taking into account amounts which will be transferred to the Payment Fund in accordance herewith, on or before such Interest Payment Date, so that a sufficient amount will then be on deposit for both principal and interest represented by the Obligations then due. All amounts received by the Trustee as Payments pursuant to the Purchase Agreement or as transfers pursuant hereto shall be deposited in the Payment Fund.

(c) All amounts in the Payment Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal, interest and premium, if any, represented by the Obligations as the same shall become due and payable, in accordance with the provisions of Articles II and IV.

Section 5.3. [Reserved to Preserve Section Numbering.]

Section 5.4. Transfers of Investment Earnings to Payment Fund. With the same limitation described in Section 3.1(b)(3), except as otherwise directed by the Town, the Trustee shall, on or before the next Interest Payment Date occurring on July 1, transfer any income or profit on the investment of moneys in the funds hereunder to the Payment Fund.

Section 5.5. Surplus. Any surplus remaining in any of the funds created hereunder, after prepayment and payment or provision for prepayment and payment of all Obligations, including accrued interest and prepayment premium, if any, and payment of any applicable fees, expenses or indemnities to the Trustee, or provision for such prepayment and payment having been made to the satisfaction of the Trustee, shall be withdrawn by the Trustee and remitted to the Town.

ARTICLE VI  
MONEYS IN FUNDS; INVESTMENT; CERTAIN TAX COVENANTS

Section 6.1. Held in Trust. The moneys and investments held by the Trustee under this Trust Agreement are irrevocably held in trust for the benefit of the Owners of the Obligations and for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Trust Agreement and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the Town or any Owner of the Obligations.

Section 6.2. Investments Authorized. Upon written order of the Town Representative and subject to the limitations provided herein, moneys held by the Trustee hereunder shall be invested and reinvested by the Trustee, to the maximum extent practicable in

Permitted Investments. The Town Representative shall direct such investment in specific Permitted Investments. Such investments, if registrable, shall be registered in the name of the Trustee and shall be held by the Trustee. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section. Such investments and reinvestments shall be made giving full consideration to the time at which funds are required to be available. The Trustee may act as purchaser or agent in the making or disposing of any investment. The Trustee shall have no obligation to invest and reinvest any cash held by it hereunder in the absence of timely and specific written direction from the Town Representative. In no event shall the Trustee be liable for the selection of investments. The Trustee may conclusively rely upon such written direction from the Town Representative as to both the suitability and legality of the directed investments. The Town acknowledges that regulations of the Comptroller of the Currency grant the Town the right to receive brokerage confirmations of the security transactions as they occur, at no additional cost. To the extent permitted by law, the Town specifically waives compliance with 12 Code of Federal Regulations 12 and hereby notifies the Trustee that no brokerage confirmations need be sent relating to the security transactions as they occur. The Trustee may elect, but shall not be obligated, to credit the funds and accounts held by it with moneys representing income or principal payments due on, or sales proceeds due in respect of, Permitted Investments in such funds and accounts, or to credit to Permitted Investments intended to be purchased with such moneys, in each case before actually receiving the requisite moneys from the payment source, or to otherwise advance funds for account transactions. The Town acknowledges that the legal obligation to pay the purchase price of any Permitted Investment arises immediately at the time of the purchase. Notwithstanding anything else in this Trust Agreement, (i) any such crediting of funds or assets shall be provisional in nature, and the Trustee shall be authorized to reverse any such transactions or advances of funds in the event that it does not receive good funds with respect thereto, and (ii) nothing in this Trust Agreement shall constitute a waiver of any of the Trustee's rights as a securities intermediary under Uniform Commercial Code Section 9-206.

Section 6.3. Accounting. The Trustee shall furnish to the Town, not less than semiannually, an accounting (which may be in the form of its customary statement) of all investments made by the Trustee. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 6.2.

Section 6.4. Allocation of Earnings. Any income, profit or loss on such investments shall be deposited in or charged to the respective funds from which such investments were made, and any interest on any deposit of funds shall be deposited in the fund from which such deposit was made, except as otherwise provided herein. At the direction of the Town Representative, any such income, profit or interest shall be transferred and applied if necessary to pay amounts due pursuant to section 148 of the Code.

Section 6.5. Valuation and Disposition of Investments. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at Market Value. The Trustee may sell or present for redemption, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to

which such Permitted Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment.

Section 6.6. Limitation of Investment Yield. In the event the Town is of the opinion that it is necessary to restrict or limit the yield on the investment of any amounts paid to or held by the Trustee hereunder in order to avoid the Obligations, or any of them, being considered “arbitrage bonds” within the meaning of section 148 of the Code, the Town Representative may issue to the Trustee a written certificate to such effect (along with appropriate instructions), in which event the Trustee will take such action as is instructed so to restrict or limit the yield on such investment in accordance with the specific instructions contained in such certificate.

Section 6.7. Other Tax Covenants. In consideration of the acceptance and execution of the Purchase Agreement by the Trustee and the purchase by the Owners of the Obligations, from time to time, and in consideration of retaining the exclusion of the portion of each Payment denominated as and comprising interest pursuant to the Purchase Agreement and received by the Owners of the Obligations for federal income tax purposes, the Town shall, from time to time, neither take nor fail to take any action, which action or failure to act is within its power and authority and would result in such portion of each such Payment becoming subject to inclusion in gross income for federal income tax purposes under either laws existing on the date of execution of the Purchase Agreement or such laws as they may be modified or amended or tax laws later adopted. The Town shall comply with such requirement(s) and will take any such action(s) as are necessary to prevent such portion of each such Payment from becoming subject to inclusion in gross income for federal income tax purposes. Such requirements may include but are not limited to making further specific covenants; making truthful certifications and representations and giving necessary assurances; complying with all representations, covenants and assurances contained in certificates or agreements required by any Special Counsel’s Opinion; to pay to the United States of America any required amounts representing rebates of arbitrage profits relating to the Obligations; filing forms, statements and supporting documents as may be required under the federal tax laws; limiting the term of and yield on investments made with moneys held pursuant to this Trust Agreement and limiting the use of the proceeds of the Obligations and property financed or refinanced thereby.

## ARTICLE VII THE TRUSTEE

Section 7.1. Appointment of Trustee. The Town hereby authorizes and directs the Trustee to, and the Trustee shall, execute and deliver the Purchase Agreement, as Seller, and receive all moneys required to be deposited with the Trustee hereunder and shall allocate, use and apply the same as provided in this Trust Agreement. The Town shall maintain as the Trustee a bank or trust company with a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000), and subject to supervision or examination by federal or State authority, so long as any of the Obligations are Outstanding. If such bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to then for the purpose of this Section the

combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Section 7.2. Liability of Trustee; Standard of Care. Except with respect to its authority and power generally and authorization to execute this Trust Agreement, the recitals of facts, covenants and agreements herein, in the Purchase Agreement and in the Obligations shall be taken as statements, covenants and agreements of the Town, and the Trustee assumes no responsibility for the correctness of the same, or makes any representations as to the validity hereof or sufficiency of this Trust Agreement, the Purchase Agreement or the Obligations or shall incur any responsibility in respect hereof or thereof, other than in connection with the duties or obligations herein or in the Obligations assigned to or imposed upon them, respectively. Prior to the occurrence of an Event of Default, or after the timely cure of an Event of Default, the Trustee shall perform only such duties as are specifically set forth in this Trust Agreement and no implied obligations or covenants should be read into this Trust Agreement against the Trustee. After the occurrence of an Event of Default, the Trustee shall exercise such of the rights and powers vested in it, and use the same degree of care and skill in such exercise, as a prudent person would exercise under the circumstances in the conduct of the affairs of the Trustee.

Section 7.3. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its municipal corporate trust business, provided that such company shall be eligible under Section 7.1, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 7.4. Protection and Rights of the Trustee.

(a) The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificates, statements, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Trust Agreement, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall not be bound to recognize any person as an Owner of any Obligation or to take any action at his request unless such Obligation shall be deposited with the Trustee and satisfactory evidence of the ownership of such Obligation shall be furnished to the Trustee. The Trustee may consult with counsel with regard to legal questions, and the advice or opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

(b) Whenever in the administration of its duties under this Trust Agreement, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) shall be deemed to be conclusively proved

and established by the certificate of the Town Representative and such certificate shall be full warranty to the Trustee for any action taken or suffered under the provisions of this Trust Agreement upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

(c) The Trustee may become the Owner of the Obligations with the same rights it would have if it were not Trustee; may acquire and dispose of other bonds or evidence of indebtedness of the Town with the same rights it would have if it were not the Trustee and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Obligations, whether or not such committee shall represent the Owners of the majority in principal amount of the Obligations then Outstanding.

(d) The recitals, statements and representations by the Town contained in this Trust Agreement, the Purchase Agreement or the Obligations shall be taken and construed as made by and on the part of the Town and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof.

(e) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Trustee shall not be answerable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care. The Trustee shall not be answerable for the exercise of any discretion or power under this Trust Agreement or for anything whatever in connection with the funds and accounts established hereunder, except only for its own willful misconduct or negligence.

(f) No provision in this Trust Agreement shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability (including, without limitation, any and all environmental liability) in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it.

(g) The Trustee shall not be accountable for the use or application by the Town or any other party of any funds which the Trustee has released in accordance with the terms of this Trust Agreement.

(h) The Trustee makes no representation or warranty, express or implied, as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the Town of the Project. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from the Purchase Agreement or this Trust Agreement for the acquisition of the Project.



(i) Notwithstanding any provision in this Trust Agreement or the Purchase Agreement to the contrary, the Trustee shall not be required to take notice or be deemed to have notice of an Event of Default, except an Event of Default under Section 9(a)(i)(A) of the Purchase Agreement, unless a Responsible Officer of the Trustee has actual notice thereof or is specifically notified in writing of such default by the Town or the Owners of at least twenty-five percent (25%) in aggregate principal amount of all Obligations then Outstanding.

(j) The Trustee agrees to accept and act upon instructions of directions pursuant to this Trust Agreement sent by unsecured email, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Town elects to give the Trustee email or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Town agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(k) The Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

(l) The Trustee shall have no responsibility or liability with respect to any information, statements or recitals in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of those Obligations.

(m) The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful default. The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the Project.

(n) Before taking any action under this Trust Agreement relating to an Event of Default or in connection with its duties under this Trust Agreement other than making payments of principal and interest represented by the Obligations as they become due, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or

ordinance related to the protection of the environment or hazardous substances and except liability which is adjudicated, to have resulted from its negligence or willful default in connection with any action so taken.

(o) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Obligations then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Trust Agreement.

Section 7.5. Compensation of Trustee. The Town shall from time to time, pursuant to a fee schedule agreed to between the Town and the Trustee (which schedule may be amended in writing), pay to the Trustee reasonable compensation for its services, including but not limited to advances to, and reasonable fees and expenses of, independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties hereunder. When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Section 7.6. Removal and Resignation of Trustee.

(a) The Town (but only if no Event of Default has occurred and is continuing) or the Owners of a majority in aggregate principal amount of all Obligations Outstanding, at any time upon thirty (30) days' prior written notice, and for any reason, may remove the Trustee and any successor thereto, but any such successor shall be a bank or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars (\$50,000,000) and subject to supervision or examination by federal or State authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or the requirements of any supervising or examining authority above referred to, then, for the purposes of this Section, the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(b) The Trustee may at any time resign by giving written notice to the Town. Upon receiving such notice of resignation, the Town shall promptly appoint a successor trustee by an instrument in writing; provided, however, that in the event that the Town does not appoint a successor trustee within thirty (30) days following receipt of such notice of resignation or its giving notice of removal, the retiring Trustee may petition the appropriate court having jurisdiction to appoint a successor trustee. Any resignation or removal of the Trustee and appointment of a successor trustee shall become effective upon acceptance of appointment by the successor trustee. The Trustee and the Town shall execute any documents reasonably required to effect the transfer of rights and obligations of the Trustee to the successor trustee subject, however, to the terms and conditions herein set forth, including, without limitation, the right of the predecessor Trustee to be paid and reimbursed in full for its reasonable charges and expenses (including reasonable fees and expenses of its counsel) and the indemnification under Sections

7.4 and 10.3. Upon such acceptance, the successor trustee shall mail notice thereof to the Owners of the Obligations at their respective addresses set forth on the registration books for the Obligations maintained pursuant to Section 2.13.

Section 7.7. Appointment of Agent. The Trustee may appoint an agent or agents to exercise any of the powers, rights or remedies granted to the Trustee under this Trust Agreement and to hold title to property or to take any other action which may be desirable or necessary.

Section 7.8. Commingling. The Trustee may commingle any of the funds held by it pursuant to this Trust Agreement in a separate fund or funds for investment purposes only; provided, however, that all funds or accounts held by the Trustee hereunder shall be accounted for separately notwithstanding such commingling by the Trustee.

Section 7.9. Records. The Trustee shall keep complete and accurate records of all moneys received and disbursed under this Trust Agreement, which shall be available for inspection by the Town, or any of its agents, at any time, upon reasonable prior notice, during regular business hours. The Trustee shall provide the Town Representative with semiannual reports of funds transactions and balances.

## ARTICLE VIII MODIFICATION OR AMENDMENT OF AGREEMENTS

### Section 8.1. Amendments Permitted.

(a) This Trust Agreement and the rights and obligations of the Owners of the Obligations and the Purchase Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental or amending agreement which shall become effective when the written consent of the Owners of a majority in aggregate principal amount of all Obligations then Outstanding, exclusive of Obligations disqualified as provided in Section 8.3, shall have been filed with the Trustee. No such modification or amendment shall (1) extend or have the effect of extending the final payment of principal represented by any Obligation or reducing the interest represented thereby or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon the prepayment thereof, without the express consent of the Owner of such Obligation, or (2) reduce or have the effect of reducing the percentage of Obligations required for the affirmative vote or written consent to an amendment or modification of this Trust Agreement or the Purchase Agreement, or (3) modify any of the rights or obligations of the Trustee without its written assent thereto. Any such supplemental or amending agreement shall become effective as provided in Section 8.2.

(b) This Trust Agreement and the rights and obligations of the Owners of the Obligations, and the Purchase Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental or amending agreement, without the consent of any such Owners, but only (1) to provide for additions or modifications to the Project, (2) to add to the covenants and agreements of any party, other covenants to be

observed, or to surrender any right or power herein reserved to the Trustee (for its own behalf) or the Town, (3) to secure additional revenues or provide additional security or reserves for payment of the Obligations, (4) to comply with the requirements of any state or federal securities laws or the Trust Indenture Act of 1939, as from time to time amended, if required by law or regulation lawfully issued thereunder, (5) to provide for the appointment of a successor trustee pursuant to the terms hereof, (6) to preserve the exclusion of interest represented by the Obligations from gross income for purposes of federal or State income taxes and to preserve the power of the Town to continue to issue bonds or incur other obligations the interest on which is likewise exempt from federal and State income taxes, (7) to cure, correct or supplement any ambiguous or defective provision contained herein or therein, (8) with respect to rating matters or (9) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which shall not materially, adversely affect the interests of the Owners of the Obligations as evidenced by a Special Counsel's Opinion delivered by the Town to the Trustee. Any such supplemental or amending agreement shall become effective upon execution and delivery by the parties hereto or thereto as the case may be. The Trustee may rely upon the Special Counsel's Opinion as conclusive evidence that any such supplemental or amending agreement complies with this Section.

Section 8.2. Procedure for Amendment With Written Consent of Obligation Owners.

(a) This Trust Agreement and the Purchase Agreement may be amended by supplemental or amending agreement as provided in this Section in the event the consent of the Owners of the Obligations is required pursuant to Section 8.1. A copy of such supplemental or amending agreement, together with a request to the Owners of the Obligations for their consent thereto, shall be mailed by the Trustee to each Owner of an Obligation at the address thereof as set forth on the registration books for the Obligations maintained pursuant to Section 2.13, but failure to mail copies of such supplemental or amending agreement and request shall not affect the validity of the supplemental or amending agreement when assented to as provided in this Section 8.2.

(b) Such supplemental or amending agreement shall not become effective unless there shall be filed with the Trustee the written consent of the Owners of a majority in principal amount of all Obligations then Outstanding (exclusive of Obligations disqualified as provided in Section 8.3) and a notice shall have been mailed as hereinafter in this Section provided. The consent of an Owner of an Obligation shall be effective only if accompanied by proof of ownership of the Obligations for which such consent is given, which proof shall be such as is permitted by Section 2.12. Any such consent shall be binding upon the Owner of the Obligation giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

(c) After the Owners of the required percentage of Obligations shall have filed their consents to such supplemental or amending agreement, the Trustee shall mail a notice to the Owners of the Obligations in the manner hereinbefore provided in this Section for

the mailing of such supplemental or amending agreement of the notice of adoption thereof, stating in substance that such supplemental or amending agreement has been consented to by the Owners of the required percentage of Obligations and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers required by this Section to be filed with the Trustee, shall be conclusive proof of the matters therein stated. Such supplemental or amending agreement shall become effective upon the mailing of such last-mentioned notice, and such supplemental or amending agreement shall be deemed conclusively binding upon the parties hereto and the Owners of all Obligations after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within sixty (60) days.

Section 8.3. Disqualified Obligations. Obligations owned or held by or for the account of the Town or by any person directly or indirectly controlled by, or under direct or indirect common control with the Town (except any Obligations held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Obligations provided for in this Trust Agreement and shall not be entitled to vote upon, consent to, or take any other action provided for in this Trust Agreement; provided, however, that in determining whether the Trustee shall be protected in relying upon any such approval or consent of an Owner, only Obligations which a Responsible Officer of the Trustee actually knows to be owned or held by the Town, or by any person directly or indirectly controlled by, or under direct or indirect common control with the Town (except any Obligations held in any pension or retirement fund) shall be deemed not to be Outstanding unless all Obligations are so owned, in which case such Obligations shall be considered Outstanding for the purpose of such determination.

Section 8.4. Effect of Supplemental Trust Agreement. From and after the time any supplemental or amending agreement becomes effective pursuant to this Article VIII, this Trust Agreement or the Purchase Agreement, as the case may be, shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Obligations Outstanding, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any supplemental or amending agreement shall be deemed to be part of the terms and conditions of this Trust Agreement or the Purchase Agreement, as the case may be, for any and all purposes. The Trustee may require each Owner, before his consent provided for in this Article VIII shall be deemed effective, to reveal whether the Obligations as to which such consent is given are disqualified as provided in Section 8.3.

Section 8.5. Endorsement or Replacement of Obligations Delivered After Amendments. The Trustee may determine that Obligations delivered after the effective date of any action taken as provided in this Article shall bear a notation, by endorsement or otherwise, in form approved by the Trustee, as to such action. In that case, upon demand of the Owner of any Obligation Outstanding at such effective date and presentation of his Obligation for the purpose at the office of the Trustee, a suitable notation shall be made on such Obligation. The Trustee may determine that the delivery of substitute Obligations, so modified as in the opinion

of the Trustee is necessary to conform to such Obligation Owners' action, which substitute Obligations shall thereupon be prepared, executed and delivered. In that case, upon demand of the Owner of any Obligation then Outstanding, such substitute Obligation shall be exchanged at the Designated Office of the Trustee, without cost to such Owner, for an Obligation of the same character then Outstanding, upon surrender of such Outstanding Obligation.

Section 8.6. Amendatory Endorsement of Obligations. The provisions of this Article shall not prevent any Obligation Owner from accepting any amendment or supplement as to the particular Obligations held thereby, provided that proper notation thereof is made on such Obligations.

## ARTICLE IX COVENANTS, NOTICES

Section 9.1. Compliance With and Enforcement of Purchase Agreement. The Town shall perform all obligations and duties imposed on it under the Purchase Agreement and shall not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be an Event of Default. The Town, immediately upon receiving or giving any notice, communication or other document in any way relating to or affecting any such action will deliver the same, or a copy thereof, to the Trustee.

Section 9.2. Observance of Laws and Regulations. The Town shall well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the Town, including its right to exist and carry on business as a political subdivision, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 9.3. Recordation and Filing. The Town shall file this Trust Agreement (or a memorandum thereof or a financing statement with respect thereto), and all such documents as may be required by law (and shall take all further actions which may be necessary or be reasonably required by the Trustee), all in such manner, at such times and in such places as may be required by law in order fully to preserve, protect and perfect the security of the Trustee and the Owners. The Trustee has no duty or obligation to determine the sufficiency of any such filings.

Section 9.4. Further Assurances. The Trustee (at the reasonable request of the Town) and the Town shall make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Trust Agreement and the Purchase Agreement and for the better assuring and confirming unto the Owners the rights and benefits provided herein.

Section 9.5. Notification to the Town of Failure to Make Payments. The Trustee shall notify the Town of any failure by the Town to make any Payment or other payment required under the Purchase Agreement to be made to the Trustee, in writing and within one (1) Business Day of any such failure. Such notice shall not be a prerequisite for the occurrence of an Event of Default.

Section 9.6. Business Days. Except as otherwise required herein, if this Trust Agreement or the Purchase Agreement requires any party to act on a specific day and such day is not a Business Day, such party need not perform such act until the next succeeding Business Day, and such act shall be deemed to have been performed on the day required.

## ARTICLE X LIMITATION OF LIABILITY

Section 10.1. Limited Liability of the Town. Except for the payment of Payments from the Excise Tax Revenues and the State Shared Revenues when due in accordance with the Purchase Agreement and the performance of the other covenants and agreements of the Town contained in the Purchase Agreement and herein, the Town shall have no pecuniary obligation or liability to any of the other parties or to the Owners with respect to this Trust Agreement or the terms, execution, delivery or transfer of the Obligations or the distribution of Payments to the Owners by the Trustee.

Section 10.2. No Liability of the Town for Trustee Performance. The Town shall have no obligation or liability to any of the other parties or to the Owners with respect to the performance by the Trustee of any duty imposed upon it under this Trust Agreement.

Section 10.3. Indemnification of the Trustee.

(a) To the extent permitted by law, the Town shall indemnify and save the Trustee and its officers, directors, agents and employees, harmless for, from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of: (1) the use, maintenance, condition or management of, or from any work or thing done on, the Project or any portion thereof or interest therein by the Town; (2) any breach or default on the part of the Town in the performance of any of its obligations under this Trust Agreement and any other agreement made and entered into for purposes of the Project or any interest therein; (3) any act of negligence of the Town or of any of its agents, contractors, servants, employees or licensees with respect to the Project; (4) any act of negligence of any assignee of, or purchaser from, the Town or of any of its or their agents, contractors, servants, employees or licensees with respect to the Project; (5) the acquisition of the Project or any interest therein; (6) the actions of any other party, including but not limited to the operation or use of the Project or interest therein by the Town; (7) the ownership of the Project or interest therein; (8) the exercise and performance by the Trustee of its powers and duties hereunder, under the Purchase Agreement or the Obligations or in connection with any document or transaction contemplated herewith or therewith, or (9) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in any official statement

or other offering circular utilized in connection with the sale of the Obligations, including the costs and expenses of defending itself against any claim of liability arising under this Trust Agreement. No indemnification will be made under this Section or elsewhere in this Trust Agreement for willful misconduct, negligence or breach of duty under this Trust Agreement by the Trustee, or by its officers, agents, employees, successors or assigns. As security for the payment of amounts due under Section 7.5 and this Section, the Trustee shall be secured under this Trust Agreement by a lien prior to that for the Obligations. The obligations of the Town hereunder for indemnification under this Section shall remain valid and binding notwithstanding, and shall survive, the payment or prepayment of principal represented by the Obligations or resignation or removal of the Trustee or the termination of this Trust Agreement.

(b) Promptly after determining that any event or condition which requires or may require indemnification by the Town hereunder exists or may exist, or after receipt of notice of the commencement of any action in respect of which indemnity may be sought hereunder, the Trustee shall notify the Town in writing of such circumstances or action (the "Notification"). Failure to give such notification shall not affect the right of the Trustee to receive the indemnification provided for herewith. Upon giving of the Notification, the Trustee shall cooperate fully with the Town in order that the Town may defend, compromise or settle any such matters or actions which may result in payment by the Town hereunder. The Town shall give the Trustee notice of its election within fifteen (15) days after receiving the Notification whether the Town, at its sole cost and expense, shall represent and defend the Trustee in any claim or action which may result in a request for indemnification hereunder. If the Town timely gives the notice that it will represent and defend the Trustee thereafter, the Trustee shall not settle or compromise or otherwise interfere with the defense or undertakings of the Town hereunder; provided, however, the Trustee may retain its own counsel and still be indemnified against the cost of employing counsel and all other reasonable expenses despite an assumption of the defense by the Town if the Trustee believes in good faith that there are defenses available to it which are adverse to or in conflict with those available to the Town and which the Trustee believes in good faith cannot be effectively asserted by common counsel. The Trustee always has the right to employ separate legal counsel but, subject to the preceding sentence, the fees and expenses of its separate legal counsel must be paid by the Trustee unless the Town and the Trustee have mutually agreed to the employment of the Trustee's separate legal counsel. The Town shall not settle or compromise any claim or action against the Trustee without the written approval of the Trustee, except to the extent that the Town shall pay all losses and the Trustee shall be fully released from such claim or action. If the Town either fails to timely give its notice or notifies the Trustee that the Town will not represent and defend the Trustee, the Trustee may defend, settle, compromise or admit liability as it shall determine in the reasonable exercise of its discretion, at the expense of the Town. In the event the Town is required to and does indemnify the Trustee as herein provided, the rights of the Town shall be subrogated to the rights of the Trustee to recover such losses or damages from any other person or entity.

Section 10.4. Opinion of Counsel. Before being required to take any action, the Trustee may require an opinion of Independent Counsel acceptable to the Trustee, which opinion shall be made available to the other parties hereto upon request, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, the Trustee shall be absolutely protected in relying thereon.



ARTICLE XI  
EVENTS OF DEFAULT AND REMEDIES OF OBLIGATION OWNERS

Section 11.1. Seller's Rights Held in Trust. As provided herein, the Trustee holds in trust hereunder all of the Seller's rights in and to the Purchase Agreement, including without limitation all of the Seller's rights to exercise such rights and remedies conferred on the Seller pursuant to the Purchase Agreement as may be necessary or convenient to enforce payment of the Payments and any other amounts required to be deposited in the Payment Fund and enforcement of the pledge of the Excise Revenues and the State Shared Revenues for the payment of the Obligations.

Section 11.2. Remedies Upon Default; No Acceleration. If an Event of Default shall happen, then and in each and every such case during the continuance of such Event of Default, the Trustee may, or upon request of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding and receiving indemnity satisfactory to it shall, exercise one or more of the remedies granted pursuant to the Purchase Agreement; provided, however, that notwithstanding anything herein or in the Purchase Agreement to the contrary, there shall be no right under any circumstances to accelerate the payment dates of the Obligations or otherwise to declare any of the Payments not then past due or in default to be immediately due and payable.

Section 11.3. Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken pursuant to the provisions of this Article XI or Section 9 of the Purchase Agreement shall be applied by the Trustee in the order following, in the case of the Obligations, upon presentation of the several Obligations, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee and then of the Obligation Owners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel and the creation of a reasonable reserve for anticipated fees, costs and expenses and

Second, to the payment of the whole amount then owing and unpaid with respect to the Obligations and, with interest on the overdue principal and installments of interest at the rate of twelve percent (12%) per annum (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest and interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Obligations, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Section 11.4. Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of all Obligations then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or

enforce its rights or the rights of the Owners of Obligations by a suit in equity or action at law for the specific performance of any covenant or agreement contained herein.

Section 11.5. Non-waiver. Except as otherwise provided in this Article, the Obligation Owners have the right to institute suit to enforce and collect the Payments as provided in the Purchase Agreement. No delay or omission of the Trustee or of any Owner of any of the Obligations to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article to the Trustee or the Owners of Obligations may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Obligation Owners.

Section 11.6. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Obligations, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, without the consent of the Owners of a majority in aggregate principal amount of the Obligations Outstanding.

Section 11.7. Limitation on Obligation Owners' Right to Sue.

(a) No Owner of any Obligation issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Trust Agreement, unless (1) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (2) the Owners of at least a majority in aggregate principal amount of all Obligations then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (3) said Owners shall have tendered to the Trustee indemnity satisfactory to it against the costs, expenses, and liabilities to be incurred in compliance with such request and (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

(b) Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Obligations of any remedy hereunder; it being understood and intended that no one or more Owners of Obligations shall have any right in any manner whatever by his or their action to enforce any right under this Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity with respect to an Event of Default shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Obligations.

(c) The right of any Owner of any Obligation to receive payment of said Owner's proportionate interest in the Payments as the same become due, or to institute suit for the enforcement of such payment, shall not be impaired or affected without the consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Trust Agreement.

## ARTICLE XII MISCELLANEOUS

### Section 12.1. Defeasance.

(a) If and when any Outstanding Obligation or portion thereof shall be paid and discharged in any one or more of the following ways:

(1) By paying or causing to be paid the principal, interest and premium, if any, represented by such Obligations Outstanding, as and when the same become due and payable;

(2) By depositing with a Depository Trustee, in trust for such purpose, at or before the payment date therefor, money which, together with the amounts then on deposit in the Payment Fund is fully sufficient to pay or cause to be paid all principal, interest and premium, if any, due represented by such Outstanding Obligations; or

(3) By depositing with a Depository Trustee, in trust for such purpose, any Defeasance Obligations which are noncallable in such amount as shall be certified to the Trustee and the Town in a report by an independent firm of nationally recognized certified public accountants acceptable to the Trustee and the Town, as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit in the Payment Fund together with the interest to accrue thereon, to pay and discharge or cause to be paid and discharged all principal, interest and premium, if any represented by such Obligations at their respective payment or prepayment dates, which deposit may be made in accordance with the provisions of Section 7 of the Purchase Agreement;

notwithstanding that any Obligations shall not have been surrendered for payment, all obligations of the Trustee and the Town with respect to such Outstanding Obligations shall cease and terminate, except only the obligation of the Trustee to pay or cause to be paid, from funds deposited pursuant to subsections (2) or (3) of this Section and paid to the Trustee by the Depository Trustee, to the Owners of the Obligations not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to subsections (2) or (3), the Obligations shall continue to represent direct and proportionate interests of the Owners thereof in such funds.

(b) Any funds held by the Trustee, at the time of one of the events described in paragraph (a) of this Section, which are not required for the payment to be made to Owners or for the payment of any other amounts due and payable by the Town hereunder or under the Purchase Agreement, shall be paid over to the Town.

(c) Any Obligation or portion thereof in Authorized Denominations may be paid and discharged as provided in this Section; provided however, that if principal represented by any such Obligation is to be prepaid, notice of such prepayment shall have been given in accordance with the provisions hereof or the Town shall have submitted to the Trustee instructions to be irrevocable as to the date upon which such Obligation or portion thereof is to be prepaid and as to the giving of notice of such prepayment; and provided further, that if any such Obligation or portion thereof will not be payable within sixty (60) days of the deposit referred to in subsections (2) or (3) of this Section, the Trustee shall give notice of such deposit by first class mail to the Owners.

(d) No Obligation may be provided for as described in this Section if, as a result thereof, or of any other action in connection with which the provisions for payment of such Obligation is made, the interest payable on any Obligation is thereby made includable in gross income for federal income tax purposes. The Trustee, the Depository Trustee, and the Town may rely upon a Special Counsel's Opinion to the effect that the provisions of this subsection will not be breached by so providing for the payment of any Obligations.

Section 12.2. Notices. All written notices to be given under this Trust Agreement shall be given by overnight delivery or courier or by mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective upon deposit in the United States of America mail, postage prepaid or, in the case of personal delivery, upon delivery to the address set forth below:

If to the Town:           Town of Camp Verde, Arizona  
                                  473 South Main Street  
                                  Camp Verde, Arizona 86322  
                                  Attention: Town Manager

If to the Trustee:        U.S. Bank National Association  
                                  101 North First Avenue, Suite 1600  
                                  Phoenix, Arizona 85003  
                                  Attention: Global Corporate Trust Services

Section 12.3. Incorporation of State Statutes.

(a) As required by the provisions of Section 38-511, Arizona Revised Statutes, notice is hereby given that the Town may, within three years after its execution, cancel any contract, without penalty or further obligation, made by the Town if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the Town is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice is received by all other parties to the contract unless the notice specifies a later time. The Trustee covenants not to employ as an employee, an agent or, with respect to the subject matter of this Trust Agreement, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or creating this Trust Agreement on behalf of the Town

within three years from the execution of this Trust Agreement, unless a waiver of Section 38-511, Arizona Revised Statutes, is provided by the Town. No basis exists for the Town to cancel this Trust Agreement pursuant to Section 38-511, Arizona Revised Statutes, as of the date hereof.

(b) To the extent applicable under Section 41-4401, Arizona Revised Statutes, the Trustee shall comply with all federal immigration laws and regulations that relate to its employees and its compliance with the “e-verify” requirements under Section 23-214(A), Arizona Revised Statutes. The breach by the Trustee of the foregoing shall be deemed a material breach of this Trust Agreement and may result in the termination of the services of the Trustee. The Town retains the legal right to randomly inspect the papers and records of the Trustee to ensure that the Trustee is complying with the above-mentioned warranty. The Trustee shall keep such papers and records open for random inspection during normal business hours by the Trustee. The Trustee shall cooperate with the random inspections by the Town including granting the Town entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

(c) Pursuant to Section 35-393 et. seq., Arizona Revised Statutes, Trustee hereby certifies it is not currently engaged in, and for the duration of this Agreement shall not engage in, a boycott of Israel. The term “boycott” has the meaning set forth in Section 35-393, Arizona Revised Statutes. If Town determines that Trustee’s certification above is false or that it has breached such agreement, Town may impose remedies as provided by law.

Section 12.4. Governing Law. This Trust Agreement shall be construed and governed in accordance with the laws of the State.

Section 12.5. Binding Effect and Successors. This Trust Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Trust Agreement either the Town or the Trustee is named or referred to, such reference shall be deemed to include successors or assigns thereof, and all the covenants and agreements in this Trust Agreement contained by or on behalf of the Town or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 12.6. Execution in Counterparts. This Trust 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 Trust Agreement.

Section 12.7. Destruction of Cancelled Obligations. Whenever in this Trust Agreement provision is made for the surrender to or cancellation by the Trustee and the delivery to the Town of any Obligations, the Trustee may destroy such Obligations and deliver a certificate of such destruction to the Town instead.

Section 12.8. Headings. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Trust Agreement. All references herein to “Articles”, “Sections”, and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Trust Agreement; and the words “herein”,

“hereof”, “hereunder” and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 12.9. Parties Interested Herein. Nothing in this Trust Agreement or the Obligations, expressed or implied, is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Town, the Trustee and the Owners, any legal or equitable right, remedy or claim under or by reason of this Trust Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations, provisions and agreements in this Trust Agreement contained by and on behalf of the Town shall be for the sole and exclusive benefit of the Town, the Trustee and the Owners of the Obligations.

Section 12.10. Waiver of Notice. Whenever in this Trust Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 12.11. Severability of Invalid Provisions. In case any one or more of the provisions contained in this Trust Agreement or in the Obligations shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Trust Agreement, and this Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Trust Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Obligations pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Trust Agreement may be held illegal, invalid or unenforceable.

[Remainder of page left blank intentionally.]

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

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By .....

Printed Name: .....

Title: .....

TOWN OF CAMP VERDE, ARIZONA

By .....

Mayor

ATTEST:

.....  
Town Clerk

EXHIBIT A

(Form of Obligation)

Number: R-.....

Principal Amount: \$.....

Unless this Obligation is presented by an authorized representative of The Depository Trust Company of New York, a New York corporation (“DTC”), to the Trustee (or any successor registrar) for registration of transfer, exchange, or payment, and any Obligation issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge, or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein.\*

PLEDGED REVENUE OBLIGATION, SERIES 2017  
Evidencing a Proportionate Interest of the Owner  
Hereof in Payments to be Made by

THE TOWN OF CAMP VERDE, ARIZONA

to

.....,  
as Trustee

Interest Rate:                      Maturity Date:                      Dated Date:                      CUSIP:  
.....%                      July 1, 20...                      December \_\_\_\_, 2017                      \_\_\_\_\_ .....

REGISTERED OWNER: CEDE & CO.\*

PRINCIPAL AMOUNT: ..... DOLLARS

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns, as the registered owner of this Pledged Revenue Obligation, Series 2017 (this “Obligation”) is the owner of an undivided, participatory, proportionate interest in the right to receive certain “Payments” under and defined in that certain Third Purchase Agreement, dated as of December 1, 2017 (the “Purchase Agreement”), by and between ..... (the “Trustee”), and the Town of Camp Verde, Arizona, a municipal corporation under the laws of the State of Arizona (the “Town”), which Payments and other rights and interests under the Purchase Agreement are held by the Trustee in trust under that certain Third Trust Agreement, dated as of December 1, 2017 (the “Trust Agreement”), by and between the Town and the Trustee. The Trustee maintains a corporate trust office for payment and transfer of this Obligation (the “Designated Office”).

\* Included only while DTC is the Securities Depository.



The registered owner of this Obligation is entitled to receive, subject to the terms of the Purchase Agreement, on the payment date set forth above, the principal amount set forth above, representing a portion of the payments due designated as principal coming due and to receive semiannually on January 1 and July 1 of each year commencing \_\_\_\_\_ 1, 20\_\_ (the “Interest Payment Dates”), until payment in full of said portion of principal or prepayment prior thereto, the registered owner’s proportionate share of the payments designated as interest coming due during the period commencing on the last date on which interest was paid and ending on the day prior to the Interest Payment Date or, if no interest has been paid, from the Dated Date specified above. Said interest is the result of the multiplication of said principal by the interest rate per annum set forth above. Interest shall be calculated on the basis of a 360-day year composed of twelve (12) months of thirty (30) days each.

Said amounts representing the registered owner’s share of the Payments designated as interest are payable in lawful money of the United States of America by check mailed when due by first class mail by the Trustee to the registered owner in whose name this Obligation is registered at the close of business on the fifteenth (15th) day of the calendar month next preceding the Interest Payment Date at the address thereof as it appears on the registration books for the Obligations maintained by the Trustee. Said amounts representing the registered owner’s share of the Payments designated as principal are payable when due upon surrender of this Obligation at the Designated Office. Principal, interest or premium, if any, payable to any owner of \$1,000,000 or more in principal amount of the series of obligations of which this Obligation is a part (the “Obligations”) may be paid by wire transfer in immediately available funds to an account in the United States of America if the owner makes a written request of the Trustee at least twenty (20) days before the date of payment specifying the account address. The notice may provide that it shall remain in effect for subsequent payments until otherwise requested in a subsequent written notice.

The Trustee has no obligation or liability to the registered owners of the Obligations for the payment of interest or principal represented by the Obligations. The Trustee’s sole obligations are to administer, for the benefit of the registered owners of the Obligations, the various funds and accounts established pursuant to the Trust Agreement. (The recitals, statements, covenants and representations made in this Obligation shall be taken and construed as made by and on the part of the Town, and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof.)

This Obligation has been executed and delivered by the Trustee pursuant to the terms of, and for the purposes described in, the Trust Agreement. The Town is authorized to enter into the Purchase Agreement and the Trust Agreement under the laws of the State of Arizona and by resolution of the Mayor and Council of the Town adopted on November 15, 2017. Reference is hereby made to the Purchase Agreement and the Trust Agreement (copies of which are on file at the Designated Office) for further definitions, the terms, covenants and provisions pursuant to which the Obligations are delivered, the rights thereunder of the registered owners of the Obligations, the terms under which the Trust Agreement or the Purchase Agreement may be modified or supplemented, the rights, duties and immunities of the Trustee and the security for, and the rights and obligations of the Town under the Purchase Agreement (including with respect to certain obligations secured and to be secured on a parity with the

security for the Payments and to certain limitations on such security), to all of the provisions of which Purchase Agreement and Trust Agreement the registered owner of this Obligation, by acceptance hereof, assents and agrees. (To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement and the Purchase Agreement may be amended by the parties thereto with the written consent of the owners of a majority in aggregate principal represented by all Obligations then outstanding, and may be amended without such consent under certain circumstances but in no event such that the interests of the owners of the Obligations are adversely affected, provided that no such amendment shall impair the right of any owner to receive in any case such owner's proportionate share of any Payment thereof in accordance with such owner's Obligation.)

The obligation of the Town to make the Payments does not represent or constitute a general obligation of the Town for which the Town is obligated to levy or pledge any form of taxation nor does the obligation to make the Payments under the Purchase Agreement constitute an indebtedness of the Town, the State of Arizona or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction or otherwise.

Neither the Trustee nor the registered owners of the Obligations shall have any right under any circumstances to accelerate the payment date of the Obligations or otherwise declare any of the Payments not then past due or in default to be immediately due and payable. (This Obligation represents an interest in a limited obligation of the Town (as described herein), and no member of the Mayor and Council, officer or agent, as such, past, present or future, of the Town shall be personally liable for the payment hereof.)

The Obligations are executed and delivered only in fully registered form in denominations of \$5,000 of principal represented by the Obligations due on a specific payment date or integral multiples thereof. The Obligations shall not be transferable or exchangeable, except as provided in the Trust Agreement.

This Obligation may be exchanged for an Obligation or Obligations of like aggregate payment amount in authorized denominations having the same payment date and interest rate.

This Obligation is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the Designated Office, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement and upon surrender and cancellation of this Obligation. Upon such transfer a new Obligation or Obligations, of authorized denomination or denominations, for the same aggregate principal amount will be delivered to the transferee in exchange therefor. The Town and the Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, whether or not this Obligation shall be overdue, and the Town and the Trustee shall not be affected by any notice to the contrary.

The Trustee may require a registered owner, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes or governmental charges required by law in connection with the exchange or transfer.

The Trustee may, but shall not be obligated to, exchange or register the transfer of this Obligation (i) if this Obligation has been selected for prepayment, in whole or in part, or (ii) during a period of fifteen (15) days preceding the giving of a notice of prepayment. If this Obligation is transferred after having been selected for prepayment, any notice of prepayment which has been given to the transferor shall be binding on the transferee, and a copy of the notice of prepayment shall be delivered by the Trustee to the transferee along with the duly registered Obligation or Obligations.

The registered owner of this Obligation shall have no right to enforce the provisions of the Trust Agreement or the Purchase Agreement or to institute any action to enforce the covenants thereof, or to take any action with respect to a default thereunder or hereunder, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Trust Agreement.

Principal represented by the Obligations is subject to prepayment in such order and from such principal amounts payable as may be selected by the Town, in whole or in part on any date on or after July 1, 20\_\_, at a price equal to the principal amount to be prepaid, together with accrued interest to the date fixed for prepayment but without premium.

Principal represented by the Obligations payable on July 1, 20\_\_, shall be prepaid on July 1 of the years indicated and in the principal amounts indicated at a price equal to the amount thereof plus interest accrued to the date of prepayment, but without premium:

Year Prepaid

Principal Amount Prepaid

A remaining principal amount of \$\_\_\_\_,000 of such Obligations shall be paid on July 1, 20\_\_.

Whenever Obligations subject to mandatory prepayment are purchased, prepaid (other than pursuant to mandatory prepayment) or delivered by the Town to the Trustee for cancellation, the principal amount of the Obligations represented thereby so retired shall satisfy and be credited against the mandatory prepayment requirements for such Obligations for such years as the Town may direct.

This Obligation shall not be entitled to any security or benefit under the Trust Agreement until executed by the Trustee.

IN WITNESS WHEREOF, this Obligation has been executed and delivered by the Trustee, acting pursuant to the Trust Agreement.

Date of Execution: .....

.....,  
as Trustee

By.....  
Authorized Representative

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned ..... (the "Transferor"), hereby sells, assigns and transfers unto ..... (the "Transferee"), whose address is ..... and whose social security number (or other federal tax identification number) is

PLEASE INSERT SOCIAL SECURITY OR OTHER  
IDENTIFYING NUMBER OF TRANSFEREE

.....  
.....

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints ..... as attorney to register the transfer of the within certificate on the books kept for registration and registration of transfer thereof, with full power of substitution in the premises.

Date: .....

.....  
NOTICE: No transfer will be registered and no new certificate will be issued in the name of the Transferee, unless that signature(s) to this assignment correspond(s) with the name as it appears on the face of the within certificate in every particular, without alteration or enlargement or any change whatever and name, address and the Social Security Number or federal employee identification number of the Transferee is supplied

The following abbreviations when used in the inscription on the face of the within certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM - as tenants in common
- TEN ENT - as tenants by the entireties
- JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT/TRANS MIN ACT - ..... Custodian for .....  
(Cust.) (Minor)

under Uniform Gifts/Transfers to Minors Act of .....  
(State)

Additional abbreviations may also be used though not in list above.

EXHIBIT B

(Form of Payment Request Form)

Payment Request Form

Application No. ....

The Trustee is hereby requested to pay from the "Acquisition Fund" established by the Third Trust Agreement, dated as of December 1, 2017 (the "Trust Agreement"), between the Town of Camp Verde, Arizona (the "Town"), and ....., as trustee (the "Trustee") to the person or corporation designated below as "Payee," the sum set forth below such designation, in payment of the Project Costs (as such term and other undefined terms used herein are defined in the Trust Agreement) with respect to the Project described below. The amount shown below is due and payable under a purchase order or contract with respect to such costs described below and has not formed the basis of any prior request for payment.

Payee: .....

Address or Wiring Instructions: .....

Amount: .....

Description of costs or portion thereof authorized to be paid to the Payee: .....

The Town acknowledges that it has received and inspected items related to such costs and has found each item thereof so described to be in good condition, in conformity with the Town's specifications and satisfactory for the Town's purposes and in accordance with the applicable purchase order or contract. Notwithstanding anything herein to the contrary, the Town shall not be deemed to have waived or released the Payee from any liability or obligation to the Town in the event the Town's acknowledgment herein is discovered to be inaccurate in any respect as to any item described above.

By execution of this Payment Request Form, the Town requests and approves the payment of the amount stated above to Payee set forth above.

DATED: ....., 20....

.....  
Town Representative

Please forward payment to Payee at the following address:

EXHIBIT C

(Form of Reimbursement Request Form)

Reimbursement Request Form

Application No. ....

The Trustee is hereby requested to pay from the "Acquisition Fund" established by the Trust Agreement, dated as of December 1, 2017 (the "Trust Agreement"), between the Town of Camp Verde, Arizona (the "Town"), and ....., as trustee (the "Trustee"), to the Town, the sum set forth below as reimbursement of (all/a portion) of the Project Costs (as such term and other undefined terms used herein are defined in the Trust Agreement) with respect to the Project described below. Payment of the amount, shown below was made by the Town on ....., 20....., as evidenced by ..... attached hereto, as full/partial payment of ....., also attached hereto. The amount shown below was paid by the Town and has not formed the basis of any prior request for payment.

The Town acknowledges that it has received and has inspected items related to such costs and has found each item thereof so described to be in good condition, in conformity with the Town's specifications and satisfactory for the Town's purposes. Notwithstanding anything herein to the contrary, the Town shall not be deemed to have waived or released any entity named on the attached documentation, from any liability or obligation to the Town in the event the Town's acknowledgment herein is discovered to be inaccurate in any respect as to any item described below.

Amount: .....

Description of costs or portion thereof for which reimbursement is hereby requested:

DATED: ....., 20....

.....  
Town Representative

Dated Received: ....., 20....



NEW ISSUE – BOOK-ENTRY-ONLY

RATING: See “RATING” herein.

INSURANCE: See “BOND INSURANCE” and “BOND INSURANCE AND RELATED RISK FACTORS” herein.

In the opinion of Greenberg Traurig, LLP, Special Counsel, assuming compliance with certain tax covenants, the portion of each installment payment made by the Town pursuant to the Third Purchase Agreement and denominated as and comprising interest pursuant to the Third Purchase Agreement and received by Owners of the Obligations (the “Interest Portion”) will be excludable from gross income for federal income tax purposes, will not be an item of tax preference for purposes of the alternative minimum tax for individuals and corporations (but will be taken into account in determining adjusted current earnings for purposes of computing such tax imposed on certain corporations) and will be exempt from income taxation under the laws of the State of Arizona so long as the Interest Portion is excludable from gross income for federal income tax purposes. See “TAX MATTERS” herein for a description of certain federal tax consequences of ownership of the Obligations.

The Obligations will be designated by the Town as “qualified tax-exempt obligations” for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended. See “QUALIFIED TAX-EXEMPT OBLIGATIONS” herein.

\$6,570,000\*

TOWN OF CAMP VERDE, ARIZONA  
PLEGDED REVENUE OBLIGATIONS,  
SERIES 2017  
(BANK QUALIFIED)

DRAFT III  
11-7-17

Dated: Date of Initial Delivery

Due: July 1, as shown on the inside front cover page

The Pledged Revenue Obligations, Series 2017 (the “Obligations”) will be executed and delivered to (i) finance the costs of a sports complex/park to be owned and operated by the Town of Camp Verde, Arizona (the “Town”) and (ii) pay the costs and expenses relating to the execution and delivery of the Obligations.

Interest represented by the Obligations will be payable semiannually on each January 1 and July 1, commencing July 1, 2018\*, until maturity or prior prepayment. The Obligations will be dated the date of initial delivery, will be issuable as fully registered obligations without coupons and will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository for the Obligations. Beneficial ownership interests in the Obligations will be available to purchasers in amounts of \$5,000 of principal due on a specific payment date and any integral multiple thereof only under the book-entry-only system maintained by DTC through brokers and dealers who are, or act through, DTC Participants (as defined herein). Purchasers will not receive physical certificates. So long as any purchaser is the beneficial owner of an Obligation, such purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal and interest with respect to such Obligations. See APPENDIX G - “BOOK-ENTRY ONLY SYSTEM” herein.

**SEE PAYMENT SCHEDULE ON INSIDE FRONT COVER PAGE**

The Obligations will be subject to prepayment prior to their stated payment dates as described under the heading “THE OBLIGATIONS – Prepayment Provisions” herein\*.

The Obligations will be undivided, proportionate interests in the installment payments to be made by the Town pursuant to a Third Purchase Agreement, to be dated as of \_\_\_\_\_ 1, 2017\* (the “Purchase Agreement”), between the Town and \_\_\_\_\_, as trustee. The installment payments will be payable from and secured by a first lien on and pledge of Excise Tax Revenues and State Shared Revenues (each as defined herein) on a parity with the Parity IGA, the First Purchase Agreement and the Second Purchase Agreement (each as defined herein) and any Additional Revenue Obligations (as defined herein) that may be incurred on a parity as provided in the Purchase Agreement. No obligations may be incurred that would have a prior pledge of Excise Tax Revenues or State Shared Revenues to the installment payments due pursuant to the Purchase Agreement. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS” herein.

**THE OBLIGATIONS WILL BE SPECIAL, LIMITED REVENUE OBLIGATIONS OF THE TOWN AND WILL BE PAYABLE SOLELY FROM THE SOURCES DESCRIBED HEREIN. THE OBLIGATIONS WILL NOT BE GENERAL OBLIGATIONS OF THE TOWN OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF, AND THE FULL FAITH AND CREDIT OF THE TOWN, THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF WILL NOT BE PLEDGED FOR THE PAYMENT OF THE OBLIGATIONS.**

The Obligations will be offered when, as and if issued by the Town and received by the underwriter identified below (the “Underwriter”), subject to the legal opinion of Greenberg Traurig, LLP, Special Counsel, as to validity and tax exemption. In addition, certain legal matters will be passed upon for the Underwriter by Squire Patton Boggs (US) LLP. It is expected that the Obligations will be available for delivery through the facilities of DTC on or about \_\_\_\_\_, 2017\*.

*This cover page contains certain information with respect to the Obligations for convenience of reference only. It is not a summary of all material information with respect to the Obligations. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the Obligations.*

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without any notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**\$6,570,000\***  
**TOWN OF CAMP VERDE, ARIZONA**  
**PLEDGED REVENUE OBLIGATIONS,**  
**SERIES 2017**

**PAYMENT SCHEDULE\***  
**Base CUSIP®<sup>(1)</sup> No. \_\_\_\_\_**

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	CUSIP® <sup>(1)</sup> No.
2018	\$ 270,000	%	%	
2019	160,000			
2020	170,000			
2021	175,000			
2022	180,000			
2023	185,000			
2024	190,000			
2025	200,000			
2026	205,000			
2027	215,000			
2028	220,000			
2029	230,000			
2030	235,000			
2031	245,000			
2032	255,000			

\$1,400,000 \_\_.\_\_\_\_% Term Obligation due July 1, 2037 – Yield \_\_.\_\_\_\_% CUSIP®<sup>(1)</sup> \_\_\_\_\_

\$2,035,000 \_\_.\_\_\_\_% Term Obligation due July 1, 2043 – Yield \_\_.\_\_\_\_% CUSIP®<sup>(1)</sup> \_\_\_\_\_

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\* *Subject to change.*

<sup>(1)</sup> *CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2017 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Town, Special Counsel, the Underwriter or their agents or counsel assumes responsibility for the accuracy of such numbers.*

## **REGARDING THIS OFFICIAL STATEMENT**

No dealer, broker, salesperson or other person has been authorized by the Town of Camp Verde, Arizona (the "Town"), or Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Obligations by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth in this Official Statement, which includes the cover page, inside front cover page and appendices hereto, has been obtained from the Town, the Arizona Department of Revenue and other sources that are considered to be accurate and reliable and customarily relied upon in the preparation of similar official statements, but such information has not been independently confirmed or verified by the Town or the Underwriter, is not guaranteed as to accuracy or completeness, and is not to be construed as the promise or guarantee of the Town or the Underwriter. A variety of other information, including financial information, concerning the Town is available from publications and websites of the Town and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of or incorporated into this Official Statement, except as expressly noted herein.

The Underwriter has provided the following sentence for inclusion in this Official Statement: "The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information."

None of the Town, the Underwriter, counsel to the Underwriter or Special Counsel (as defined herein) are actuaries. None of them have performed any actuarial or other analysis of the Town's share of the unfunded liabilities of the Arizona State Retirement System or the Public Safety Personnel Retirement System.

The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the Town. All information, estimates and assumptions contained herein have been based on past experience and on the latest information available and are believed to be accurate and reliable, but no representations are made that such information, estimates and assumptions are correct, will continue, will be realized or will be repeated in the future. To the extent that any statements made in this Official Statement involve matters of forecasts, projections, opinions, assumptions, or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All forecasts, projections, assumptions, opinions or estimates are "forward looking statements" that must be read with an abundance of caution and that may not be realized or may not occur in the future. Information other than that obtained from official records of the Town has been identified by source and has not been independently confirmed or verified by the Town or the Underwriter and its accuracy cannot be guaranteed. The information and forward looking statements herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town or any of the other parties or matters described herein since the date hereof.

The Obligations will not be registered under the Securities Act of 1933, as amended, or any state securities law and will not be listed on any stock or other securities exchange in reliance upon certain exemptions. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the merits of the Obligations the accuracy or adequacy of this Official Statement or approved the Obligations for sale.

The Town has undertaken to provide continuing disclosure as described in this Official Statement under the heading "CONTINUING DISCLOSURE" and in APPENDIX F – "FORM OF CONTINUING DISCLOSURE UNDERTAKING," all pursuant to Rule 15c2-12 of the Securities and Exchange Commission.

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OF EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE OBLIGATIONS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE OBLIGATIONS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE FRONT COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.**

The information in APPENDIX G – "BOOK-ENTRY-ONLY SYSTEM" attached hereto has been furnished by The Depository Trust Company and no representation is made by the Town or the Underwriter, or any of their counsel or agents, as to the accuracy or completeness of such information.

## TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY STATEMENT .....	1
THE OBLIGATIONS.....	2
General Terms .....	2
Prepayment Provisions .....	2
Registration and Transfer When Book-Entry-Only System Has Been Discontinued .....	3
SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS.....	4
General .....	4
Pledge.....	4
Coverage Requirements .....	5
Additional Revenue Obligations .....	5
SOURCES AND USES OF FUNDS.....	6
ESTIMATED DEBT SERVICE REQUIREMENTS AND PROJECTED COVERAGE.....	7
EXCISE TAX REVENUES AND STATE SHARED REVENUES.....	8
Excise Tax Revenues .....	8
State-Shared Revenues.....	11
Historical and Projected Excise Tax Revenues and State Shared Revenues .....	13
LITIGATION .....	13
LEGAL MATTERS .....	13
QUALIFIED TAX-EXEMPT OBLIGATIONS.....	14
TAX MATTERS .....	14
General.....	14
Original Issue Discount and Original Issue Premium .....	15
Information Reporting and Backup Withholding.....	16
BOND INSURANCE AND RELATED RISK FACTORS .....	16
RATING.....	17
UNDERWRITING .....	17
RELATIONSHIP AMONG PARTIES .....	17
CONTINUING DISCLOSURE.....	17
FINANCIAL STATEMENTS.....	18
CONCLUDING STATEMENT .....	18
APPENDIX A: TOWN OF CAMP VERDE, ARIZONA – DEMOGRAPHIC AND ECONOMIC INFORMATION	
APPENDIX B: TOWN OF CAMP VERDE, ARIZONA – FINANCIAL DATA	
APPENDIX C: TOWN OF CAMP VERDE, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2016	
APPENDIX D: SUMMARY OF SELECT PROVISIONS OF PRINCIPAL DOCUMENTS	
APPENDIX E: FORM OF APPROVING LEGAL OPINION	
APPENDIX F: FORM OF CONTINUING DISCLOSURE UNDERTAKING	
APPENDIX G: BOOK-ENTRY-ONLY SYSTEM	

## OFFICIAL STATEMENT

**\$6,570,000\***

### **TOWN OF CAMP VERDE, ARIZONA PLEGDED REVENUE OBLIGATIONS, SERIES 2017**

## INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page, the inside front cover page and the appendices hereto (this "Official Statement"), provides certain information concerning the Town of Camp Verde, Arizona Pledged Revenue Obligations, Series 2017 (the "Obligations"), to be executed and delivered in the principal amount indicated above. The Obligations will be undivided, participating, proportionate interests in installment payments (the "Payments") to be made by the Town of Camp Verde, Arizona (the "Town"), pursuant to a Third Purchase Agreement, to be dated as of \_\_\_\_\_ 1, 2017\* (the "Purchase Agreement"), between the Town, as purchaser, and \_\_\_\_\_ in its capacity as trustee (the "Trustee"), as seller.

The Obligations are being executed and delivered to (i) finance the costs of a sports complex/park (the "Project") to be owned and operated by the Town and (ii) pay the costs and expenses relating to the execution and delivery of the Obligations.

The Obligations will be executed and delivered pursuant to a Third Trust Agreement, to be dated as of \_\_\_\_\_ 1, 2017\* (the "Trust Agreement"), between the Town and the Trustee. Certain of the Trustee's interests under the Purchase Agreement, including, without limitation, the right to receive and collect the Payments and the right to force the Town to make the Payments, will be held by the Trustee for the benefit of the registered owners of the Obligations. See APPENDIX D - "SUMMARY OF SELECT PROVISIONS OF PRINCIPAL DOCUMENTS" in addition to the information herein below for descriptions of the terms of the Purchase Agreement and the Trust Agreement. See APPENDIX A - "TOWN OF CAMP VERDE, ARIZONA - DEMOGRAPHIC AND ECONOMIC INFORMATION," APPENDIX B - "TOWN OF CAMP VERDE, ARIZONA - FINANCIAL DATA" and APPENDIX C - "TOWN OF CAMP VERDE, ARIZONA - AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2016" for information about the Town.

The Payments will be payable from and secured by a first lien on and pledge of Excise Tax Revenues and State Shared Revenues (both defined below) on a parity with the payments due pursuant to (i) the Amendment to and Restatement of the Intergovernmental Agreement, dated as of July 24, 2009 (the "Parity IGA"), between the Town and Camp Verde Sanitary District, outstanding in the unpaid principal amount of \$1,395,478 relating to the Town's Water Infrastructure Finance Authority ("WIFA") Loan No. 910123-10 (ii) the First Purchase Agreement, dated as of May 1, 2011 (the "First Purchase Agreement"), by and between the Town, as purchaser, and U.S. Bank National Association, in its capacity as trustee, as seller, outstanding in the unpaid principal amount of \$562,000, relating to the Town's Pledged Revenue Obligations, Series 2011 (the "2011 Obligations") and (iii) the Second Purchase Agreement, dated as of October 1, 2014 (the "Second Purchase Agreement"), by and between the Town, as purchaser, and U.S. Bank National Association, in its capacity as trustee, as seller, outstanding in the principal amount of \$4,162,000, relating to the Town's Pledged Revenue and Revenue Refunding Obligations, Series 2014 (the "2014 Obligations"). "Excise Tax Revenues" means revenues from the unrestricted transaction privilege (sales) tax, business license and franchise fees, parks and recreation fees, and permits and fines and forfeitures which the Town imposes; provided that the Mayor and Common Council of the Town may impose other transaction privilege taxes in the future, the uses of revenue from which will be restricted, at the discretion of such Council. "State Shared Revenues" means any amounts of excise taxes, transaction privilege (sales) taxes and in some taxes imposed by the State of Arizona (the "State" or "Arizona") or any agency thereof and returned, allocated or apportioned to the Town, except the Town's share of any such taxes which by State law, rule or regulation must be expended for other purposes, such as motor vehicle fuel taxes.

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\* *Subject to change.*

Pursuant to the Purchase Agreement, under certain conditions, Additional Revenue Obligations may be incurred on a parity with the payments due under the Parity IGA, the First Purchase Agreement, the Second Purchase Agreement and the Purchase Agreement. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS – Additional Revenue Obligations” herein.

So long as any amounts due thereunder remain unpaid or unprovided for under the Purchase Agreement, the Town may not further encumber Excise Tax Revenues and State Shared Revenues on a basis equal to the pledge for the Purchase Agreement unless certain requirements are satisfied. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS – Additional Revenue Obligations” and, for detail about amounts due pursuant to the Parity IGA, the First Purchase Agreement, the Second Purchase Agreement and the Purchase Agreement, see APPENDIX B – “TOWN OF CAMP VERDE, ARIZONA – FINANCIAL DATA.”

Brief descriptions of the security for the Obligations and of matters related to the Town are included in this Official Statement together with a summary of select provisions of the Purchase Agreement and the Trust Agreement. Such descriptions do not purport to be comprehensive or definitive. All references to the Purchase Agreement and the Trust Agreement are qualified in their entirety by reference to such documents, and references herein to the Obligations are qualified in their entirety by reference to the form thereof included in the Trust Agreement, copies of all of which are available for inspection at the designated corporate trust office of the Trustee. Capitalized terms not defined herein shall have the meanings set forth in APPENDIX D – “SUMMARY OF SELECT PROVISIONS OF PRINCIPAL DOCUMENTS - DEFINITIONS OF CERTAIN TERMS.”

Neither this Official Statement nor any statement that may have been made orally or in writing in connection herewith is to be considered as, or as part of, a contract with the original purchasers or subsequent owners or Beneficial Owners (as defined in APPENDIX G – “BOOK-ENTRY-ONLY SYSTEM”) of the Obligations.

References to provisions of federal or State of Arizona (the “State” or “Arizona”) law, whether codified or uncodified, are references to those current provisions. Those provisions may be amended, repealed or supplemented.

## THE OBLIGATIONS

### General Terms

The Obligations will be dated the date of initial authentication and delivery and initially will be registered only in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”) under the book-entry-only system described in APPENDIX G – “BOOK-ENTRY-ONLY SYSTEM” (the “Book-Entry-Only System”). Beneficial ownership interests in the Obligations may be purchased through direct and indirect participants of DTC in amounts of \$5,000 of principal due on a single payment date or integral multiples thereof. See APPENDIX G – “BOOK-ENTRY-ONLY SYSTEM.” Principal represented by the Obligations will be payable on the dates and in the principal amounts and bear interest from their dated date at the rates all as set forth on the inside front cover page of this Official Statement. Interest represented by the Obligations will accrue originally from the dated date of the Obligations and will be payable on July 1, 2018\*, and on each January 1 and July 1 thereafter (each an “Interest Payment Date”) until maturity or prepayment.

### Prepayment Provisions\*

*Optional Prepayment.* Principal represented by the Obligations payable on or before July 1, 20\_\_, are not subject to prepayment prior to their stated payment dates. The Obligations payable on or after July 1, 20\_\_, may be prepaid prior to their stated payment dates, in whole or in part on any date, in any order of payment date within a series and by lot within any payment date, by the Town, on or after July 1, 20\_\_, at a prepayment price equal to the principal amount thereof plus accrued interest on such principal to the date fixed for prepayment, but without premium.

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\* *Subject to change.*

*Mandatory Prepayment.* Principal represented by the Obligations payable on July 1, 20\_\_ and July 1, 20\_\_ will be subject to mandatory prepayment and will be prepaid on July 1 of the respective years set forth below and in the principal amounts set forth below, by payment of a prepayment price equal to the principal amount of the Obligations then called for prepayment plus the interest accrued to the date fixed for prepayment, but without premium, as follows:

Obligations due July 1, 20\_\_

Prepayment Date (July 1)	Principal Amount
	\$
	(final payment)

Obligations due July 1, 20\_\_

Prepayment Date (July 1)	Principal Amount
	\$
	(final payment)

Whenever the Obligations subject to mandatory prepayment are purchased, prepaid (other than pursuant to mandatory prepayment) or delivered by the Town to the Trustee for cancellation, the principal amount of the Obligations so retired shall satisfy and be credited against the mandatory prepayment requirements for such Obligations for such years as the Town may direct.

*Manner of Selection for Prepayment.* Principal represented by the Obligations will be prepaid only in amounts of \$5,000 payable on a specific payment date or integral multiples thereof. The Town will, at least 45 days prior to the prepayment date, notify the Trustee of such prepayment date and of the payment dates of the Obligations and the principal amount of the Obligations of any such payment date to be prepaid on such date. For the purposes of any prepayment of less than all of the Obligations of a series due on a single payment date, the particular Obligations or portions of the Obligations to be prepaid will be selected through the procedures of DTC. For purposes of any prepayment of less than all of the Obligations of a series payable on a single payment date, the particular Obligations or portions of the Obligations to be prepaid on a single payment date will be selected on a *pro rata* basis by the Trustee by lot not more than 45 days nor less than 30 days prior to the prepayment date. While the Town intends that allocations be made in accordance with the foregoing proportional provisions, the selection of the Obligations for prepayment will be subject to practices and procedures of DTC as in effect from time to time.

*Notice of Prepayment.* Prepayment notices will be sent only to DTC by electronic media, not more than 60 nor less than 30 days prior to the date set for prepayment. See APPENDIX G – “BOOK-ENTRY-ONLY SYSTEM.” Such notice will state that if, on the specified prepayment date, moneys for prepayment of all the Obligations to be prepaid together with interest to the date of prepayment, is held by the Trustee, then, from and after said date of prepayment, interest with respect to the Obligations will cease to accrue and become payable and that if such moneys are not so held, the prepayment will not occur.

**Registration and Transfer When Book-Entry-Only System Has Been Discontinued**

If the Book-Entry-Only System is discontinued, the Obligations will be transferred only upon the bond register maintained by the Trustee and one or more new Obligations of the same series, registered in the name of the transferee, of the same principal amount, payment and rate of interest as the surrendered Obligation or Obligations

will be authenticated, upon surrender to the Trustee of the Obligation or Obligations to be transferred, together with an appropriate instrument of transfer executed by the transferor if the Trustee's requirements for transfer are met. The fifteenth day of the month preceding an interest payment date has been designated as the "Record Date" for the Obligations. The Trustee may, but is not required to, transfer or exchange any Obligations during the period from the Record Date to and including the respective Interest Payment Date. The Trustee may, but is not required to, transfer or exchange any Obligations which have been selected for prepayment.

The transferor will be responsible for all transfer fees, taxes and any other costs relating to the transfer of ownership of individual Obligations.

## **SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS**

### **General**

The Obligations will be special, limited revenue obligations, taking the form of undivided, participating, proportionate interests in the Payments. The obligation of the Town to make the Payments will be limited to payment from Excise Tax Revenues and State Shared Revenues and will in no circumstances constitute a general obligation or a pledge of the full faith and credit of the Town or the State or any political subdivisions thereof, or require the levy of, or be payable from the proceeds of, any *ad valorem* property taxes.

Excise Tax Revenues and State Shared Revenues in excess of amounts, if any, required to be deposited with or held by the Trustee for payments due under the Purchase Agreement will constitute surplus revenues and may be used by the Town for any lawful purpose for the benefit of the Town. The Town may also make the Payments from its other funds as permitted by law and as the Town determines from time to time, provided, however, that the Trustee will thereafter have no claim to such other funds.

Under the terms of the Trust Agreement, an irrevocable trust will be administered by the Trustee for the equal and proportionate benefit of the Owners of the Obligations, which trust includes: (1) all right, title and interest of the Trustee, as seller, in the Purchase Agreement and the right to (a) make claim for, collect or receive all amounts payable or receivable thereunder, (b) bring actions and proceedings thereunder or for the enforcement of such rights, and (c) do any and all other things which the Trustee is entitled to do thereunder; (2) amounts on deposit from time to time in the funds created pursuant to the Trust Agreement; and (3) any and all other property of any kind hereafter conveyed as additional security for the Obligations. See APPENDIX D – "SUMMARY OF SELECT PROVISIONS OF PRINCIPAL DOCUMENTS - THE TRUST AGREEMENT."

### **Pledge**

The Payments will be secured by a first lien on and pledge of Excise Tax Revenues and State Shared Revenues on parity with the pledge and lien granted by the Town for the payment and security of the Parity IGA, the First Purchase Agreement, the Second Purchase Agreement and any Additional Revenue Obligations. No additional obligations will be incurred that would have a prior pledge of Excise Tax Revenues and State Shared Revenues to the Purchase Agreement. The Payments will be coequal as to the pledge of and lien on Excise Tax Revenues and State Shared Revenues and share ratably, without preference, priority or distinction, as to the source or method of payment from Excise Tax Revenues and State Shared Revenues or security therefor. If at any time moneys are not sufficient to make the deposits and transfers required, any such deficiency will be made up from the first moneys thereafter received and available for such transfers under the terms of the Purchase Agreement and, with respect to payment from Excise Tax Revenues and State Shared Revenues, pro rata with amounts due with respect to the Parity IGA, the First Purchase Agreement, the Second Purchase Agreement and any Additional Revenue Obligations. The Purchase Agreement will not terminate so long as any of the Payments are due and owing pursuant to the terms of the Obligations.

Payment of the Obligations will not be secured by the Project or property financed with the Obligations and the Owners of the Obligations have no claim or lien on the Project or property financed with the Obligations or any part thereof or any proceeds from the Obligations.



THE PAYMENTS WILL NOT CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE TOWN NOR WILL THE TOWN BE LIABLE FOR THE PAYMENTS FROM AD VALOREM PROPERTY TAXES. PURSUANT TO THE TRUST AGREEMENT, THE OBLIGATIONS WILL BE SPECIAL, LIMITED REVENUE OBLIGATIONS, PAYABLE SOLELY FROM THE PAYMENTS MADE PURSUANT TO THE PURCHASE AGREEMENT. THE OBLIGATIONS WILL NOT BE GENERAL OBLIGATIONS OF THE TOWN, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF AND WILL NOT REPRESENT OR CONSTITUTE A DEBT OR A DIRECT OR INDIRECT PLEDGE OF THE FULL FAITH AND CREDIT OF THE TOWN, THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF.

### **Coverage Requirements**

To the extent permitted by applicable law, Excise Tax Revenues will be retained and maintained so that the amounts received from Excise Tax Revenues and State Shared Revenues within and for the most recently completed fiscal year of the Town, will be equal to at least two (2) times the total of interest and principal requirements for the current fiscal year of the Town for the Parity IGA, the First Purchase Agreement, the Second Purchase Agreement, the Purchase Agreement and any Additional Revenue Obligations. If Excise Tax Revenues and State Shared Revenues for any such fiscal year shall not have been equal to at least one and one quarter (1.25) times the total of the interest and principal requirements for the current fiscal year of the Town for the Parity IGA, the First Purchase Agreement, the Second Purchase Agreement, the Purchase Agreement and any Additional Revenue Obligations or if at any time it appears that Excise Tax Revenues and State Shared Revenues will not be sufficient to meet such requirements, the Town will, to the extent permitted by applicable law, impose new exactions of the type of the excise taxes which will be part of the excise taxes or increase the rates for the excise taxes currently imposed by the Town fully sufficient at all times, after making allowances for contingencies and errors, in each fiscal year of the Town in order that (i) Excise Tax Revenues and State Shared Revenues will be sufficient to meet all such requirements and (ii) Excise Tax Revenues and State Shared Revenues will be reasonably calculated to attain the level as required by the first sentence of this paragraph.

### **Additional Revenue Obligations**

Additional Revenue Obligations may be incurred but only if Excise Tax Revenues and State Shared Revenues in the most recently completed fiscal year of the Town have amounted to at least two (2) times the highest combined interest and principal requirements for any succeeding fiscal year of the Town for the Parity IGA, the First Purchase Agreement, the Second Purchase Agreement, the Purchase Agreement and any Additional Revenue Obligations.

## SOURCES AND USES OF FUNDS

### Sources

Principal Amount	\$6,570,000.00*
[Net] Original Issue Premium (a)	<hr/>
Total Sources of Funds	<hr/> <hr/>

### Uses

Deposit to Acquisition Fund	
Payment of Costs of Issuance (b)	<hr/>
Total Uses of Funds	<hr/> <hr/>

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\* *Subject to change.*

- (a) *Net original issue premium consists of original issue premium on the Obligations less original issue discount with respect to the Obligations.*
- (b) *Will include bond insurance premium, if any, compensation and costs of the Underwriter (as defined herein), with respect to the Obligations.*

## ESTIMATED DEBT SERVICE REQUIREMENTS AND PROJECTED COVERAGE

The following table sets forth (i) the amounts required to pay annual debt service on the Parity IGA, the First Purchase Agreement and the Second Purchase Agreement which secure the WIFA Loan No. 910123-10, the 2011 Obligations and the 2014 Obligations, respectively; (ii) the estimated amounts required to pay the annual debt service on the Purchase Agreement which secures the Obligations, and (iii) the projected debt service coverage.

**TABLE 1**

**Schedule of Estimated Annual Debt Service Requirements and Projected Coverage (a)\*  
Town of Camp Verde, Arizona**

Fiscal Year	Excise Tax Revenues and State Shared Revenues (b)	Outstanding Obligations		Plus: The Obligations		Total Annual Debt Service Requirements	Maximum Annual Debt Service Coverage on the Outstanding Obligations and the Obligations (d)
		Principal	Interest	Principal	Interest (c)		
2015/16	\$ 7,033,687						
2016/17	6,991,702						
2017/18	7,245,250	\$ 495,127	\$ 186,775	\$ 270,000	\$ 114,975(e)	\$ 1,066,877	
2018/19		509,891	171,439	160,000	220,500	1,061,830	
2019/20		529,867	155,636	170,000	214,900	1,070,403	6.57x
2020/21		546,062	139,217	175,000	208,950	1,069,228	
2021/22		560,484	122,286	180,000	202,825	1,065,594	
2022/23		581,141	104,892	185,000	196,525	1,067,558	
2023/24		489,127	86,856	190,000	190,050	956,034	
2024/25		337,102	72,520	200,000	183,400	793,023	
2025/26		347,177	62,487	205,000	176,400	791,064	
2026/27		357,354	52,152	215,000	169,225	793,731	
2027/28		368,637	41,513	220,000	161,700	791,849	
2028/29		379,029	30,536	230,000	154,000	793,566	
2029/30		390,535	19,248	235,000	145,950	790,733	
2030/31		112,158	7,615	245,000	137,725	502,498	
2031/32		115,902	3,870	255,000	129,150	503,922	
2032/33				260,000	120,225	380,225	
2033/34				270,000	111,125	381,125	
2034/35				280,000	101,675	381,675	
2035/36				290,000	91,875	381,875	
2036/37				300,000	81,725	381,725	
2037/38				310,000	71,225	381,225	
2038/39				320,000	60,375	380,375	
2039/40				335,000	49,175	384,175	
2040/41				345,000	37,450	382,450	
2041/42				355,000	25,375	380,375	
2042/43				370,000	12,950	382,950	
		<u>\$ 6,119,593</u>		<u>\$ 6,570,000</u>			

\* Subject to change.

(a) Prepared by Stifel, Nicolaus & Company, Incorporated (the "Underwriter").

(b) The amount of Excise Tax Revenues and State Shared Revenues used to calculate the coverage requirements for existing and projected debt service is the audited amount for fiscal year 2015/16. See "EXCISE TAX REVENUES AND STATE SHARED REVENUES – TABLE 5 – Historical and Projected Excise Tax Revenues and State Shared Revenues Collections."

- (c) *Interest is estimated.*
- (d) *Debt service coverage is based on revenues available for debt service (see footnote (b)) compared to the highest combined interest and principal requirements in any fiscal year of the Town for the Parity IGA, the First Purchase Agreement, the Second Purchase Agreement and the Purchase Agreement.*
- (e) *The first interest payment on the Obligations will be due on July 1, 2018\*. Thereafter, interest payments will be made semiannually on January 1 and July 1 until the final payment or prepayment of the Obligations.*

**EXCISE TAX REVENUES AND STATE SHARED REVENUES**

NO ASSURANCES CAN BE GIVEN THAT THE AMOUNT OF STATE SHARED SALES TAXES OR STATE SHARED INCOME TAXES DESCRIBED HEREINBELOW WILL NOT BE REDUCED OR ELIMINATED BY THE STATE LEGISLATURE IN THE FUTURE.

**Excise Tax Revenues**

*Town Sales Taxes.* The Town’s unrestricted transaction privilege (sales) tax is levied by the Town upon persons and entities on account of their business activities within the Town. The amount of tax due is calculated by applying the tax rate against the gross proceeds of sales or gross income derived from the business activities shown in the table below.

**TABLE 2**

**TRANSACTION PRIVILEGE (SALES) TAX RATES BY CATEGORY**

Category	Rate (a)
Utilities	3.65%
Telecommunications	3.65
Publishing	3.65
Job printing	3.65
Advertising	3.65
Contracting	3.65
Retail Sales (b)	3.65
Restaurants and Bars	3.65
Hotel/Motel (c)	6.65
Amusements	3.65
Rentals	3.65
Real Estate Rentals	2.00
Mining	0.10
Transportation	3.65
Timbering and extraction	3.65
Use Tax	3.65

- 
- (a) *Currently, the Town levies a 3.65% transaction privilege (sales) tax (except for mining activities).*
  - (b) *The Town levies only a 1.00% transaction privilege (sales) tax on single purchase items over \$5,000.*
  - (c) *The Town levies an additional 3.0% transient lodging tax on any hotel, motel, apartment or individual charging for lodging space to any person for less than 30 consecutive days. The additional 3.0% portion of this tax is restricted by State Statute for use for visitor and hospitality services. Such restricted amounts are not part of the Excise Tax Revenues pledged to payment of the Payments.*

*Recent Legislative Changes Regarding Municipal Sales Tax Revenues.* Chapter 255, Laws of Arizona 2013 (commonly referred to by its original bill number, HB2111), made changes to the collection process for transaction privilege (sales) taxes, as well as modifying certain categories of business activity, as described below.

Beginning January 1, 2016, the Arizona Department of Revenue (“ADOR”) became the single point of administration for licensing, filing and payment of all State, county and municipal transaction privilege taxes. The law requires ADOR to establish and administer a single online portal so that taxpayers can pay all State, county or municipal transaction privilege taxes online.

The law allows ADOR, subject to statutory guidelines, to disclose confidential information related to transaction privilege (sales) taxes collected by the department from any jurisdiction to any county, city or town official if it relates to a taxpayer who is subject to an ADOR audit. The law stipulates that taxpayers are subject to a single audit, eliminating possible subsequent or joint audits by cities and towns. The law also stipulates a variety of requirements for the audit, most of which generally require ADOR’s active involvement.

In addition, effective January 1, 2015, HB2111 also exempts from the “prime” construction contracting classification certain service contractors and design phase and professional services and modifies provisions regarding sourcing of certain transactions involving tangible personal property by providing that the sale of a motor vehicle to a nonresident delivered and intended for use outside of Arizona is exempt from state and municipal transaction privilege (sales) taxes, and removing an exemption for personal tangible property shipped or delivered directly to a location outside of the United States that is to be used in that location.

The changes enacted with HB2111 have not had a material impact on the administration, collection or enforcement of the Town’s transaction privilege (sales) taxes, including Excise Tax Revenues, or amounts to be collected therefrom, as the ADOR previously collected transaction privilege (sales) taxes for the State and many political subdivisions in the State, including the Town. The Arizona cities and towns affected by this legislation are working cooperatively with the ADOR to help achieve a smooth transition of tax administration. Additional information is available at <https://www.azdor.gov/TPTSimplification.aspx>.

*[Remainder of page intentionally left blank]*

The following table shows the audited amounts of the Town’s Excise Tax Revenues collections by industry classification for fiscal years 2011/12 through and including 2015/16, estimated actual collections for fiscal year 2016/17 and budgeted collections for fiscal year 2017/18.

**TABLE 3**

**TRANSACTION PRIVILEGE (SALES) TAX COLLECTIONS  
BY INDUSTRY CLASSIFICATION (a)(b)**

Industry Classification	Audited					Est. Actual 2016/17 (d)	Budgeted 2017/18 (d)
	2011/12	2012/13	2013/14	2014/15	2015/16 (c)		
Retail trade	\$ 790,896	\$ 1,105,685	\$ 1,142,430	\$ 1,203,872	\$ 1,569,254	\$ 1,596,344	\$ 1,688,000
Restaurants and bars	309,169	437,452	473,070	520,320	708,520	659,258	761,400
Communication & utilities	127,280	251,911	230,848	269,845	394,159	358,356	429,000
Construction	128,008	236,112	182,702	212,866	366,968	320,451	284,000
Real estate, rental and leasing	147,728	170,973	170,109	173,914	215,991	235,245	267,000
Accommodation (e)	88,626	131,748	138,850	207,993	239,218	294,627	327,000
Arts & entertainment	59,604	92,444	114,106	134,961	167,769	146,780	151,500
Manufacturing	57,808	72,694	75,231	67,644	15,015	14,663	11,600
Use tax (f)	N/A	N/A	N/A	N/A	151,626	116,351	134,500
Other	26,309	42,385	67,486	71,912	86,660	14,574	7,000
<b>Total</b>	<b>\$ 1,735,428</b>	<b>\$ 2,541,404</b>	<b>\$ 2,594,832</b>	<b>\$ 2,863,327</b>	<b>\$ 3,915,180</b>	<b>\$ 3,756,649</b>	<b>\$ 4,061,000</b>

- (a) Due to the Town’s participation in the Arizona Department of Revenue (“ADOR”) sales tax collection program and ADOR’s reporting of collections on a cash basis, the totals represented here may differ from the amounts shown for Town Sales Tax in TABLE 5.
- (b) See footnote (c) to TABLE 2 for a description of certain amounts that are not part of the Excise Tax Revenues pledged to payment of the Payments.
- (c) Reflects the first full-year impact of 0.65% increase in the Town’s transaction privilege tax.
- (d) Figures for fiscal year 2016/17 are estimated actual collections. Figures for fiscal year 2017/18 are budgeted amounts and are forward looking statements. Both figures are unaudited and should be considered with an abundance of caution.
- (e) Does not include the 3.0%% of the transaction privilege tax that is restricted by State Statute for use for visitor and hospitality purposes. **[Town to provide restricted amount]**
- (f) Beginning in fiscal year 2015/16 Use Tax was separated out as a new category. Prior to fiscal year 2015/16 most Use Tax Revenues were included in Retail Trade.

*Licenses and Permits; Fines and Forfeitures.* The Town imposes and collects a business license tax on the right to engage in business within the Town and the right to utilize certain Town property, an occupational license tax on certain occupations and various permit fees for engaging in certain activities within the Town, for the right to utilize certain Town property and for parks and recreation. The Town also imposes and collects fines and forfeitures for violation of State laws and Town ordinances relating to, among other things, traffic and parking offenses.

## State-Shared Revenues

From time to time, bills are introduced in, and legislation enacted by, the Arizona Legislature to change the formulas used to allocate the State-Shared Sales Taxes, State-Shared Income Taxes and State-shared vehicle license taxes, including proposed adjustments that would reduce the distribution to cities and towns. The possibility of changes in this respect are more likely to be adverse to the Town when the State is experiencing financial difficulties. The Town cannot determine whether any such measures will become law or how they might affect the revenues which comprise the State-Shared Revenues. In addition, initiative measures are circulated from time to time seeking to place on the ballot changes in Arizona law which would repeal or modify state sales taxes, state income taxes (a major source of funds for state revenue sharing) and vehicle license taxes. The Town cannot predict if any such initiative measures will ever actually be submitted to the electors, what form the measures might take or the outcome of any such election.

*State Shared Income Taxes.* Under current State law, Arizona cities and towns are preempted from imposing a local income tax. Cities and towns are, however, entitled by statutory formula to receive typically 15.00% of the net revenues of the State's personal and corporate income tax collections for the fiscal year which is two fiscal years prior to the current fiscal year. Distribution of such funds is made monthly based on the proportion of each city's or town's population to the total population of all incorporated cities and towns in the State as determined by the latest census. Reduced economic activity or reductions in the statutory formula share could adversely affect the Town's revenues.

*State-Shared Sales Taxes.* Pursuant to statutory formula, cities and towns in Arizona receive a portion of the State-levied transaction privilege (sales) tax. The State transaction privilege (sales) tax is levied against the same categories of business activity as the Town's transaction privilege (sales) tax with the exception of food sales, which the State exempts from tax. As TABLE 4 indicates, the rate of taxation by the State varies among the different types of business activities taxed, with the most common effective rate being subject to the hereinafter described distribution share being 5.00% of the amount or volume of business transacted.

Under current State law, the aggregate amount distributed to all Arizona cities and towns is equal to 25.00% of the "distribution share" of revenues attributable to each category of taxable activity. The allocation of each city and town of the revenues available to all cities and towns is based on their population relative to the aggregate population of all cities and towns as shown by the latest decennial or special census. State-levied transaction privilege (sales) taxes are collected by the State and are distributed monthly to cities and towns.

*Recent Legislation Regarding Withholding of State Shared Revenues.* The State Legislature has passed and the Governor of Arizona on March 17, 2016, signed Senate Bill 1487 ("SB1487") (Chapter 35, Laws of Arizona 2016). The measure took effect on August 6, 2016. SB1487 permits the State to withhold from a county, city or town ("Local Jurisdiction") State revenues that would otherwise be shared with Local Jurisdictions.

Under SB1487, at the request of one or more members of the State Legislature, the State Attorney General must investigate any ordinance, regulation, order or other official action ("Local Action") adopted or taken by the governing body of a Local Jurisdiction that the legislator alleges violates State law or the State Constitution. The Attorney General must make a written report within 30 days after receipt of the request. The Local Jurisdiction then has 30 days to resolve the violation. If the Attorney General determines that the violation has not been resolved within 30 days, the Attorney General must notify the State Treasurer and the State Treasurer must withhold payment to the Local Jurisdiction of State-shared excise taxes otherwise due to the Local Jurisdiction pursuant to §42-5029(L), Arizona Revised Statutes and all State-shared income taxes otherwise due to the Local Jurisdiction pursuant to §43-206(F), Arizona Revised Statutes, until such time as the Attorney General determines that the violation has been resolved. However the State Treasurer may not withhold any amount that the Local Jurisdiction certifies to the Attorney General and the State Treasurer as being necessary to make deposits or payments for debt service on bonds or other long-term obligations that were issued or incurred before the Local Action occurred.

The Town is not aware of any Local Action by the Town taken or currently under consideration that does or if taken would violate State law or the State Constitution. The Obligations are secured by and payable from State-Shared Revenues. The withholding of State-Shared Revenues could have a material negative impact on the payment of principal of and interest on the Obligations during any period of withholding.

**TABLE 4**  
**STATE SALES TAX**  
**TAXABLE ACTIVITIES, TAX RATES AND DISTRIBUTION SHARE**

Taxable Activities	State Transaction Privilege (Sales) Tax Rates			
	State Tax Rate	Distribution Base	0.60% Education Tax Rate (a)	Combined Tax Rate
Transporting	5.000 %	20.00 %	0.60 %	5.600 %
Utilities	5.000	20.00	0.60	5.600
Telecommunications	5.000	20.00	0.60	5.600
Pipeline	5.000	20.00	0.60	5.600
Private car line	5.000	20.00	0.60	5.600
Publication	5.000	20.00	0.60	5.600
Job printing	5.000	20.00	0.60	5.600
Prime contracting	5.000	20.00	0.60	5.600
Owner builder sales	5.000	20.00	0.60	5.600
Amusement	5.000	40.00	0.60	5.600
Restaurant	5.000	40.00	0.60	5.600
Personal property rental	5.000	40.00	0.60	5.600
Retail (excluding food sales)	5.000	40.00	0.60	5.600
Transient lodging	5.500	50.00	N/A	5.500
Mining - non-metal, oil/gas	3.125	32.00	N/A	3.125
Commercial lease	0.000	53.33	N/A	0.000
Severance - metalliferous mining	2.500	80.00	N/A	2.500
Use tax utilities	5.000	20.00	0.60	5.600
Jet fuel use tax	(b)	40.00	N/A	(b)

N/A = Not applicable.

- (a) Represents the State transaction privilege (sales) tax rate approved by voters of the State in November 2000 (the “Education Tax”) on certain of the categories of business activity at six-tenths of one percent (0.6%). **The Education Tax collections are dedicated exclusively to education and are not distributed to the Town or pledged to the payment of debt service with respect to the Obligations.** The effective dates for the Education Tax are June 1, 2001 through June 30, 2021.
- (b) Does not include \$0.0305 per gallon State tax on the retail sale of jet fuel, which tax is only levied on the first ten million gallons sold to each purchaser in each calendar year.

Source: Arizona Department of Revenue.



## Historical and Projected Excise Tax Revenues and State Shared Revenues

The following table sets forth the Town's audited Excise Tax Revenues and State Shared Revenues collections for fiscal years 2011/12 through and including 2015/16, estimated actual collections for fiscal year 2016/17 and budgeted collections for fiscal year 2017/18.

**TABLE 5**

### HISTORICAL AND PROJECTED EXCISE TAX REVENUES AND STATE SHARED REVENUES COLLECTIONS (a)

Category	Audited					Est. Actual 2016/17 (c)	Budgeted 2017/18 (c)
	2011/12	2012/13	2013/14	2014/15	2015/16		
Town Sales Tax & Franchise Taxes (b)	\$ 1,980,979	\$ 2,791,731	\$ 2,861,890	\$ 3,130,300	\$ 4,201,015	\$ 4,027,574	\$ 4,324,000
State-shared Sales Taxes	849,619	889,975	946,416	993,670	1,027,544	1,017,244	1,060,000
State-shared Income Taxes	917,689	1,110,654	1,212,909	1,316,244	1,309,108	1,364,734	1,400,000
Licenses and permits	123,738	159,532	160,321	174,518	198,155	234,500(d)	237,750
Fines, forfeitures and penalties	335,496	372,122	275,700	234,142	297,865	347,650(d)	223,500
	<u>\$ 4,207,521</u>	<u>\$ 5,324,014</u>	<u>\$ 5,457,236</u>	<u>\$ 5,848,874</u>	<u>\$ 7,033,687</u>	<u>\$ 6,991,702</u>	<u>\$ 7,245,250</u>

- (a) Due to the Town's participation in the ADOR sales tax collection program and ADOR's reporting of collections on a cash basis, the totals represented here may differ from the amounts shown in TABLE 3.
- (b) See footnotes (c) to TABLE 2 for a description of certain amounts that are not part of the Excise Tax Revenues pledged to payment of the Payments.
- (c) Figures for fiscal year 2016/17 are estimated actual collections. Figures for fiscal year 2017/18 are budgeted amounts and are forward looking statements. Both figures are unaudited and should be considered with an abundance of caution.
- (d) Estimated actual collections not available, 2016/17 budgeted figures used. Such figures are unaudited and should be considered with an abundance of caution.

## LITIGATION

No litigation or administrative action or proceeding is pending or threatened against the Town which questions the Town's right to adopt or comply with the provisions of the documents under which the Obligations have been authorized or the validity or enforceability thereof or to consummate the transactions described therein or herein; nor is there any litigation or administrative action or proceeding threatened against the Town which, if decided adversely to the Town, as applicable, would impair the Town's ability to comply with all of the requirements of the documents under which the Obligations have been authorized or have a material adverse effect upon the financial condition of the Town. Representatives of the Town will deliver certificates to that effect at the time of the initial delivery of the Obligations.

## LEGAL MATTERS

Legal matters incident to the execution and delivery of the Obligations and with regard to the tax-exempt status of the interest portion of the Obligations are subject to the legal opinion of Greenberg Traurig, LLP, Special Counsel, whose services have been retained by the Town. The signed legal opinion of Special Counsel, dated and premised on the law in effect as of the date of the Obligations, will be delivered to the Underwriter at the time of original delivery of the Obligations. The proposed text of the legal opinion is set forth as APPENDIX E – "FORM OF

APPROVING LEGAL OPINION.” The legal opinion to be delivered may vary from the text of APPENDIX E if necessary to reflect the facts and law existing on the date of delivery. The opinion will speak only as of its date, and subsequent distribution, by recirculation of this Official Statement or otherwise, should not be construed as a representation that Special Counsel has reviewed or expressed any opinion concerning any matters relating to the Obligations subsequent to the original delivery of the Obligations.

From time to time, there are legislative proposals (and interpretations of such proposals by courts of law and other entities and individuals) that, if enacted, could alter or amend numerous matters, both financial and non-financial, impacting the operations of towns that could have a material impact on the Town and could adversely affect the secondary market value of the Obligations. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Obligations) issued prior to enactment.

Certain legal matters will be passed upon for the Underwriter by Squire Patton Boggs (US) LLP, as counsel to the Underwriter.

The various legal opinions to be delivered concurrently with the delivery of the Obligations express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendition of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The Obligations will be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the “Code”), as the Mayor and Council does not reasonably anticipate that the aggregate amount of qualified tax-exempt obligations that will be issued by or on behalf of the Town in calendar year 2017 will exceed \$10,000,000.

## **TAX MATTERS**

### **General**

In the opinion of Special Counsel, under existing law, the portion of each of the Payments made by the Town pursuant to the Purchase Agreement and denominated as and comprising interest pursuant to the Purchase Agreement and received by the Owners of the Obligations (the “Interest Portion”) will be excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code, will not be treated as an item of tax preference under Section 57 of the Code for purposes of the alternative minimum tax imposed on individuals and corporations (but will be taken into account in determining adjusted current earnings for purposes of computing such tax imposed on certain corporations) and will be exempt from Arizona income taxation so long as the Interest Portion is excludable from gross income for federal income tax purposes. Special Counsel expresses no opinion as to the treatment for federal or Arizona income tax purposes on the Interest Portion as to any other tax consequence relating to the Obligations.

The Code prescribes a number of qualifications and conditions for such interest to be and to remain excluded from gross income for federal income tax purposes, some of which, including provisions for potential payments by the Town to the federal government, require future or continuing compliance after delivery of the Obligations in order for the Interest Portion to be and to remain so excluded from the date of execution and delivery. Such opinion on such tax matters will be based on and will assume the accuracy of certain representations and certifications and compliance with certain continuing covenants of the Town contained in documents which are part of the transcript of proceedings for the Obligations and which are intended to evidence and assure that the Interest Portion will remain excluded from gross income for federal income tax purposes. Special Counsel will not independently verify the accuracy of the certifications and representations, or compliance with the covenants, made by the Town. Noncompliance with these requirements could cause the Interest Portion to be included in gross income for federal

income tax purposes and to be subject to federal and Arizona income taxation retroactive to the date of execution and delivery of the Obligations. The Town has covenanted in the Purchase Agreement to take all such actions that may be required of them for the Interest Portion to be and remain excluded from gross income for federal income tax purposes and not to take any actions that would adversely affect that exclusion.

The Interest Portion may be subject to a branch profits tax imposed on certain foreign corporations doing business in the United States of America (the “United States”) and to a tax imposed on excess net passive income of certain S corporations. Also, pursuant to the Code, the exclusion of the Interest Portion from gross income for federal income tax purposes can have certain adverse federal income tax consequences on items of income, deductions or credits for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations and individuals otherwise eligible for the earned income credit. The applicability and extent of these or other tax consequences will depend upon the particular tax status of the Owners of the Obligations or other tax-related matters. As noted hereinabove, Special Counsel expresses no opinion regarding these or other consequences.

From time to time, there are legislative proposals suggested, debated, introduced or pending in Congress that, if enacted into law, could alter or amend one or more of the federal tax matters described above including, without limitation, the excludability from gross income of the Interest Portion, adversely affect the market price or marketability of the Obligations, or otherwise prevent the holders from realizing the full current benefit of the status of the interest thereon. It cannot be predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would apply to the Obligations. If enacted into law, such legislation could affect the market price or marketability of the Obligations. Prospective purchasers of the Obligations should consult their tax advisors as to the impact of any proposed or pending legislation.

Special Counsel’s opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Special Counsel as of the date thereof. Special Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Special Counsel’s attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Special Counsel’s opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Special Counsel’s professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

### **Original Issue Discount and Original Issue Premium**

Certain of the Obligations (“Discount Obligations”), may be offered and may be sold to the public at an original issue discount (“Original Issue Discount”). Original Issue Discount is the excess of the stated prepayment price at payment (the principal amount) over the “issue price” of a Discount Obligation. The issue price of a Discount Obligation is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Obligations of the same payment will be sold pursuant to that offering. For federal income tax purposes, Original Issue Discount accrues to the owner of a Discount Obligation over the period to payment date based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of Original Issue Discount that accrues during the period of ownership of a Discount Obligation (i) will be interest excludable from the owner’s gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Obligations, and (ii) will be added to the owner’s tax basis for purposes of determining gain or loss on the payment, prepayment, prior sale or other disposition of that Discount Obligation. A purchaser of a Discount Obligation in the initial public offering at the price for that Discount Obligation stated on the cover of this Official Statement who holds that Discount Obligation to payment date will realize no gain or loss upon the retirement of that Discount Obligation.

Certain of the Obligations (the “Premium Obligations”), may be offered and May be sold at an “issue price” in excess of their stated prepayment price at payment date. That excess constitutes obligation premium. The issue price of a Premium Obligation is the initial offering price to the public (other than bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Premium Obligations of the same payment is sold pursuant to that offering. For federal income tax purposes, obligation premium is amortized over the period to payment date of a Premium Obligation, based on the yield to payment date

of that Premium Obligation (or, in the case of a Premium Obligation callable prior to its stated payment date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Obligation), compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that obligation premium is deductible by the owner of a Premium Obligation. For purposes of determining the owner's gain or loss on the sale, prepayment (including prepayment at payment date) or other disposition of a Premium Obligation, the owner's tax basis in the Premium Obligation is reduced by the amount of obligation premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Obligation for an amount equal to or less than the amount paid by the owner for that Premium Obligation. A purchaser of a Premium Obligation in the initial public offering at the price for that Premium Obligation stated on the cover of this Official Statement who holds that Premium Obligation to payment date (or, in the case of a callable Premium Obligation, to its earlier call date that results in the lowest yield on that Premium Obligation) will realize no gain or loss upon the retirement of that Premium Obligation.

Owners of Discount and Premium Obligations should consult their own tax advisors as to the determination for federal income tax purposes of the amount of Original Issue Discount or obligation premium properly accruable or amortizable in any period with respect to the Discount or Premium Obligations and as to other federal tax consequences, and the treatment of Original Issue Discount and obligation premium for purposes of state and local taxes on, or based on, income.

### **Information Reporting and Backup Withholding**

Interest paid on obligations such as the Obligations is subject to information reporting to the Internal Revenue Service. This reporting requirement does not affect the excludability of interest on the Obligations from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Obligations, under certain circumstances, to "backup withholding" at the rates set forth in the Code, with respect to payments on the Obligations and proceeds from the sale of Obligations. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Obligations. This withholding generally applies if the owner of Obligations (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Obligations may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

## **BOND INSURANCE AND RELATED RISK FACTORS**

The Town intends to apply, or has applied, to bond insurance companies (each a "Bond Insurer") for a municipal bond insurance policy (the "Policy") for the Obligations to guarantee the scheduled payments of principal and interest on the Obligations. A commitment to provide the Policy has not been issued, and representatives of the Town have yet to determine whether, if such commitment is issued, the Policy will be purchased. If the Policy is purchased, the following are risk factors relating to bond insurance generally.

If the Town ultimately determines to obtain the Policy for the Obligations, in the event of default of the payment of principal or interest with respect to any of the Obligations when all or some become due, any owner of the Obligations on which such principal or interest was not paid will have a claim under the Policy for such payments. In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Obligations will remain payable solely from ad valorem property taxes as described under "SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS." In the event the Bond Insurer becomes obligated to make payments with respect to the Obligations, no assurance will be given that such event will not adversely affect the market price of the Obligations and the marketability (liquidity) of the Obligations.

The long-term ratings on the Obligations will be dependent in part on the financial strength of the Bond Insurer and its claims paying ability. The Bond Insurer's financial strength and claims paying ability will be predicated upon a

number of factors which could change over time. No assurance will be given that the long-term rating of the Bond Insurer and of the rating on the Obligations insured by the Bond Insurer will not be subject to downgrade, and such event could adversely affect the market price of the Obligations and the marketability (liquidity) of the Obligations.

The obligations of the Bond Insurer will be general obligations of the Bond Insurer, and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law, state receivership or other similar laws related to insolvency of insurance companies.

None of the Town, the Underwriter, or their respective attorneys, agents or consultants have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer will be given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Town to pay principal of and interest on the Obligations and the claims paying ability of the Bond Insurer, particularly over the life of the investment.

## **RATING**

S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P") has assigned the rating of "\_\_\_" to the Obligations. An explanation of the significance of a rating assigned by S&P may be obtained at One California Street, 31<sup>st</sup> Floor, San Francisco, California 94111. Such rating, if assigned, may be revised or withdrawn entirely by S&P, if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price or marketability of the Obligations. The Town has covenanted in its continuing disclosure undertaking that it will file notice of any formal change in any rating relating to the Obligations. See "CONTINUING DISCLOSURE" and APPENDIX F – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" herein.

## **UNDERWRITING**

The Obligations will be purchased by the Underwriter at an aggregate purchase price of \$\_\_\_\_\_, pursuant to an obligation purchase contract (the "Obligation Purchase Contract") entered into by and between the Town and the Underwriter. If the Obligations are sold to produce the yields shown on the inside front cover page hereof, the Underwriter's compensation will be \$\_\_\_\_\_. The Obligation Purchase Contract provides that the Underwriter will purchase all of the Obligations so offered if any are purchased. The Underwriter may offer and sell the Obligations to certain dealers (including dealers depositing bonds into unit investment trusts) and others at prices higher or yields lower than the public offering prices or yields stated on the inside front cover page hereof. The initial offering yields set forth on the inside front cover page may be changed, from time to time, by the Underwriter.

## **RELATIONSHIP AMONG PARTIES**

Special Counsel has previously represented, and is currently representing, the Underwriter with respect to other financings and has acted or is acting as bond counsel with respect to other obligations underwritten by the Underwriter and may do so in the future. Special Counsel also serves and has served as bond counsel for one or more for the political subdivisions that the Town territorially overlaps. Counsel to the Underwriter has previously acted as bond counsel with respect to bonds underwritten by the Underwriter and may continue to do so in the future if requested.

## **CONTINUING DISCLOSURE**

The Town has covenanted for the benefit of beneficial owners of the Obligations to provide certain financial information and operating data relating to the Town by not later than March 1 in each year commencing March 1, 2018 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notices of

Listed Events”). The Annual Reports and the Notices of Listed Events will be filed with the Municipal Securities Rulemaking Board (the “MSRB”) through the MSRB’s Electronic Municipal Market Access system as described in APPENDIX F – “FORM OF CONTINUING DISCLOSURE UNDERTAKING.” The specific nature of the information to be contained in the Annual Reports and the Notices of Listed Events is set forth in APPENDIX F – “FORM OF CONTINUING DISCLOSURE UNDERTAKING.” These covenants have been made in order to assist the Underwriter in complying with the Securities and Exchange Commission’s Rule 15c2-12(b)(5) (the “Rule”). A failure by the Town to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Obligations in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Obligations and their market price.

The Town has implemented written procedures to facilitate compliance with the continuing disclosure undertaking related to the Obligations, and future similar continuing disclosure undertakings in all material respects.

### **FINANCIAL STATEMENTS**

The financial statements of the Town for the period ended June 30, 2016, a copy of which is included in APPENDIX C – “TOWN OF CAMP VERDE, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2016” of this Official Statement, includes the Town’s financial statements for the fiscal year ended June 30, 2016 that were audited by Colby & Powell, PLC, Certified Public Accountants, to the extent indicated in its report thereon. **The Town has not requested the consent of Colby & Powell, PLC to include its report and Colby & Powell, PLC has performed no procedures subsequent to rendering its report on the financial statements.** Representatives of the Town are not aware of any facts that would make such audited financial statements misleading.

**THE FINANCIAL STATEMENTS INCLUDED IN APPENDIX C OF THIS OFFICIAL STATEMENT ARE CURRENT AS OF THEIR DATE ONLY AND MAY NOT REPRESENT THE CURRENT FINANCIAL CONDITION OF THE TOWN.**

### **CONCLUDING STATEMENT**

The summaries or descriptions of provisions in the Purchase Agreement and the Trust Agreement contained herein and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions thereof and do not constitute complete statements of such provisions and do not summarize all the pertinent provisions of such documents.

All projections, forecasts and other information in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Obligations.

The attached APPENDICES A through G are integral parts of this Official Statement and must be read together with all of the foregoing statements.

This Official Statement has been prepared at the direction of the Town and has been approved by and executed for and on behalf of the Town by its authorized representative indicated below.

TOWN OF CAMP VERDE, ARIZONA

By: \_\_\_\_\_  
Mayor

**TOWN OF CAMP VERDE, ARIZONA –  
DEMOGRAPHIC AND ECONOMIC INFORMATION**

**THE OBLIGATIONS WILL BE PAYABLE ONLY FROM AND SECURED BY THE AMOUNTS DESCRIBED UNDER THE HEADING “SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS.” THE OBLIGATIONS WILL NOT BE A GENERAL OBLIGATION OF THE TOWN.**

**General**

The Town (also referred to in this Appendix as “Camp Verde”) is in the Verde River Valley of central Arizona. The community, oldest in the Verde Valley, was established in 1865 to protect settlers from Indian raids. Camp Verde, on the banks of the Verde River, is near the geographic center of the state of Arizona. The Fort Verde State Park in Camp Verde contains military artifacts, Indian relics and articles used by the settlers and Indians. Four of the original adobe fort buildings still stand and are open to the public. The General Crook Trail, beginning at the Park and winding through the Mogollon Rim to Fort Apache, is a scenic drive along which can be seen the old mile markers on rocks and trees.

The following table illustrates respective population statistics for the Town, Yavapai County, Arizona (the “County”) and the State.

**POPULATION STATISTICS**

	Town of Camp Verde	Yavapai County	State of Arizona
2016 Estimate (b)	10,968	220,189	6,835,518
2010 Census	10,875	211,033	6,392,017
2000 Census	9,451	167,517	5,130,632
1990 Census	6,243	107,714	3,665,339
1980 Census	3,824	68,145	2,716,546
1970 Census	-	37,005	1,775,399

Source: Arizona Department of Economic Security, Population and Statistical Unit.

(a) Estimate as of July 2016 (released December 2016).

**Municipal Government and Organization**

The Town is managed by a seven-member Town Council, a Mayor and a Town Manager. Arizona Public Service provides electric service, AT&T, Sprint and Qwest provide telephone services and All Star Propane, Amerigas, UniSource Energy Sources, Flame Propane and Ferrell Gas Propane provide natural gas and propane. Water and sewer service is provided by the Town, as well as police protection. Fire protection is provided by Copper Canyon Fire and Medical Authority.

**Employment**

Employment in the Camp Verde area is provided by construction, healthcare, a casino and the government attractions such as the Fort Verde State Park, Montezuma Castle National Monument and Montezuma Well, as well as hunting, fishing and recreational opportunities that generate retail and service trade in the community. Camp Verde is also attracting increasing numbers of retirees.

**MAJOR EMPLOYERS  
Town of Camp Verde, Arizona**

Employer	Description	Approximate Number of Employees
Yavapai Apache Nation	Gaming	730
Haven of Camp Verde, LLC	Healthcare	500
Camp Verde School District	Education	200
Verde Vista Care and Rehab, Inc.	Healthcare	155
Naturemed, Inc.	Retail	120
L I H T C Camp Verde LP	Construction	100
Arizona Rangers	Armored Car Service	100
Town of Camp Verde	Government	70
Rainbow Acres	Healthcare	65
Copper Canyon Fire and Medical Authority	Fire Protection	45

Source: Hoover’s, a D&B Company.

The following table illustrates unemployment rate averages for the Town, the County, the State and the United States of America.

**UNEMPLOYMENT RATE AVERAGES (a)**

Calendar Year	Town of Camp Verde	Yavapai County	State of Arizona	United States of America
2017 (b)	5.9%	4.6%	5.0%	4.5%
2016	6.3	4.9	5.3	4.9
2015	7.2	5.6	6.1	5.3
2014	8.0	6.3	6.4	6.2
2013	9.8	7.7	7.9	7.4
2012	10.9	8.6	8.3	8.1

(a) Each year, historical estimates from the Local Area Unemployment Statistics (LAUS) program are revised to reflect new population controls from the Census Bureau, updated input data, and re-estimation. The data for model-based areas also incorporate new seasonal adjustment, and the unadjusted estimates are controlled to new census division and U.S. totals. Sub-state area data subsequently are revised to incorporate updated inputs, re-estimation, and controlling to new statewide totals.

(b) Data through September 2017.

Source: Arizona Office of Unemployment and Population Statistics, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.



## Commerce

The following table illustrates municipal privilege (sales) tax collections for the Town.

**PRIVILEGE (SALES) TAX REVENUE**  
**Town of Camp Verde, Arizona**  
**(\$000s omitted)**

Fiscal Year	Amount
2016/17	[to be added]
2015/16	\$3,915
2014/15	2,863
2013/14	2,595
2012/13	2,541

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Source: Arizona Department of Revenue.

## Education

Camp Verde School District provides the Town with regular and special education in grades K – 12. Post-secondary education is provided by Yavapai College, a two year community college located just over 30 miles west of the Town and Northcentral University, a four year private college located approximately 25 miles west of the Town in Prescott Valley, Arizona.

## Transportation

The Town is accessible via Highway I-17, State Route 260 and State Route 179. Highway I-17 connects the Town with the City of Phoenix, Arizona. Montezuma Heights Air Park provides air accessibility to the community with one paved, lighted runway.

**TOWN OF CAMP VERDE, ARIZONA –  
FINANCIAL DATA**

**THE OBLIGATIONS WILL BE PAYABLE ONLY FROM AND SECURED BY THE AMOUNTS DESCRIBED UNDER THE HEADING “SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS.” THE OBLIGATIONS WILL NOT BE A GENERAL OBLIGATION OF THE TOWN.**

**Current Year Statistics (For Fiscal Year 2016/17)  
Town of Camp Verde, Arizona**

General Obligation Bonds Outstanding	None
Excise Tax Revenue-and State Shared Revenue-Secured Obligations Outstanding and to be Outstanding	\$12,689,478*(a)
Water Revenue-Secured Obligations Outstanding	6,530,973

\* Subject to change.

(a) Includes the Obligations.

**STATEMENTS OF BONDED INDEBTEDNESS**

**General Obligation Bonds Outstanding  
Town of Camp Verde, Arizona**

Total General Obligation Bonds Outstanding	<u>None</u>
--------------------------------------------	-------------

**Excise Tax Revenue and State Shared Revenue Obligations Outstanding and to be Outstanding  
Town of Camp Verde, Arizona**

Issue Series	Original Amount	Purpose	Final Maturity Date (July 1)	Balance Outstanding	Balance Outstanding and to be Outstanding
2009	\$ 1,902,000	WIFA Refinancing of Lease Purchase No. 2	2032	\$ 1,395,478	\$ 1,395,478
2011	1,005,000	Pledged Revenue Obligation	2023	562,000	562,000
2014	4,904,000	Pledged Revenue and Refunding Obligations	2030	4,162,000	<u>4,162,000</u>
Total Excise Tax Revenue and State Shared Revenue Debt Outstanding					\$ 6,119,478
Plus: The Obligations					<u>6,570,000*</u>
Total Excise Tax Revenue and State Shared Revenue Debt Outstanding and to be Outstanding					<u>\$ 12,689,478*</u>

\* Subject to change.

## RETIREMENT SYSTEM

### Retirement Benefits

The Town contributes to the retirement plans described below and as referenced in Note 14 in APPENDIX C – “TOWN OF CAMP VERDE, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2016.” Benefits are established by State statute and generally provide retirement, death, long-term disability, survivor and health insurance premium benefits. The Town and its members contribute to the following retirement systems:

**The Arizona State Retirement System (“ASRS”)** is a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit plan, and a cost-sharing multiple-employer defined benefit long-term disability plan. ASRS has reported increases in its unfunded liabilities. The most recent annual reports for the ASRS may be accessed at: <https://www.azasrs.gov/content/annualreports>. The increase in ASRS’ unfunded liabilities is expected to result in increased future annual contribution to ASRS by the Town and its employees.

The table below shows recent actuarially determined contribution rates that the active ASRS members and the Town are/were required to contribute and the plan’s funded status.

<u>Fiscal year ended</u>	<u>Retirement and Health Insurance Premiums</u>	<u>Long-term Disability</u>	<u>Total Contribution Rate</u>	<u>Funded Status</u>
June 30, 2018	11.34%	0.16%	11.50%	unavailable
June 30, 2017	11.34	0.14	11.48	unavailable
June 30, 2016	11.35	0.12	11.47	77.6%
June 30, 2015	11.48	0.12	11.60	77.5
June 30, 2014	11.30	0.24	11.54	76.9

The Town’s employer contributions to ASRS for the four most recent audited years were as follows:

<u>Fiscal year ended</u>	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-term Disability Fund</u>
June 30, 2016	\$293,243	\$16,367	\$3,273
June 30, 2015	291,063	16,051	3,210
June 30, 2014	283,686	14,750	5,900
June 30, 2013	227,039	12,217	5,091

**The Public Safety Personnel Retirement system (“PSPRS”)** is an agent multiple-employer defined benefit pension plan and an agent multiple employer defined benefit health insurance premium benefit plan that covers public safety personnel who are regularly assigned to hazardous duties for which the Arizona State Legislature establishes active plan members’ contribution rates. PSPRS has reported increases in its unfunded liabilities. The most recent annual reports for the PSPRS may be accessed at [http://www.psprs.com/sys\\_psprs/AnnualReports/cato\\_annual\\_rpts\\_psprs.htm](http://www.psprs.com/sys_psprs/AnnualReports/cato_annual_rpts_psprs.htm). The increase in the PSPRS’s unfunded liabilities is expected to result in increased future annual contributions to PSPRS by the Town and its public safety employees, however the specific impact on the Town, or on the Town’s and its employees’ future annual contributions to the PSPRS, cannot be determined at this time.

For the year ended June 30, 2015, active PSPRS members were required by statute to contribute 11.05% of the members’ annual covered payroll. Under PSPRS for the fiscal year ending June 30, 2016 and each subsequent fiscal year, the employee contribution rate is set by statute and calculated at the lesser of 11.65% or 33.3% of the sum of the member’s contribution rate from the preceding fiscal year, plus the aggregate computed employer contribution rate subject to a minimum employee contribution rate of 7.65%. The employer contribution rates are based upon an actuarial valuation.

It should be noted that the PSPRS Board of Trustees has adopted a three year optional contribution rate phase-in associated with the Arizona Supreme Court decision which determined that the reduction in the permanent benefit

increase enacted by the State Legislature in 2011 (Senate Bill 1609) is unconstitutional. On November 10, 2016, the Arizona Supreme Court upheld another lower court ruling that provisions of Senate Bill 1609 which increased employee contribution rates and curtailed certain benefit increases were also unconstitutional. The decision means that many current employees will receive refunds, while some retirees will receive retroactive benefit increases. The refunds and increased benefits will require increased payments from the Town, but the Town is unable to predict any resulting contribution rate increases. Certain other aspects of Senate Bill 1609 may continue to be challenged in other pending lawsuits. If the ultimate outcome overturns additional portions of the legislation, there will be further adverse impacts on the funded ratio and the actuarially determined contribution rates.

On February 16, 2016, the Governor of Arizona signed into law pension overhaul legislation which makes several changes to the PSPRS. The changes, which only affect new hires that start after July 1, 2017 ("Tier 3" members), requires new public employees to serve until the age of 55 before being eligible for full pension benefits. The new legislation also caps pension benefits for new hires and splits the cost of pensions for new hires 50/50 between employers and new employees; offers new hires the option of a 100% defined contribution plan and ties cost-of-living adjustments for retirees to the regional Consumer Price Index with a cap of 2% (the "COLA Provision"). As approved by the voters at an election held on May 17, 2016 to amend the State Constitution, the COLA Provision will also apply to current retirees and members of the PSPRS. The contribution rate mechanism for members hired before July 1, 2017 ("Tier 1" and "Tier 2" members) does not change.

In 2016, the Arizona Supreme Court determined that 2011 legislative reforms that increased the Elected Officials' Retirement Plan ("EORP") employee contribution rates and created new conditions to pension benefit increases were unconstitutional. In response to the ruling, EORP employers must return excess contributions to impacted employees; who, under the contested law, had their employee retirement contribution rate increased above the rate that existed prior to the 2011 legislation. A similar suit was then pending questioning similar employee contribution increases to, and possibly decreased benefits from, the PSPRS. Based on the EORP decision the PSPRS suit was terminated and the parties agreed to abide by the EORP decision.

The PSPRS Agency (as defined herein) estimates the Town owes excess contributions and prejudgment interest refunds totaling \$104,194.39 to its current employees and former employees covered by the Plans, assuming a 5% per annum prejudgment interest rate. Recently, a Maricopa County Superior Court (the "Court") awarded the prejudgment interest rate of 4.25% per annum and post-judgment interest rate of 5.25% per annum for impacted EORP employees. The Town is awaiting an expected Court ruling on the interest rates that must be applied to prejudgment and post-judgment interest for impacted PSPRS employees. The Town has budgeted for the estimated payment of the \$104,194.39 owed to its current and former employees covered by the Plans. The PSPRS Agency will allow the Town to reduce future required contributions to the Plans' trusts by the amount of excess employee contributions and prejudgment interest refunded to employees. Post-judgment interest obligations are the Town's responsibility and will not be offset against future retirement contributions. The actual amount of prejudgment and post-judgment interest cannot be calculated until the Court rules on interest rates for impacted PSPRS employees. Returning previously remitted employee contributions and retroactively increasing retiree benefits may have an adverse impact on the employer funded status and future employer contribution rates.

The table below shows the actuarially determined annual employer contribution rates, funded status and total audited contribution amounts for the plan. It should be noted that the Town has elected to contribute at the full actuarially determined rate. Additionally, although the contribution rate for employer and employee is the same for Tier 3 hires, the Tier 3 Town contribution rate below also includes a portion of the unfunded liability associated with Tier 1 and Tier 2.

**Police**

Fiscal Year Ended	Tier 1 and 2 Town Contribution Rate*	Tier 3 Town Contribution Rate*	Tier 3 Employee Contribution Rate*	Pension Funded Status	Health Funded Status	Total Contribution Amount*
June 30, 2018	33.57%	25.36%	7.31%	unavailable	unavailable	unavailable
June 30, 2017	25.83	N/A	N/A	unavailable	unavailable	unavailable
June 30, 2016	25.26	N/A	N/A	62.0%	97.8%	\$280,100
June 30, 2015	21.79	N/A	N/A	62.2	105.60	318,495
June 30, 2014	17.89	N/A	N/A	62.3	112.40	156,660

**[Town to verify]**

\* Sum of the Pension and Health insurance premium benefit contribution rates or contribution amounts.

**Other Post-Employment Retirement Benefits**

Pursuant to Government Accounting Standards Board Statement Number 45, *Accounting by Employers for Post-Employment Benefits Other than Pensions* (“GASB 45”), the Town is required to report the actuarially accrued cost of post-employment benefits, other than pension benefits (“OPEB”), such as health and life insurance for current and future retirees. GASB 45 requires that such benefits be recognized as current costs over the working lifetime of employees and, to the extent such costs are not pre-funded, requires the reporting of such costs as a financial statement liability.

The Town does not offer any OPEB. The Town’s employees, their spouses and survivors may be eligible for certain retiree health care benefits under health care programs provided by the State. Employees on long-term disability and their spouses also may qualify for retiree health care benefits through the State. Such individuals may obtain the health care benefits offered by the State by paying 100% of the applicable health care insurance premium, net of any subsidy provided by the State. The benefits are available to all retired participants in the State’s health care program. The Town does not make payments for OPEB costs for such retirees.

**Governmental Accounting Standards (“GASB”):**

The Governmental Accounting Standards Board adopted Governmental Accounting Standards Board Statement Number 68, *Accounting and Financial Reporting for Pensions* (“GASB 68”), which, beginning with fiscal years starting after June 15, 2014, requires cost-sharing employers to report their “proportionate share” of the plan’s net pension liability in their government-wide financial statements. GASB 68 also requires that the cost-sharing employer’s pension expense component include its proportionate share of the system’s pension expense, the net effect of annual changes in the employer’s proportionate share and the annual differences between the employer’s actual contributions and its proportionate share. Both the Town and each covered employee contribute to the ASRS. As of June 30, 2016, the Town reported a liability of \$4,568,105 for its proportionate share of the net pension liability under ASRS. The pension liability was measured as of June 30, 2015. See Note 14 in APPENDIX C – “TOWN OF CAMP VERDE – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2016” for further discussion of the Town and its pension liability including the net pension liability associated with PSPRS.

*New Reporting Requirements* - Governmental Accounting Standards Board (“GASB”) Statement No. 67, *Financial Reporting for Pension Plans*, An Amendment of GASB Statement No. 25, is designed to improve financial reporting by state and local governmental pension plans. This statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans* and *Note Disclosures for Defined Contribution Plans*, and

No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria.

## GENERAL FUND

Below are the Town general fund revenues, expenditures and changes in fund balance for the budgeted fiscal year 2017/18, estimated actual amounts for fiscal year 2016/17 and audited fiscal years 2011/12 through and including 2015/16. **THIS INFORMATION IS NOT INTENDED TO INDICATE FUTURE OR CONTINUING TRENDS OF THE FINANCIAL AFFAIRS OF THE TOWN.**

### General Fund Town of Camp Verde, Arizona

	Audited					Est. Actual 2016/17 (a)	Budgeted 2017/18 (a)
	2011/12	2012/13	2013/14	2014/15	2015/16		
FUND BALANCE AT BEGINNING OF YEAR	\$ 3,005,778	\$ 1,916,934	\$ 2,252,276	\$ 2,506,904	\$ 2,574,766	\$ 2,917,783	\$ 2,318,247
<b>REVENUES</b>							
Taxes	\$ 1,984,253	\$ 2,794,799	\$ 2,864,959	\$ 3,130,812	\$ 4,201,014	\$ 4,027,573	\$ 4,324,000
Intergovernmental	3,056,963	2,731,294	3,037,936	3,198,440	3,273,560	3,346,900(b)	3,460,000
Fines and forfeitures	287,385	315,559	231,455	199,003	268,682	186,300(b)	188,000
Licenses and permits	123,738	159,532	160,321	174,518	198,155	234,500(b)	237,750
Charges for services	83,533	86,994	92,682	86,718	122,360	118,850(b)	135,800
Investment income	5,665	16,275	12,753	8,758	23,835	15,000(b)	16,000
Other revenue	19,281	2,119	14,325	5,756	184,507	63,300(b)	23,500
<b>TOTAL REVENUES</b>	<b>\$ 5,560,818</b>	<b>\$ 6,106,572</b>	<b>\$ 6,414,431</b>	<b>\$ 6,804,005</b>	<b>\$ 8,272,113</b>	<b>\$ 7,992,423</b>	<b>\$ 8,385,050</b>
<b>ADJUSTMENTS</b>							
Capital lease acquisition	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers in	-	-	-	-	-	-	-
Transfers out	(1,182,626)	(403,048)	(416,378)	(497,796)	(1,502,609)	(1,516,014)	(1,373,389)
<b>TOTAL FUNDS AVAILABLE FOR EXPENDITURES</b>	<b>\$ 7,383,970</b>	<b>\$ 7,620,458</b>	<b>\$ 8,250,329</b>	<b>\$ 8,813,113</b>	<b>\$ 9,344,270</b>	<b>\$ 9,394,192</b>	<b>\$ 9,329,908</b>
<b>EXPENDITURES</b>							
<b>Current:</b>							
General government	\$ 1,946,253	\$ 2,183,993	\$ 2,210,720	\$ 2,426,763	\$ 2,531,195	\$ 2,183,958	\$ 2,351,760
Public safety	2,052,223	2,115,640	2,298,047	2,500,015	2,517,188	2,652,866	2,621,480
Public works and streets	125,979	128,212	198,138	246,107	261,924	861,893	916,476
Health and welfare	12,500	17,500	12,500	5,000	5,000	5,000	5,000
Culture and recreation	497,875	549,379	578,484	596,192	634,528	723,351	799,080
Community development	260,394	340,233	379,753	425,631	415,046	500,005	530,185
Capital outlay	537,124	26,093	60,069	33,751	59,150	146,527	-
<b>Debt service:</b>							
Principal retirement	29,746	5,752	4,506	4,042	1,685	1,774	1,800
Interest and fiscal charges	4,942	1,380	1,208	846	771	571	880
<b>TOTAL EXPENDITURES</b>	<b>\$ 5,467,036</b>	<b>\$ 5,368,182</b>	<b>\$ 5,743,425</b>	<b>\$ 6,238,347</b>	<b>\$ 6,426,487</b>	<b>\$ 7,075,945</b>	<b>\$ 7,226,661</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 1,916,934</b>	<b>\$ 2,252,276</b>	<b>\$ 2,506,904</b>	<b>\$ 2,574,766</b>	<b>\$ 2,917,783</b>	<b>\$ 2,318,247</b>	<b>\$ 2,103,247</b>

(a) Figures for fiscal year 2017/18 are based on budgeted figures and figures for fiscal year 2016/17 are based on unaudited actual figures and as such are unaudited and should be considered with an abundance of caution.

(b) Represents fiscal year 2016/17 budgeted figures, estimated actual figures not available at this time.

**TOWN OF CAMP VERDE, ARIZONA**

**AUDITED ANNUAL FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The following audited annual financial statements are for the fiscal year ended June 30, 2016. These are the most recent financial statements available for the Town. These financial statements are not current and may not represent the current financial condition of the Town.

**Such audited financial statements are the most recent available for the Town, are not current and, therefore, must be considered with an abundance of caution. The Town has not requested the consent of Colby & Powell, PLC, Certified Public Accountants to include its report herein, and Colby & Powell, PLC has performed no procedures subsequent to rendering its report on the financial statements.**

**SUMMARY OF SELECT PROVISIONS OF PRINCIPAL DOCUMENTS**

In addition to the terms defined elsewhere herein, the following terms shall, for all purposes of the Trust Agreement and the Purchase Agreement have the following meanings:

“Acquisition Fund” means the fund of that name established pursuant to the Trust Agreement.

“Additional Revenue Obligations” means any additional obligations which may be issued or incurred by the Town (or any financing conduit acting on behalf of the Town) after the date of the Trust Agreement having a lien upon and payable from Excise Tax Revenues and State Shared Revenues on a parity with, and in compliance with the terms of, the Parity IGA, the First Purchase Agreement, the Second Purchase Agreement and the Purchase Agreement.

“Certificate of Completion” means the notice of completion, filed with the Trustee by the Town Representative, stating that the Project has been acquired.

“Completion Date” means the date on which the Certificate of Completion is filed with the Trustee by the Town Representative.

“Costs of Issuance Fund” means the fund of that name established pursuant to the Trust Agreement.

“Defeasance Obligations” are those obligations described in the Trust Agreement by such term.

“Delivery Costs” means all items of expense directly or indirectly payable by or reimbursable to the Town or the Trustee relating to the sale and execution and delivery of the Purchase Agreement, the Trust Agreement and the Obligations.

“Depository Trustee” means any bank or trust company, which may include the Trustee, designated by the Town, with a combined capital and surplus of least Fifty Million Dollars (\$50,000,000) and subject to supervision or examination by federal or State of Arizona authority.

“Event of Default” means an event of default under the Purchase Agreement as described below under the subheading “THE PURCHASE AGREEMENT – Default; Remedies Upon Default.”

“Outstanding” refers to Obligations issued in accordance with the Trust Agreement, excluding: (i) Obligations which have been exchanged or replaced, or delivered to the Trustee for credit against a mandatory prepayment installment with respect to principal represented thereby; (ii) Obligations which have been paid; (iii) Obligations which have become due and for the payment of which moneys have been duly provided to the Trustee; and (iv) Obligations for which there have been irrevocably set aside with a Depository Trustee sufficient moneys or obligations permitted by the Trust Agreement and the Purchase Agreement bearing interest at such rates and with such maturities as will provide sufficient funds to pay the principal of and premium, if any, and interest represented by such Obligations, provided, however, that if principal represented by any such Obligations is to be prepaid, the Town shall have taken all action necessary to prepay such Obligations and notice of such prepayment shall have been duly mailed in accordance with the proceedings under which such Obligations were issued or irrevocable instructions so to give such notices shall have been given to the Trustee.

“Owner” or any similar term, when used with respect to an Obligation means the person in whose name such Obligation is registered.

“Parity Obligations” means the Parity IGA, the First Purchase Agreement, the Second Purchase Agreement, the Purchase Agreement and any Additional Revenue Obligations.



“Payment Fund” means the fund by that name established pursuant to the Trust Agreement.

“Payment Request Form” means the form set forth as an Exhibit to the Trust Agreement.

“Project Costs” means all architectural, engineering, soils, survey, archaeology, demolition, construction management fees, development fees, contingencies and other related costs of installation, construction and other matters necessary for the Project and all costs incurred by the Trustee or the Town with respect to the transaction to which the Trust Agreement pertains.

“Reimbursement Request Form” means the form set forth as an Exhibit to the Trust Agreement.

“Town Representative” means the Town Manager, the Town Finance Director or any other person authorized by the Town Manager or the Mayor and Common Council to act on behalf of the Town with respect to the Trust Agreement.

## **THE TRUST AGREEMENT**

The following, in addition to the information under the headings “THE OBLIGATIONS” and “SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS,” is a summary of certain provisions of the Trust Agreement to which document, in its entirety, reference is hereby made for a more complete description of its terms.

**Acquisition Fund.** The Trustee will establish the Acquisition Fund. Upon receipt of a duly executed Payment Request Form or Reimbursement Request Form, the Trustee will pay the requested amount for Project Costs within three (3) business days following submission of a Payment Request Form or Reimbursement Request Form. On the Completion Date all remaining moneys in the Acquisition Fund shall be transferred to the Payment Fund and applied by the Trustee to the Payments due from the Town on the next succeeding Interest Payment Date and the Acquisition Fund shall be closed.

**Costs of Issuance Fund.** The Trustee will pay Delivery Costs from the Costs of Issuance Fund. On the earlier of April 1, 2018, or when all Delivery Costs have been paid, the Trustee will transfer any amounts remaining in the Costs of Issuance Fund to the Payment Fund.

**Payment Fund.** The Trustee will establish the Payment Fund. The moneys in the Payment Fund will be applied by the Trustee solely to pay principal, interest and premium, if any, represented by the Obligations.

**Investments Authorized; Allocation of Earnings.** Upon written order of the Town Representative, moneys held by the Trustee will be invested and re-invested in certain investments permitted by the Trust Agreement having the highest yield reasonably obtainable. The Trustee may purchase from, or sell to, itself or any affiliate, as principal or agent, investments permitted by the Trust Agreement. The Trustee may act as purchaser or agent in the making or disposing of any investment.

Any income, profit or loss on such investments will be deposited in or charged to the respective funds from which such investments were made, and any interest on any deposit of funds will be deposited in the fund from which such deposit was made, except as otherwise provided. At the direction of the Town Representative, any such income, profit or interest will be applied if necessary to pay any rebate due with respect to the Obligation pursuant to the Internal Revenue Code.

**Appointment of the Trustee.** The Town will maintain as the Trustee a bank or trust company with a combined capital and surplus of at least \$50,000,000, and subject to supervision or examination by federal or State authority so long as any of the Obligations are Outstanding. If such bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority, then the combined capital and surplus of such bank or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

**Liability of the Trustee; Standard of Care.** Except with respect to its authority and power generally and authorization to execute the Trust Agreement, the recitals of facts, covenants and agreements in the Trust Agreement, in the Purchase Agreement and in the Obligations will be taken as statements, covenants and agreements of the Town, and the Trustee will assume no responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of the Trust Agreement, the Purchase Agreement or of the Obligations or will incur any responsibility in respect thereof, other than in connection with the duties or obligations in the Trust Agreement or in the Obligations assigned to or imposed upon them, respectively. Prior to the occurrence of an Event of Default, or after the timely cure of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the Trust Agreement. After the occurrence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it, and use the same degree of care and skill in such exercise, as a prudent indenture trustee would exercise under the circumstances in the conduct of the affairs of the Trustee.

**Merger or Consolidation.** Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company is eligible as described in the Trust Agreement will be the successor to the Trustee without the execution or filing of any paper or further act, anything in the Trust Agreement to the contrary notwithstanding.

**Protection and Rights of the Trustee.** The Trustee will be protected and will incur no liability in acting or proceeding in good faith upon any document which it in good faith believes to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of the Trust Agreement, and the Trustee will be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such document, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee will not be bound to recognize any person as an Owner of any Obligation or to take any action at the request thereof unless such Obligation will be deposited with the Trustee and satisfactory evidence of the ownership of such Obligation will be furnished to the Trustee. The Trustee may consult with counsel with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by it in good faith.

Whenever in the administration of its duties under the Trust Agreement, the Trustee deems it necessary or desirable that a matter be proved or established prior to taking or suffering any action thereunder, such matter (unless other evidence in respect thereof be specifically prescribed) will be deemed to be conclusively proved and established by the certificate of the Town Representative and such certificate will be full warranty to the Trustee for any action taken or suffered under the provisions of the Trust Agreement upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee may become the Owner of the Obligations with the same rights it would have if it were not the Trustee; may acquire and dispose of other bonds or evidence of indebtedness of the Town with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Obligations, whether or not such committee will represent the Owners of the majority in principal amount of the Obligations then Outstanding.

The Trustee will not be answerable for the exercise of any discretion or power under the Trust Agreement or for anything whatever in connection with the funds established thereunder, except only for its own willful misconduct or negligence.

No provision in the Trust Agreement will require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

The Trustee will not be required to take notice or be deemed to have notice of an Event of Default, except for nonpayment of amounts due under the Trust Agreement or the Purchase Agreement, unless the Trustee has actual notice thereof or is specifically notified in writing of such default by the Town or the Owners of at least twenty-five percent (25%) in aggregate principal amount of the Obligations then Outstanding.

The Town will from time to time, as agreed upon between the Town and the Trustee, pay to the Trustee reasonable compensation for its services, including an hourly rate based fee after an Event of Default and will reimburse the Trustee for all its advances and expenditures, including but not limited to advances to, and reasonable fees and expenses of, independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties.

**Removal and Resignation of the Trustee.** The Trustee may be removed by the Town (if not in default) or by the Owners of a majority in aggregate principal amount of the Obligations Outstanding, at any time upon thirty (30) days prior written notice.

The Trustee at any time may resign by giving written notice to the Town. Such resignation will become effective upon the appointment of a successor Trustee by the Town.

**Amendments Permitted.** The Trust Agreement and the rights and obligations of the Owners of the Obligations and the Purchase Agreement may be modified or amended at any time by a supplemental or amending agreement which will become effective upon the written consent of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding, exclusive of certain disqualified Obligations. No such modification or amendment will (1) extend or have the effect of extending the final payment of principal represented by any Obligation or reducing the interest represented thereby or extending the time of payment of interest, or reducing the amount of principal thereof, without the express consent of the Owner of such Obligation, or (2) reduce or have the effect of reducing the percentage of Obligations required for the affirmative vote or written consent to an amendment or modification of the Trust Agreement or the Purchase Agreement, or (3) modify any of the rights or obligations of the Trustee without its written assent thereto.

The Trust Agreement and the rights and obligations of the Owners of the Obligations and the Purchase Agreement may be modified or amended at any time by a supplemental or amending agreement, without the consent of any such Owners, but only (1) to provide for additions or modifications to the Project, (2) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power reserved in the Trustee (for its own behalf) or the Town, (3) to secure additional revenues or provide additional security or reserves for payment of the Obligations, (4) to comply with the requirements of any state or federal securities laws or the Trust Indenture Act of 1939, as from time to time amended, if required by law or regulation lawfully issued thereunder, (5) to provide for the appointment of a successor trustee pursuant to the terms of the Trust Agreement, (6) to preserve the exclusion of interest represented by the Obligations from gross income for purposes of federal or State income taxes and to preserve the power of the Town to continue to issue bonds or other obligations the interest on which is likewise exempt from federal and State income taxes, (7) to cure, correct or supplement any ambiguous or defective provision in the Trust Agreement or the Purchase Agreement, (8) with respect to rating matters, or (9) in regard to questions arising under the Trust Agreement or under the Purchase Agreement, as the parties to the Trust Agreement or the Purchase Agreement may deem necessary or desirable and which will not adversely affect the interests of the Owners of the Obligations. Any such supplemental or amending agreement will become effective upon execution and delivery by the parties to the Trust Agreement or the Purchase Agreement.

**Procedure for Amendment With Written Consent of Obligation Owners.** A copy of the proposed supplemental or amending agreement, together with a consent request, must be mailed to each Owner of an Obligation, but failure to mail copies of such supplemental or amending agreement and request does not affect the validity of the supplemental or amending agreement when assented to by a majority in principal amount of the Obligations then Outstanding (exclusive of Obligations then disqualified). The supplemental or amending agreement will not become effective until the required Owners have consented and the Trustee has mailed notice to the Owners of the Obligations stating in substance that such supplemental or amending agreement has been consented to by the Owners of the required percentage of Obligations and will become effective (but failure to mail copies of said notice shall not affect the validity of such supplemental or amending agreement or consents thereto).

**Disqualified Obligations.** Obligations owned or held by or for the account of the Town or by any person directly or indirectly controlled by, or under direct or indirect common control with the Town (except any Obligations held in any pension or retirement fund) will not be deemed Outstanding for the purpose of any vote,

consent, waiver or other action or any calculation of Outstanding Obligations provided for in the Trust Agreement, and will not be entitled to vote upon, consent to, or take any other action provided therein.

**No Liability of the Town for the Trustee Performance.** The Town will have no obligation or liability to any of the other parties or to the Owners with respect to the performance by the Trustee of any duty imposed upon it under the Trust Agreement

**Remedies Upon Default; No Acceleration.** If an Event of Default shall happen, then and in each and every such case during the continuance of such Event of Default, the Trustee may, or upon request of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding and receiving indemnity satisfactory to it must, exercise one or more of the remedies granted pursuant to the Purchase Agreement; provided, however, that notwithstanding anything in the Trust Agreement or in the Purchase Agreement to the contrary, there will be no right under any circumstances to accelerate the payment dates of the Obligations or otherwise to declare any of the Payments not then past due or in default to be immediately due and payable.

**Application of Funds.** All moneys received by the Trustee pursuant to any right given or action taken pursuant to the provisions of the Trust Agreement or the Purchase Agreement shall be applied by the Trustee in the order following, in the case of the Obligations, upon presentation of the several Obligations, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee and then of the Obligation Owners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel and

Second, to the payment of the whole amount then owing and unpaid with respect to the Obligations and, with interest on the overdue principal and installments of interest at the rate of twelve percent (12%) per annum (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest and interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Obligations, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

**Institution of Legal Proceedings.** If one or more Events of Default shall happen and be continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding, and upon being indemnified to its satisfaction therefor, must, proceed to protect or enforce its rights or the rights of the Owners of Obligations by a suit in equity or action at law for the specific performance of any covenant or agreement contained in the Trust Agreement.

**Power of the Trustee to Control Proceedings.** In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, it will have full power, in the exercise of its discretion for the best interests of the Owners of the Obligations, with respect to the continuance or disposal of such action; provided, however, that the Trustee will not discontinue or otherwise dispose of any litigation, without the consent of the Owners of a majority in aggregate principal amount of the Obligations Outstanding.

**Limitation on Obligation Owners' Right to Sue.** No Owner of any Obligation will have the right to institute any action, for any remedy, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of at least a majority in aggregate principal amount of all the Obligations then Outstanding shall have made written request upon the Trustee to exercise the powers granted or to institute such action, in its own name; (c) said Owners shall have tendered to the Trustee reasonable indemnity; and (d) the Trustee shall have not complied with such request for a period of sixty (60) days.

No one or more Owners of Obligations will have any right in any manner whatever by their action to enforce any right under the Trust Agreement, except in the manner therein provided, and all proceedings with respect to an Event of Default will be pursued in the manner therein provided and for the equal benefit of all Owners of the Outstanding Obligations.

The right of any Owner of any Obligation to receive payment of said Owner's proportionate interest in the Payments as the same become due, or to institute suit for the enforcement of such payment, will not be impaired or affected without the consent of such Owner.

**Defeasance.** If and when any Outstanding Obligation shall be paid and discharged in any one or more of the following ways:

(a) by paying or causing to be paid the principal and interest represented by such Obligations Outstanding, as and when the same become due and payable;

(b) by depositing with a Depository Trustee, in trust for such purpose, at or before the payment date therefor, money which, together with the amounts then on deposit in the Payment Fund is fully sufficient to pay or cause to be paid all principal and interest represented by such Obligations Outstanding; or

(c) by depositing with a Depository Trustee, in trust for such purpose, any Defeasance Obligations which are non-callable in such amount as shall be certified to the Trustee and the Town by a national firm of certified public accountants acceptable to both the Trustee and the Town, as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit in the Payment Fund together with the interest to accrue thereon, to pay and discharge or cause to be paid and discharged all principal and interest represented by such Obligations at their respective payment or prepayment dates;

notwithstanding that any Obligations shall not have been surrendered for payment, all obligations of the Trustee and the Town with respect to all Outstanding Obligations will cease and terminate, except only the obligation of the Trustee to pay or cause to be paid, from funds deposited pursuant to paragraphs (b) or (c) above and paid to the Trustee by the Depository Trustee, to the Owners of the Obligations not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to paragraphs (b) or (c), the Obligations will continue to represent direct and proportionate interests of the Owners thereof in such funds.

If any Obligation or portion thereof will not be payable within sixty (60) days of the deposit referred to in paragraphs (b) or (c) above, the Trustee shall give notice of such deposit by first class mail to the Owners.

## THE PURCHASE AGREEMENT

The following, in addition to the information under the headings “INTRODUCTORY STATEMENT” and “SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS,” is a summary of certain provisions of the Purchase Agreement to which document, in its entirety, reference is hereby made for a more complete description of its terms.

**Purchase/Sale.** Pursuant to the Purchase Agreement, the Trustee will sell and convey to the Town and the Town will buy and accept from the Trustee, the Project.

**Payments.** The obligation of the Town to make the Payments will be limited to amounts from Excise Tax Revenues and State Shared Revenues.

The obligations of the Town to make the Payments from the sources described and to perform and observe the other agreements contained in the Purchase Agreement will be absolute and unconditional and will not be subject to any defense or any right of set-off, abatement, counterclaim, or recoupment arising out of any breach of the Trustee of any obligation to the Town or otherwise, or out of indebtedness or liability at any time owing to the Town by the Trustee. Until such time as all of the Payments shall have been fully paid or provided for, the Town (i) will not suspend or discontinue the Payments, (ii) will perform and observe all other agreements contained in the Purchase Agreement, and (iii) will not terminate the Purchase Agreement for any cause.

**Providing for Payment.** The Town may provide for the payment of any of the Payments in any one or more of the following ways:

(a) by paying such Payment as and when the same becomes due and payable at its scheduled due date or on a date on which it can be prepaid;

(b) by depositing with a Depository Trustee, in trust for such purposes, money which, together with the amounts then on deposit with the Trustee and available for such Payment is fully sufficient to make, or cause to be made, such Payment at its scheduled due date or on a date on which it can be prepaid; or

(c) by depositing with a Depository Trustee, in trust for such purpose, any Defeasance Obligations which are non-callable, in such amount as shall be certified by a national firm of certified public accountants acceptable to the Town as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit with the Trustee and available for such Payment, to make, or cause to be made, such Payment at its scheduled due date or on a date on which it can be prepaid.

Upon any partial prepayment of a Payment, each installment of interest which shall thereafter be payable as a part of the subsequent Payments will be reduced, taking into account the interest rate or rates on the Obligations remaining outstanding after the partial prepayment, so that the interest remaining payable as a part of the subsequent Payments will be sufficient to pay the interest on such outstanding Obligations when due.

### **Default; Remedies Upon Default.**

(i) Upon (A) the nonpayment of the whole or any part of certain amounts due pursuant to the Purchase Agreement at the time when the same are to be paid as provided in the Purchase Agreement or the Trust Agreement, (B) the violation by the Town of any other covenant or provision of the Purchase Agreement or the Trust Agreement, (C) the occurrence of an event of default with respect the Parity IGA, the First Purchase Agreement, the Second Purchase Agreement or to any Additional Revenue Obligations, or (D) the insolvency or bankruptcy of the Town as the same may be defined under any law of the United States of America or the State of Arizona, or any voluntary or involuntary action of the Town or others to take advantage of, or to impose, as the case may be, any law for the relief of debtors or creditors, including a petition for reorganization, and

(ii) if such default has not been cured (A) in the case of nonpayment of such amounts as required under the Purchase Agreement or the Trust Agreement on the due date, or the nonpayment of principal and interest due with respect to the Parity IGA, the First Purchase Agreement, the Second Purchase Agreement or any

Additional Revenue Obligations on their due dates; (B) in the case of the breach of any other covenant or provision of the Trust Agreement or the Purchase Agreement not cured within sixty (60) days after notice in writing from the Trustee specifying such default; and (C) in the case of any default under the Parity IGA, the First Purchase Agreement, the Second Purchase Agreement or any Additional Revenue Obligations after any notice and passage of time provided for under the proceedings under which such obligations were issued then,

(iii) subject to the limitations of the Trust Agreement, the Trustee may take whatever action at law or in equity, including the remedy of specific performance, may appear necessary or desirable to collect the Payments and any other amounts payable by the Town under the Trust Agreement or the Purchase Agreement then due (but not the Payments and such other amounts accruing), or to enforce performance and observance of any pledge, obligation, agreement, or covenant of the Town under the Trust Agreement or the Purchase Agreement and with respect to the Excise Tax Revenues and State-Shared Revenues, without notice and without giving any bond or surety to the Town or anyone claiming under the Town, have a receiver appointed of the amounts of the Excise Tax Revenues and State-Shared Revenues which are pledged to the payment of amounts due thereunder, with such powers as the court making such appointment shall confer (and the Town will irrevocably consent to such appointment); provided, however, that under no circumstances may the Payments be accelerated.

The obligations of the Town under the Purchase Agreement, including, without limitation, its obligation to pay the Payments, will survive any action brought, and the Town will continue to pay the Payments and perform all other obligations provided in the Purchase Agreement; provided, however, that the Town will be credited with any amount received by the Trustee pursuant to actions brought under the provisions of the Purchase Agreement summarized under this subheading.

FORM OF APPROVING LEGAL OPINION

[Closing Date]

\_\_\_\_\_  
\_\_\_\_\_

Re: Pledged Revenue Obligations, Series 2017, Representing Proportionate Interests of the Owners Thereof in Purchase Price Payments to be Made by Town of Camp Verde, Arizona, to U.S. Bank National Association, as Trustee

We have examined the transcript of proceedings (the "Transcript") relating to the execution and delivery by \_\_\_\_\_ (the "Trustee") of the Pledged Revenue Obligations, Series 2017, (the "Obligations") pursuant to a Third Trust Agreement, dated as of \_\_\_\_\_ 1, 2017\* (the "Trust Agreement"), between the Trustee and Town of Camp Verde, Arizona (the "Town"). Each of the Obligations is an undivided, participating, proportionate interest in certain payments to be made by the Town pursuant to a Third Purchase Agreement, dated as of \_\_\_\_\_ 1, 2017\* (the "Purchase Agreement"), between the Trustee as seller and the Town as buyer to finance the costs of a capital project for the Town. In addition, we have examined such other proceedings, proofs, instruments, certificates and other documents as well as such other materials and such matters of law as we have deemed necessary or appropriate for the purposes of the opinions rendered herein below.

In such an examination, we have examined originals (or copies certified or otherwise identified to our satisfaction) of the foregoing and have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to the original documents of all documents submitted to us as copies and the accuracy of the statements contained in such documents. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid documents contained in the Transcript. We have also relied upon the opinions of the Town Attorney delivered even date herewith as to the matters provided therein.

Based upon such examination, we are of the opinion that, under the law existing on the date of this opinion:

1. The Obligations, the Trust Agreement and the Purchase Agreement are legal, valid, binding and enforceable in accordance with their respective terms, except that the binding effect and enforceability thereof and the rights thereunder are subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting the rights of creditors generally; except to the extent that the enforceability thereof and the rights thereunder may be limited by the application of general principles of equity and, as to the Trust Agreement, except to the extent that the enforceability of the indemnification provisions thereof may be affected by applicable securities laws.

\_\_\_\_\_  
\* *Subject to change.*



2. The obligations of the Town pursuant to the Purchase Agreement with respect to payment of principal and interest with respect to the Obligations constitute a valid and binding special obligation of the Town payable solely from, and secured solely by, the revenues and other moneys pledged and assigned pursuant to the Trust Agreement to secure such payments. Those revenues and other moneys include payments required to be made by the Town pursuant to the Purchase Agreement, and the obligation of the Town to make those payments is secured by a first lien on and pledge of amounts from “Excise Tax Revenues” and “State Shared Revenues” as described in, and provided by, the Purchase Agreement. Such payments are not secured by an obligation or pledge of any moneys raised by taxation other than the specified taxes; the Obligations do not represent or constitute a debt or pledge of the general credit of the Town and the Purchase Agreement, including the obligation of the Town to make the payments required thereunder, does not represent or constitute a debt or pledge of the general credit of the Town.

3. (a) Subject to the assumption stated in the last sentence of this paragraph, the portion of each payment made by the Town pursuant to the Purchase Agreement, denominated and comprising interest with respect to the Obligations and received by the beneficial owners of the Obligations (the “Interest Portion”), is excludable from the gross income of the beneficial owners thereof for federal income tax purposes. Furthermore, the Interest Portion is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however the Interest Portion is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. (We express no opinion regarding other federal tax consequences resulting from the receipt or accrual of the Interest Portion on, or ownership or disposition of, the Obligations.) The Internal Revenue Code of 1986, as amended (the “Code”), includes requirements which the Town must continue to meet after the execution and delivery of the Obligations in order that the Interest Portion not be included in gross income for federal income tax purposes. The failure of the Town to meet these requirements may cause the Interest Portion to be included in gross income for federal income tax purposes retroactive to their date of issuance. The Town has covenanted in the Purchase Agreement to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of the Interest Portion. In rendering the opinion expressed in this paragraph, we have assumed continuing compliance with the tax covenants referred to hereinabove that must be met after the execution and delivery of the Obligations in order that the Interest Portion not be included in gross income for federal tax purposes.

(b) Assuming the Interest Portion is so excludable for federal income tax purposes, the Interest Portion is exempt from income taxation under the laws of the State of Arizona. (We express no opinion regarding other State tax consequences resulting from the receipt or accrual of the such interest on, or ownership or disposition of, the Obligations.)

Our opinion represents our legal judgment based upon our review of the law and the facts we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof, and we assume no obligation to review or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

FORM OF CONTINUING DISCLOSURE UNDERTAKING

DRAFT

**\$6,570,000\***  
**TOWN OF CAMP VERDE, ARIZONA**  
**PLEDGED REVENUE OBLIGATIONS,**  
**SERIES 2017**

[Closing Date]  
(CUSIP Base No.: \_\_\_\_\_)

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**CONTINUING DISCLOSURE UNDERTAKING**

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This Continuing Disclosure Undertaking (this “*Undertaking*”) is executed and delivered by Town of Camp Verde, Arizona (the “Town”), in connection with the execution and delivery of \$6,570,000\* principal amount of Pledged Revenue Obligations, Series 2017, Representing Proportionate Interests of the Owners Thereof in Purchase Price Payments to be Made by the Town to \_\_\_\_\_, as trustee (collectively, the “*Obligations*”). The Obligations are being executed and delivered pursuant to a Third Trust Agreement, dated as of \_\_\_\_\_ 1, 2017\* (the “*Trust Agreement*”), by and between the Town and \_\_\_\_\_, as trustee (the “*Trustee*”). The Town covenants and agrees as follows:

1. *Definitions.* In addition to those defined hereinabove, the terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires:

*Annual Financial Information* means the financial information and operating data set forth in *Exhibit I*.

*Annual Financial Information Disclosure* means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

*Audited Financial Statements* means the audited financial statements of the Town prepared pursuant to the standards and as described in *Exhibit I*.

*Commission* means the Securities and Exchange Commission.

*Dissemination Agent* means any agent designated as such in writing by the Town and which has filed with the Town a written acceptance of such designation, and such agent’s successors and assigns.

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\* *Subject to change.*

*EMMA* means the Electronic Municipal Market Access system of the MSRB. Information regarding submissions to EMMA is available at <http://emma.msrb.org>.

*Exchange Act* means the Securities Exchange Act of 1934, as amended.

*Final Official Statement* means the Final Official Statement relating to the Obligations, dated \_\_\_\_\_, 2017.

*GAAP* means generally accepted accounting principles, as applied to governmental units as modified by the laws of the State.

*Listed Event* means the occurrence of events set forth in *Exhibit II*.

*Listed Events Disclosure* means dissemination of disclosure concerning a Listed Event as set forth in Section 5.

*MSRB* means the Municipal Securities Rulemaking Board.

*Participating Underwriter* means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Obligations.

*Purchase Agreement* means the Third Purchase Agreement, dated as of \_\_\_\_\_ 1, 2017\*, by and between the Town and the Trustee, in its separate capacity as “Seller.”

*Rule* means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Exchange Act.

*State* means the State of Arizona.

2. *Purpose of this Undertaking.* This Undertaking is executed and delivered by the Town as of the date set forth below, for the benefit of the beneficial owners of the Obligations and in order to assist the Participating Underwriter in complying with the requirements of the Rule. The Town represents that it will be the only obligated person with respect to the Obligations at the time the Obligations are delivered to the Participating Underwriter and that no other person is expected to become so committed at any time after such delivery of the Obligations.

3. *CUSIP Number/Final Official Statement.* The CUSIP Numbers of the Obligations are as follows:

<u>CUSIP No.</u>	<u>Maturity Date</u>
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\* *Subject to change.*

4. *Annual Financial Information Disclosure.* Subject to Section 8 of this Undertaking, the Town shall disseminate its Annual Financial Information and its Audited Financial Statements, if any (in the form and by the dates set forth in *Exhibit D*), through EMMA.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Town will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Undertaking, the Annual Financial Information for the year in which such amendment is made shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. *Listed Events Disclosure.* Subject to Section 8 of this Undertaking, the Town shall disseminate in a timely manner, but in not more than ten (10) business days, Listed Events Disclosure through EMMA. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any of the Obligations or defeasance of any Obligations need not be given under this Undertaking any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Obligations pursuant to the terms of the Obligations. Whether events subject to the standard “material” would be material shall be determined under applicable federal securities laws.

6. *Consequences of Failure of the Town to Provide Information.* The Town shall give notice in a timely manner through EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Town to comply with any provision of this Undertaking, the beneficial owner of any Obligation may seek mandamus or specific performance by court order, to cause the Town to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default under the Purchase Agreement or the Trust Agreement, and the sole remedy available to such owners of the Obligations under this Undertaking in the event of any failure of the Town to comply with this Undertaking shall be an action to compel performance.

7. *Amendments; Waiver.* Notwithstanding any other provision of this Undertaking, the Town by certified resolution or ordinance authorizing such amendment or waiver, may amend this Undertaking, and any provision of this Undertaking may be waived only if:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Town, or type of business conducted;

(b) This Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Obligations, as determined by parties unaffiliated with the Town (such as the Trustee) or by approving vote of the owners of the Obligations pursuant to the Trust Agreement at the time of the amendment.

The Annual Financial Information containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying GAAP to be followed in preparing financial statements and such changes are material, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of

the change in the accounting principles in the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Town to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. If the accounting principles of the Town change or the fiscal year of the Town changes, the Town shall file a notice of such change in the same manner as for a notice of Listed Event.

8. *Termination of Undertaking.* This Undertaking shall be terminated hereunder if the Town shall no longer have liability for any obligation on or relating to repayment of the Obligations under the Trust Agreement.

9. *Dissemination Agent.* The Town may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

10. *Additional Information.* Nothing in this Undertaking shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Undertaking. If the Town chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Undertaking, the Town shall have no obligation under this Undertaking to update such information or include it in any future Annual Financial Information Disclosure or Listed Events Disclosure.

11. *Beneficiaries.* This Undertaking has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Undertaking shall inure solely to the benefit of the Town, the Dissemination Agent, if any, and the beneficial owners of the Obligations, and shall create no rights in any other person or entity.

12. *Recordkeeping.* The Town shall maintain records of all Annual Financial Information Disclosure and Listed Events Disclosure including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. *Assignment.* The Town shall not transfer obligations under the Purchase Agreement unless the transferee agrees to assume all obligations of the Town under this Undertaking or to execute an undertaking meeting the requirements of the Rule.

14. *Governing Law.* This Undertaking shall be governed by the laws of the State.

Dated: [Closing Date]

TOWN OF CAMP VERDE, ARIZONA

By.....  
Mayor

ATTEST:

.....  
Town Clerk

ACKNOWLEDGED FOR PURPOSES OF  
SECTION 11(c) OF THE PURCHASE  
AGREEMENT BY \_\_\_\_\_,  
AS TRUSTEE

By .....

Title: .....

ATTACHMENTS:

- Exhibit I - Annual Financial Information and Timing and Audited Financial Statements
- Exhibit II - Events for Which Listed Events Disclosure Is Required

## EXHIBIT I

### ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“Annual Financial Information” means financial information and operating data of the type contained in the Final Official Statement in TABLE 3 - “TRANSACTION PRIVILEGE (SALES) TAX COLLECTIONS BY INDUSTRY CLASSIFICATION” and TABLE 5 - “HISTORICAL AND PROJECTED EXCISE TAX REVENUES AND STATE SHARED REVENUES COLLECTIONS” (in each case actual results for most recently completed fiscal year only).

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted through EMMA or filed with the Commission. If the information included by reference is contained in a final official statement, the final official statement must be available from the MSRB. The Town shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided through EMMA by March 1 of each year, commencing March 1, 2018. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements when available.

Audited Financial Statements will be prepared according to GAAP. Audited Financial Statements will be provided through EMMA within 30 days after availability to the Town.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the Town will disseminate a notice of such change as required by Section 4, including changes in fiscal year or GAAP.

## EXHIBIT II

### EVENTS FOR WHICH LISTED EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other notices or determinations, in each case, with respect to the tax status of the security, or other Listed Events affecting the tax status of the security.
7. Modifications to the rights of security holders, if material.
8. Bond calls, if material, or tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the securities, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar events of the Town, being if any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Town.
13. The consummation of a merger, consolidation or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or conditional trustee or the change of name of a trustee, if material.



## BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Obligation certificate will be issued for each payment of each series of the Obligations, each in the aggregate principal amount of such payment, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants” and together with the Direct Participants, the “Participants”). DTC has a Standard & Poor’s rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC’s records. The ownership interest of each actual purchaser of each Obligation (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments

to the Obligation documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Obligations within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Obligations purchased or tendered, through its Participant, to a remarketing agent, and shall effect delivery of such Obligations by causing the Direct Participant to transfer the Participant's interest in the Obligations, on DTC's records, to a remarketing agent. The requirement for physical delivery of Obligations in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Obligations are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Obligations to a remarketing agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Obligations at any time by giving reasonable notice to the Town or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Obligation certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Obligation certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but none of the Town, the Underwriter or their agents and counsel take responsibility for the accuracy thereof.

**TOWN OF CAMP VERDE, ARIZONA**

**\$ \_\_\_\_\_  
PLEGDED REVENUE  
OBLIGATIONS,  
SERIES 2017**

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**OBLIGATION PURCHASE CONTRACT**

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\_\_\_\_\_, 2017

Mayor and Town Council  
Town of Camp Verde, Arizona

\_\_\_\_\_  
Camp Verde, AZ \_\_\_\_\_

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), offers to enter into the following obligation purchase agreement (this “Purchase Contract”) with the Town of Camp Verde, Arizona (the “Issuer” or “Town”), which, upon written acceptance by the Issuer of this offer, shall be binding upon the Issuer and the Underwriter. This offer is made subject to written acceptance hereof by the Issuer on or before 5:00 p.m., Mountain Standard Time, on the date indicated above and shall be subject to withdrawal by the Underwriter upon notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Purchase Contract shall have the same meanings set forth in the Final Official Statement (as such term is defined herein). The offer of the Underwriter is made by signing the signature line provided and delivering the signed page to the Issuer. The acceptance is made by the Issuer signing the signature line provided and delivering the signed page to the Underwriter. Delivery includes sending in the form of a facsimile or teletype or via the internet as a portable document format (PDF) file or other replicating image attached to an electronic message.

1. Purchase and Sale of the Obligations.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter shall purchase from the Issuer, all, but not less than all, of the Issuer’s Pledged Revenue Obligations, Series 2017 in the aggregate principal amount of \$ \_\_\_\_\_ (the “Obligations”) at a purchase price of

\$ \_\_\_\_\_, representing the aggregate of (a) the par amount of the Obligations, plus (b) the [net] reoffering premium on the Obligations of \$ \_\_\_\_\_, and less (c) an underwriting discount on the Obligations of \$ \_\_\_\_\_. [For convenience, the Underwriter shall pay by the Closing (as defined herein), on behalf of the Town, \$ \_\_\_\_\_ from the proceeds of the Obligations to the Insurer (as defined herein) as payment of the bond insurance premium for the Policy (as defined herein).]

The Underwriter has not previously made any final agreement with the Issuer to purchase the Obligations in an offering within the meaning of the SEC Rule (as defined herein).

The purchase and sale of the Obligations pursuant to this Purchase Contract is an “arm’s-length,” commercial transaction between the Issuer and the Underwriter, (i) in connection therewith and with the discussions, undertakings and proceedings leading up to the consummation of such transaction, the Underwriter is and has been acting for and on behalf of itself, solely as a principal for its own account and is not acting as the agent or fiduciary of the Issuer or as a municipal advisor (with the meaning of Section 15B of the Securities Exchange Act of 1934, as amended), (ii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Issuer with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Issuer on other matters) and the Underwriter has no obligation to the Issuer with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Contract and Rule G-17 of the Municipal Securities Rulemaking Board (the “MSRB”), (iii) the Underwriter has financial and other interests that differ from those of the Issuer and (iv) the Issuer has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

(b) The principal amounts of the Payments (as defined below) represented by the Obligations, the dated date, the payment dates, the prepayment provisions and the rates per annum of the interest amount represented by the Obligations are set forth in the Schedule attached hereto. The terms of the Obligations shall be as otherwise described in, and shall be executed and delivered by \_\_\_\_\_, as trustee (the “Trustee”), pursuant to a Third Trust Agreement, to be dated as of December 1, 2017 (the “Trust Agreement”), substantially in the form previously submitted to the Underwriter with only such changes therein as shall be mutually agreed upon among the Underwriter, the Issuer and the Trustee. The Obligations represent undivided proportionate interests in the installment payments (each a “Payment”, and, collectively, the “Payments”) to be made by the Issuer pursuant to a Third Purchase Agreement, to be dated as of December 1, 2017 (the “Purchase Agreement”), between the Issuer and the Trustee, as seller.

(c) The proceeds of the Obligations will be used as described in the Final Official Statement.

## 2. Public Offering.

(a) The Underwriter intends to make an initial bona fide public offering of all of the Obligations at not in excess of the public offering prices (or not less than the yields) set

forth on Schedule I hereto and on the inside front cover page of the Final Official Statement of the Issuer relating to the Obligations, dated even date herewith (including all appendices thereto, the “Final Official Statement”) and may subsequently change such offering prices (or yields). The Underwriter may offer and sell the Obligations to certain dealers (including dealers depositing Obligations into investment trusts) and others at prices lower than the public offering prices (or higher than the yields) set forth on Schedule I hereto and on the inside front cover page of the Final Official Statement. The Underwriter also reserves the right (i) to over-allot or effect transactions that stabilize or maintain the market price of the Obligations at a level above that which might otherwise prevail in the open market and (ii) to discontinue such stabilizing, if commenced, at any time.

(b) *Establishment of Issue Price.* (i) The Underwriter agrees to assist the Issuer in establishing the issue price of the Obligations and shall execute and deliver to the Issuer at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Issuer and Special Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Obligations.

(1) [Except as otherwise set forth in Schedule II attached hereto,] the Issuer will treat the first price at which 10% of each maturity of the Obligations (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Purchase Contract, the Underwriter shall report to the Issuer the price or prices at which it has sold to the public each maturity of Obligations. If at that time the 10% test has not been satisfied as to any maturity of the Obligations, the Underwriter agrees to promptly report to the Issuer the prices at which it sells the unsold Obligations of that maturity to the public. That reporting obligation shall continue, whether or not the date of Closing has occurred, until the 10% test has been satisfied as to the Obligations of that maturity or until all Obligations of that maturity have been sold to the public.

(2) The Underwriter confirms that it has offered the Obligations to the public on or before the date of this Purchase Contract at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule II attached hereto, except as otherwise set forth therein. Schedule II also sets forth, as of the date of this Purchase Contract, the maturities, if any, of the Obligations for which the 10% test has not been satisfied and for which the Issuer and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Issuer to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Obligations, the Underwriter will neither offer nor sell unsold Obligations of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(A) the close of the fifth (5th) business day after the sale date;

or

(B) the date on which the Underwriter has sold at least 10% of that maturity of the Obligations to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the Issuer when it has sold 10% of that maturity of the Obligations to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(3) The Underwriter confirms that any selling group agreement and any retail distribution agreement relating to the initial sale of the Obligations to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Obligations of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Obligations of that maturity or all Obligations of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter. The Issuer acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Obligations to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a retail distribution agreement was employed in connection with the initial sale of the Obligations to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires. The Issuer further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Obligations.

(4) The Underwriter acknowledges that sales of any Obligations to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(A) “public” means any person other than an underwriter or a related party,

(B) “underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Issuer to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Issuer to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Issuer to the public),

(C) a purchaser of any of the Obligations is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(D) “sale date” means the date of execution of this Purchase Contract by all parties.

(c) The undersigned, on behalf of the Underwriter, but not individually, hereby represents and warrants:

(1) the Underwriter is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization;

(2) this Purchase Contract has been duly authorized, executed and delivered by the Underwriter and, assuming the due authorization, execution and delivery by the Issuer, is the legal, valid and binding obligation of the Underwriter enforceable in accordance with its terms, except as the enforceability of this Purchase Contract may be limited by application of bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally from time to time in effect and from the application of general principles of equity and from public policy limitations on the exercise of any rights to indemnification and contribution (collectively, “Creditors’ Rights Laws”); and

(3) the Underwriter is licensed by and registered with the Financial Industry Regulatory Authority as a broker-dealer and the MSRB as a municipal securities dealer.

### 3. The Official Statement.

(a) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized and approved the distribution and use by the Underwriter of the Preliminary Official Statement of the Issuer relating to the Obligations, dated \_\_\_\_\_, 2017 (including all appendices thereto, the “Preliminary Official Statement” and, together with the Final Official Statement, collectively, the “Official Statement”), and the information therein contained to be used by the Underwriter in connection with the public offering and the sale of the Obligations.

(b) The Issuer caused the Preliminary Official Statement to be prepared and an authorized officer of the Issuer, acting for and on behalf of the Issuer, deemed the Preliminary Official Statement to be “final” for all purposes of Section 240.15c2-12, General Rules and Regulations, Securities Exchange Act of 1934, as amended (the “SEC Rule”).

(c) (i) WHILE THE UNDERWRITER HAS PARTICIPATED AND WILL PARTICIPATE WITH THE ISSUER IN THE PREPARATION AND ASSEMBLAGE OF THE PRELIMINARY OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT, RESPECTIVELY, THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CONTENT OF THE PRELIMINARY OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT and (ii) as of the date thereof, and at the time of the acceptance by the Issuer of this Purchase Contract, the Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(d) The Issuer shall provide to the Underwriter copies of the Official Statement in sufficient quantity to comply with the SEC Rule and the rules of the MSRB, particularly with respect to the Final Official Statement, within seven (7) business days after the date of this Purchase Contract.

(e) The Issuer authorizes the Underwriter to file, to the extent required by applicable Securities and Exchange Commission (the "SEC") or MSRB rule, and the Underwriter agrees to file or cause to be filed, the Official Statement with (i) the MSRB or its designee (including submission to the MSRB's Electronic Municipal Market Access system ("EMMA")) or (ii) other repositories approved from time to time by the SEC (either in addition to or in lieu of the filings referred to above). If an amended Official Statement is prepared in accordance with Section 3(g) during the "primary offering disclosure period" (as defined in MSRB Rule G-32) and if required by applicable SEC or MSRB rule, the Underwriter also shall make the required submission of the amended Official Statement to EMMA.

(f) The Official Statement may be delivered in printed and/or electronic form to the extent permitted by applicable rules of the MSRB and as may be agreed by the Issuer and the Underwriter.

(g) During the period ending on the 25th day after the End of the Underwriting Period (as such term is hereinafter defined) or such other period as may be agreed to by the Issuer and the Underwriter, the Issuer (i) shall not supplement or amend the Final Official Statement or cause the Final Official Statement to be supplemented or amended without the prior written consent of the Underwriter and (ii) shall notify the Underwriter promptly if any event shall occur, or information comes to the attention of the Issuer, that is reasonably likely to cause the Final Official Statement (whether or not previously supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the opinion of the Underwriter or the Issuer, such event requires the preparation and distribution of a supplement or amendment to the Final Official Statement, the Issuer shall prepare and furnish to the Underwriter, at the Issuer's expense, such number of copies of the supplement or amendment to the Final Official Statement, in form and substance mutually agreed upon by the Issuer and the Underwriter, as the Underwriter may reasonably request. If such notification shall be given subsequent to the date of the Closing, the Issuer also shall furnish, or cause to be furnished, such additional legal opinions, certificates, instruments



and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Final Official Statement.

(h) For purposes of this Purchase Contract, the “End of the Underwriting Period” is used as defined in the SEC Rule and shall occur on the later of (i) the date of the Closing or (ii) when the Underwriter no longer retains an unsold balance of the Obligations; unless otherwise advised in writing by the Underwriter on or prior to the date of the Closing, or otherwise agreed to by the Issuer and the Underwriter, the Issuer may assume that the End of the Underwriting Period is the date of the Closing.

(i) The Underwriter shall provide to the Issuer such information relating to the Obligations which is not within the scope of knowledge of the Issuer (including, but not limited to, the selling compensation of the Underwriter, offering price(s), interest rate(s), delivery date and other terms of the Obligations dependent upon such matters). The Final Official Statement shall be substantially in the form of the Preliminary Official Statement with only such changes therein as shall be necessary to conform to the terms of this Purchase Contract and with such other changes and amendments to the date thereof as have been accepted by the Underwriter. The execution and delivery of the Final Official Statement shall evidence the determination by the Issuer that the Final Official Statement is “final” for all purposes of the SEC Rule.

4. Representations and Warranties and Agreements of the Issuer. The undersigned, on behalf of the Issuer, but not acting individually, hereby represents and warrants to and covenants with the Underwriter that:

(a) The Issuer is a municipal corporation duly incorporated and validly existing pursuant to the laws of the State of Arizona (the “State”), and has full and legal right, power and authority, and at the date of the Closing shall have full legal right, power and authority pursuant to the resolution of the Mayor and Town Council of the Issuer adopted on \_\_\_\_\_, 2017 (the “Resolution”), authorizing the sale and execution and delivery of the Obligations, (i) to enter into, execute and deliver this Purchase Contract; the Resolution; the Purchase Agreement; the Trust Agreement; a written undertaking by the Issuer to provide ongoing disclosure for the benefit of certain owners of the Obligations as required under paragraph (b)(5) of the SEC Rule, in form and substance satisfactory to the Underwriter and Counsel to the Underwriter which shall be substantially in the form set forth in the Preliminary Official Statement, with such changes as may be agreed in writing by the Underwriter (the “Undertaking”); the Letter of Representations, previously executed by the Issuer (the “DTC Letter”) and delivered to The Depository Trust Company (“DTC”) and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Purchase Contract, the Purchase Agreement, the Resolution, the Trust Agreement, the Undertaking and the DTC Letter are hereinafter referred to as the “Town Documents”), (ii) to cause the sale and execution and delivery of the Obligations to the Underwriter as provided herein, (iii) to carry out and consummate the transactions contemplated by the Town Documents and the Final Official Statement, (iv) to pledge the Excise Tax Revenues and State Shared Revenues as described in the Final Official Statement, and (v) to approve, execute and authorize the use and distribution, as applicable, of the Preliminary Official Statement and the Final Official Statement, and the Issuer

has complied, and shall at the Closing be in compliance in all respects, with all applicable provisions of law and the Town Documents as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) including adoption of the Resolution by the Mayor and Town Council for the execution and delivery and sale of the Obligations, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part contained in, the Obligations and the Town Documents, and (iii) the consummation by it of all other transactions contemplated by the Preliminary Official Statement, the Town Documents and the Resolution (A) authorizes the execution and delivery of the other of the Town Documents and the Obligations as well as the approval, execution and authorization of the use and distribution of the Preliminary Official Statement and the Final Official Statement and the sale of the Obligations to the Underwriter, (B) has been duly and validly adopted by the Mayor and Town Council, and (C) is in full force and effect;

(c) This Purchase Contract has been duly executed and delivered by the Issuer, and the other of the Town Documents (when such Town Documents are executed and delivered by the other parties thereto) will constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to applicable Creditors' Rights Laws; the Obligations, when executed and delivered and paid for in accordance with the Trust Agreement and this Purchase Contract, shall constitute legal, valid and binding obligations entitled to the benefits of the Trust Agreement and enforceable in accordance with their terms, subject to applicable Creditors' Rights Laws and, upon the execution and delivery of the Obligations as aforesaid, the Purchase Agreement and the Trust Agreement shall provide, for the benefit of the holders from time to time of the Obligations, the legally valid and binding pledge and lien they purport to create as set forth in the Purchase Agreement and the Trust Agreement;

(d) The Issuer is not in material breach of or default in any material respect with respect to any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is, or any of its property or assets are, otherwise subject; no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a material default or event of default by the Issuer pursuant to any of the foregoing or the Town Documents and the execution and delivery of the Obligations and the Town Documents and the adoption of the Resolution and compliance with the provisions on the part of the Issuer contained therein shall not conflict with or constitute a material breach of or default pursuant to any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is, or any of its property or assets are, otherwise subject nor shall any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to secure the Obligations or pursuant to the terms of any such law, regulation or instrument, except as provided by the Obligations and the Town Documents;

(e) All authorizations, approvals, licenses, permits, consents, orders and other matters of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Issuer, of its obligations pursuant to the Town Documents and the Obligations have been duly obtained, except for such approvals, consents and orders as may be required pursuant to the “blue sky” or securities laws of any jurisdiction in connection with the offering and sale of the Obligations, and including particularly, but not by way of limitation, the filing of all reports required to be filed by the Issuer pursuant to Section 35-501, Arizona Revised Statutes;

(f) The Obligations and the Town Documents conform to the descriptions thereof contained in the Official Statement, and the proceeds of the sale of the Obligations shall be applied as described in the Official Statement;

(g) There is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or overtly threatened against the Issuer (i) affecting the existence of the Issuer or the titles of its officers to their respective offices; or (ii) affecting or seeking to prohibit, restrain or enjoin the sale or execution and delivery of the Obligations or the levy, collection or pledge, as applicable, of the Excise Tax Revenues or State Shared Revenues; or (iii) in any way contesting or affecting the validity or enforceability of the Obligations or the Town Documents or contesting the exclusion from gross income of interest with respect to the Obligations for Federal income tax purposes or the exemption from taxation of interest with respect to the Obligations for State income tax purposes; or (iv) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Final Official Statement; or (v) contesting the formation or powers of the Issuer or any authority for the sale and execution and delivery of the Obligations, the adoption of the Resolution or the execution and delivery of the Town Documents; or (vi) which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer nor is there any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the validity or enforceability of the Obligations or the Town Documents;

(h) The Issuer has not granted a lien on, made a pledge of or agreed to apply the Excise Tax Revenues, the State Shared Revenues and other moneys payable pursuant to the Purchase Agreement, except as provided or permitted in the Purchase Agreement or as described in the Official Statement;

(i) Unless the Final Official Statement is amended or supplemented pursuant to paragraph (g) of Section 3 of this Purchase Contract, at all times subsequent to the acceptance by the Issuer hereof, during the period up to and including the date of the Closing, the Final Official Statement, as of its date, did not, as of the date hereof, does not and, as of the Closing, shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances pursuant to which they were made, misleading;

(j) If the Final Official Statement is amended or supplemented pursuant to paragraph (g) of Section 3 of this Purchase Contract, at the time of each amendment or supplement thereto and (unless subsequently again amended or supplemented pursuant to such paragraph) at all times subsequent thereto during the period up to and including the date of the Closing, the Final Official Statement shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances pursuant to which made, not misleading;

(k) The Issuer shall apply, or cause to be applied, the proceeds from sale of the Obligations as provided in and subject to all of the terms and provisions of the Town Documents and shall not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for Federal or State income tax purposes of the interest with respect to the Obligations;

(l) The Issuer shall furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request (i) to (A) qualify the Obligations for offer and sale pursuant to the “blue sky” or other securities laws and regulations of such States and other jurisdictions in the United States as the Underwriter may designate and (B) determine the eligibility of the Obligations for investment pursuant to the laws of such States and other jurisdictions and (ii) to continue such qualifications in effect so long as required for the distribution of the Obligations (provided, however, that the Issuer shall not be required to qualify as a foreign corporation or to file any general or special consents to service of process pursuant to the laws of any jurisdiction) and shall advise the Underwriter immediately of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Obligations for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(m) The audited financial statements of the Issuer contained in the Official Statement fairly present the financial position and results of operations and changes in fund balances of the Issuer as of the dates and for the periods therein set forth; the Issuer has no reason to believe that such financial statements have not been prepared in accordance with generally accepted accounting principles consistently applied; since June 30 of the last fiscal year presented in the audited financial statements of the Issuer included in the Official Statement, the Issuer has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the financial position, results of operations or condition, financial or otherwise, of the Issuer that is not described in the Official Statement, whether or not arising from transactions in the ordinary course of business and, prior to the Closing, there will be no adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the Issuer;

(n) The Issuer is not a party to any litigation or other proceeding pending or overtly threatened that, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer; and except as disclosed in the Official Statement, the Issuer is not a party to any contract or agreement or subject to any restriction, the performance of or compliance with which may have a material adverse affect on the financial condition, operations or prospects of the Issuer or ability of the Issuer to comply with all the requirements set forth in the Official Statement, the Resolution, the Town Documents or the Obligations;

(o) Prior to the Closing, and to the extent it may legally agree to do so, the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by any of the revenues or assets which will secure the Obligations without the prior approval of the Underwriter;

(p) The representations of the Issuer set forth herein and in the Resolution and the Town Documents are, as of the date hereof, true and correct, and between the date hereof and the date of the Closing, the Issuer shall not take any action that will cause the representations and warranties made herein to be untrue as of the date of the Closing;

(q) The officers and officials of the Issuer executing the Official Statement and the Town Documents and the Obligations and the officers and officials of the Issuer listed on the certificate of the Issuer to be delivered at the Closing have been or will have been duly appointed and are or will be qualified to serve as such officers and officials of the Issuer, and any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions contemplated by this Purchase Contract shall be deemed

(r) to be a representation and warranty by the Issuer to the Underwriter as to the statements made therein; and

(s) The Issuer is the only “obligated person” (as defined in the Rule) with respect to the Obligations, and there have not been and, as of the Closing, there will not have been, any instances during the preceding five years in which the Issuer failed to comply, in all material respects, with any previous continuing disclosure agreement made by the Issuer for purposes of the Rule, except as disclosed under “CONTINUING DISCLOSURE” in the Official Statement.

## 5. Closing.

(a) The Closing shall take place at 8:00 a.m. Mountain Standard Time, on \_\_\_\_\_, 2017 (the “Closing”), at the offices of the Greenberg Traurig, LLP, or at such other time, date and place as shall have been mutually agreed upon by the Issuer, the Trustee and the Underwriter. On the date of Closing, the Trustee will, subject to the terms and conditions hereof, execute, deliver and register the Obligations in the name of Cede & Co., as nominee of DTC pursuant to the executed DTC Letter and delivered to the Trustee pursuant to DTC’s “F.A.S.T.” delivery procedures. Also on the date of Closing, the Underwriter will, subject to the terms and conditions hereof, accept delivery of the Obligations and the items identified in Section 6(k) hereof and pay the purchase price of the Obligations as set forth in Section 1 of this Purchase Contract by wire transfer payable in immediately available funds to the Trustee.

(b) It is anticipated that CUSIP identification numbers will be printed on the Obligations, but neither the failure to print such numbers on any Obligations nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of the Obligations in accordance with the terms of this Purchase Contract

6. Closing Conditions. The Underwriter has entered into this Purchase Contract in reliance upon the representations, warranties, covenants and agreements of the Issuer contained herein and in reliance upon the representations, warranties, covenants and agreements to be

contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the obligations of the Underwriter pursuant to this Purchase Contract to purchase, to accept delivery of and to pay for the Obligations shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and pursuant to such documents and instruments at or prior to the Closing and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriter:

(a) The representations and warranties of the Issuer contained herein and in the Town Documents shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) All representations, warranties and covenants made herein, and in certificates or other instruments delivered pursuant hereto or in connection herewith, shall be deemed to have been relied upon by the Underwriter notwithstanding any investigation heretofore or hereafter made by the Underwriter or on their behalf, and that all representations, warranties and covenants made by the Issuer herein and therein and all of the Underwriter's rights, hereunder and thereunder shall survive the offering of the Obligations;

(c) The Issuer and the Trustee shall have performed and complied with all covenants, agreements and conditions required by the Town Documents to be performed or complied with by it prior to or at the Closing;

(d) As of the date of the Closing, (i) the Town Documents and the Obligations shall be in full force and effect in the form heretofore approved by the Underwriter and shall not have been amended or modified; (ii) the Final Official Statement shall not have been amended or supplemented, except in any such case as may have been agreed to by the Underwriter; and (iii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Special Counsel and counsel to the Underwriter to deliver their respective opinions referred to hereafter;

(e) As of the date of the Closing, all official action of the Issuer relating to the Obligations and the Town Documents shall be in full force and effect and shall not have been amended, modified or supplemented;

(f) As of or prior to the Closing, the Town Documents shall have been duly executed and delivered by the Issuer and the Trustee shall have duly executed and delivered the Obligations;

(g) As of the date of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Issuer, from those set forth in the Final Official Statement that, in the judgment of the Underwriter, is material and adverse and that makes it, in the judgment of the Underwriter, impractical to market the Obligations on the terms and in the manner contemplated in the Final Official Statement;

(h) As of the date of the Closing, no "event of default" shall have occurred or be existing pursuant to the Town Documents nor shall any event have occurred which, with the

passage of time or the giving of notice, or both, shall constitute an event of default pursuant to the Town Documents;

(i) The Issuer shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(j) All steps to be taken, all instruments and other documents to be executed and all other legal matters in connection with the transactions contemplated by this Purchase Contract shall be reasonably satisfactory in legal form and effect to the Underwriter;

(k) On the date of or prior to the Closing, the Underwriter shall have received two copies of the transcript of all proceedings of the Issuer relating to the execution and delivery of the Obligations, certified, as necessary, by appropriate officials of the Issuer, including, but not limited to, the following opinions, certificates and other documents:

(1) An opinion of the counsel to the Town in form and substance reasonably satisfactory to the Underwriter and Special Counsel;

(2) The approving opinion of Greenberg Traurig, LLP, Special Counsel, dated the date of Closing, with respect to the Obligations, in substantially the form attached to the Official Statement, along with a reliance letter with respect thereto, dated the date of the Closing and addressed to the Underwriter;

(3) The supplemental opinion of Special Counsel dated the date of the Closing, addressed to the Underwriter and substantially in the form attached hereto as Exhibit B;

(4) An opinion of Squire Patton Boggs (US) LLP, as counsel to the Underwriter, dated the date of the Closing, addressed to the Underwriter and in form and substance reasonably satisfactory thereto;

(5) A certificate, dated the date of Closing and signed by the Mayor, the Town Manager, Finance Director, or other officer of the Issuer, to the effect that (i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the date of the Closing with the same effects if made on the date of the Closing; (ii) there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency, public board or body pending or threatened in any way affecting the existence of the Issuer or the titles of its officials to their respective positions, or seeking to restrain or to enjoin the sale or delivery of the Obligations, or the levy and collection of the Excise Tax Revenues and State Shared Revenues imposed and levied or to be imposed and levied to pay all the Payments, or the imposition thereof, or in any way contesting or affecting the validity or enforceability of the Obligations or the Town Documents, or contesting in any way the completeness or accuracy of the Final Official Statement or the exclusion from gross income of interest with respect to the Obligations, or contesting the powers of the Issuer or its authority with respect to the Obligations or the Town Documents; (iii) the Issuer has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing; and (iv) the Issuer has complied with all requirements and covenants under prior obligation documents, including, without limitation, the Parity IGA, the First

Purchase Agreement and the Second Purchase Agreement (each as defined in the Trust Agreement), for the issuance of the Obligations;

(6) A certificate, dated the date of Closing and signed by the Mayor, the Town Manager, Finance Director, or other officer of the Issuer, to the effect that (i) the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances pursuant to which they were made, not misleading; (ii) the financial statements of the Issuer contained in the Official Statement fairly present the financial position and results of operations and changes in fund balances of the Issuer as of the dates and for the periods therein set forth and the Issuer has no reason to believe that such financial statements have not been prepared in accordance with generally accepted accounting principles consistently applied; (iii) since June 30 of the last fiscal year presented in the audited financial statements of the Issuer included in the Official Statement, the Issuer has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the results of operations or financial condition of the Issuer that is not described in the Official Statement, whether or not arising from transactions in the ordinary course of business, nor are there any deficits in any fund of the Issuer except as disclosed in the Official Statement; (iv) no event affecting the Issuer has occurred since the date of the Preliminary Official Statement to the sale date of the Obligations and the date of the Final Official Statement to the date of Closing that should be disclosed in the Preliminary Official Statement or the Final Official Statement, as applicable, for the purpose for which it is to be used or which it is necessary to disclose therein with respect to the Issuer in order to make the information therein in the light of the circumstances pursuant to which they were made or set forth not misleading in any material respect; and (v) the Town has complied with all of the terms of this Purchase Contract and the Town Documents to be complied with by it prior to or concurrently with the Closing;

(7) Specimens of each series of the Obligations;

(8) A certified copy of the Resolution;

(9) A counterpart original of the Final Official Statement manually executed on behalf of the Issuer by the Mayor of the Issuer;

(10) A non-arbitrage certificate with respect to the Obligations of the Issuer in form and substance satisfactory to Special Counsel;

(11) A filing copy of the Information Return Form 8038-G for the Obligations and of the Report Relating to Bond and Security Issuance (Arizona State Treasurer's Office) for the Obligations;

(12) An executed copy of each of the other of the Town Documents;

(13) A certificate or certificates, dated the date of the Closing, signed by an authorized representative of the Trustee and in form and substance satisfactory to Special Counsel and the Underwriter, in which such official states that (i) the representations and warranties of the Trustee contained in the Purchase Agreement and the Trust Agreement (collectively for purposes of this paragraph, the "Trustee Documents") are true and correct in all



material respects as of the date of the Closing, the Trustee has duly executed and delivered the Trustee Documents and the Trustee has complied with all agreements and satisfied all conditions on its part to be performed or satisfied pursuant to the Trustee Documents at or prior to the Closing and (ii) no litigation is pending or threatened against the Trustee before any judicial, quasi-judicial or administrative forum (A) to restrain or enjoin the performance by the Trustee of its obligations and duties pursuant to the Trustee Documents, (B) in any way contesting or affecting any authority for, or the validity of, the Obligations or the applications of the proceeds of the Obligations or (C) in any way contesting the existence or corporate trust powers of the Trustee, together with evidence of the authority of the Trustee to execute and deliver the Trustee Documents and execute and deliver the Obligations and an incumbency certificate;

(14) [Evidence that \_\_\_\_\_ (the “Insurer”) has issued its municipal bond insurance policy (the “Policy”) with respect to the Obligations as well as appropriate opinions and certifications from the Insurer relating to the Policy;]

(15) A letter from S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC, confirming that the Obligations have been assigned (i) an “underlying” rating of “[ ]” and (ii) a rating of “[ ],” based on issuance of the Policy (the “Ratings”), which Rating[s] shall be in effect on the date of Closing; and

(16) Such additional opinions, letters, certificates, instruments and other documents as the Underwriter or counsel to the Underwriter may reasonably deem necessary to satisfy conditions to the execution and delivery of the Obligations and to evidence the truth and accuracy as of the date of the Closing, or prior to such time, of the representations, warranties and covenants of the Issuer and the due performance or satisfaction by the Issuer of all agreements then to be performed and all conditions then to be satisfied by the Issuer.

(All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter.)

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Obligations contained in this Purchase Contract, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriter nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriter set forth in Section 8(c) hereof shall continue in full force and effect.

7. Termination. The Underwriter may terminate the obligations of the Underwriter pursuant to this Purchase Contract to purchase, to accept delivery of and to pay for the Obligations by notifying the Issuer of the election of the Underwriter to do so if at any time after the execution of this Purchase Contract and at or prior to the Closing, in the Underwriter’s sole and reasonable judgment, any of the following events shall occur:

(a) the market price or marketability of the Obligations, or the ability of the Underwriter to enforce contracts for the sale of the Obligations, shall be materially adversely affected by any of the following events:

(1) legislation shall have been enacted by the Congress of the United States or the legislature of the State or shall have been favorably reported out of committee of either body or be pending in committee of either body, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision shall have been rendered by a court of the United States or the State or the Tax Court of the United States, or a ruling, resolution, regulation or temporary regulation, release or announcement shall have been made or shall have been proposed to be made by the Treasury Department of the United States or the Internal Revenue Service, or other federal or state authority with appropriate jurisdiction, with respect to federal or state taxation upon interest received on obligations of the general character of the Obligations; provided that, this paragraph (A)(I) shall not apply if the Obligations are being issued as taxable obligations; or

(2) there shall have occurred (a) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war, (b) any other calamity or crisis in the financial markets of the United States or elsewhere, (c) the sovereign debt rating of the United States is downgraded by any major credit rating agency or a payment default occurs on United States Treasury obligations, or (d) a default with respect to the debt obligations of, or the institution of proceedings under any federal bankruptcy laws by or against, any state of the United States or any city, county or other political subdivision located in the United States having a population of over 500,000; or

(3) a general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction; or

(4) legislation shall have been enacted by the Congress of the United States or shall have been favorably reported out of committee or be pending in committee, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that any obligations of the general character of the Obligations, or any comparable securities of the Issuer, are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended, or the Trust Indenture Act of 1939, as amended, or otherwise, or would be in violation of any provision of the federal securities laws; or

(5) except as disclosed in or contemplated by the Official Statement, any material adverse change in the affairs of the Issuer shall have occurred; or

(6) any rating on obligations of the Issuer is reduced or withdrawn or placed on credit watch with negative outlook by any major credit rating agency; or

(b) any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Final Official Statement (other than any statement provided by the Underwriter) or is not reflected in the Final Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the Issuer refuses to permit the Final Official Statement to be supplemented to supply such statement or information, or the effect of the Final Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Obligations or the ability of the Underwriter to enforce contracts for the sale of the Obligations; or

(c) a general banking moratorium shall have been declared by federal or State authorities having jurisdiction and be in force; or

(d) a material disruption in securities settlement, payment or clearance services affecting the Obligations shall have occurred; or

(e) any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a charge to the net capital requirements of, underwriters shall have been established by the New York Stock Exchange, the SEC, any other federal or State agency or the Congress of the United States, or by Executive Order; or

(f) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Obligations, including the underlying obligations as contemplated by this Purchase Contract or by the Final Official Statement, or any document relating to the issuance, offering or sale of the Obligations, is or would be in violation of any provision of the federal securities laws at the date of the Closing, including the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the Trust Indenture Act of 1939, as amended.

#### 8. Expenses.

(a) The Underwriter shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the obligations of the Issuer hereunder, including, but not limited to (i) the cost of preparation and printing of the Obligations, the Preliminary Official Statement, the Official Statement and the Town Documents in reasonable quantities and all other documents (other than as set forth in the next succeeding paragraph) prepared in connection with the transactions contemplated hereby, (ii) the fees and disbursements of Special Counsel, counsel to the Issuer, counsel to the Underwriter and the Trustee; (iii) the fees and disbursements of any other accountants, and other experts, consultants or advisers retained by the Issuer; (iv) the fees for the Rating[s, the Policy] and of DTC and (v) reasonable miscellaneous, normally occurring, “out-of-pocket” expenses including, but not limited to, meals, transportation and lodging, if any, and any other miscellaneous closing costs incurred by the Underwriter in connection with the sale and execution and delivery of the Obligations. The Issuer acknowledges that it has had an opportunity, in consultation with such

advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Obligations.

(b) The Underwriter shall pay (i) all advertising expenses in connection with the public offering of the Obligations and (ii) all other expenses incurred by it in connection with the public offering of the Obligations.

(c) If this Purchase Contract shall be terminated by the Underwriter because of any failure or refusal on the part of the Issuer to comply with the terms or to fulfill any of the conditions of this Purchase Contract, the Issuer shall reimburse the Underwriter for all “out-of-pocket” expenses (including the fees and disbursements of counsel to the Underwriter) reasonably incurred by the Underwriter in connection with this Purchase Contract and the offering contemplated hereunder.

9. Notices. Any notice or other communication to be given to the Issuer pursuant to this Purchase Contract may be given by delivering the same in writing at the address set forth on the first page of this Purchase Contract to the attention of the Town Manager, and any notice or other communication to be given to the Underwriter pursuant to this Purchase Contract may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, 2325 East Camelback Road, Suite 750, Phoenix, AZ 85016, Attention: Mark Reader, Managing Director.

10. Parties in Interest. This Purchase Contract as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer, the Trustee and the Underwriter (including successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. This Purchase Contract may not be assigned by the Issuer. All of the representations, warranties and agreements of the Issuer contained in this Purchase Contract shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriter; (ii) delivery of and payment for the Obligations pursuant to this Purchase Contract and (iii) any termination of this Purchase Contract.

11. Effectiveness. This Purchase Contract shall become effective upon the acceptance hereof by the Issuer, and shall be valid and enforceable at the time of such acceptance.

12. Choice of Law; Venue. This Purchase Contract shall be governed by and construed in accordance with the law of the State. The venue for any proceedings on any and all controversies arising pursuant to this Purchase Contract will be Pima County, Arizona.

13. Severability. If any provision of this Purchase Contract shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance or of rendering any other provision or provisions of this Purchase Contract invalid, inoperative or unenforceable to any extent whatever.

14. Business Day. For purposes of this Purchase Contract, “business day” means any day on which the New York Stock Exchange is open for trading.

15. Section Headings. Section headings have been inserted in this Purchase Contract as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Purchase Contract and will not be used in the interpretation of any provisions of this Purchase Contract.

16. Counterparts. This Purchase Contract may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document

17. Notice Concerning Cancellation of Contracts. As required by the provisions of Section 38-511, Arizona Revised Statutes, notice is hereby given that the State, its political subdivisions (including the Issuer) or any department or agency of either may, within three (3) years after its execution, cancel any contract, without penalty or further obligation, made by the State, its political subdivisions or any of the departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any of the departments or agencies of either is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice from the Governor or the chief executive officer or governing body of the political subdivision is received by all other parties to the contract unless the notice specifies a later time. The State, its political subdivisions or any department or agency of either may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any department or agency of either from any other party to the contract arising as the result of the contract. This Section is not intended to expand or enlarge the rights of the Issuer hereunder except as required by such Section. Each of the parties hereto hereby certifies that it is not presently aware of any violation of such Section which would adversely affect the enforceability of this Purchase Contract and covenants that it shall take no action which would result in a violation of such Section.

(Signature Page Follows)

If you agree with the foregoing, please sign the enclosed counterpart of this Purchase Contract and return it to the Underwriter. This Purchase Contract shall become a binding agreement between you and the Underwriter when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Sincerely,

STIFEL, NICOLAUS & COMPANY,  
INCORPORATED

By \_\_\_\_\_  
Authorized Representative

Accepted and agreed to at \_\_\_\_\_  
\_\_m. this \_\_ day of \_\_\_\_\_, 2017

TOWN OF CAMP VERDE, ARIZONA

By \_\_\_\_\_

Name:

Title:

ATTEST:

\_\_\_\_\_  
Town Clerk

**SCHEDULE I**

\$ \_\_\_\_\_  
**TOWN OF CAMP VERDE, ARIZONA  
 PLEDGED REVENUE OBLIGATIONS,  
 SERIES 2017**

Dated Date: Date of Delivery

Interest Payment Dates: Each January 1 and July 1, commencing July 1, 2018

Payment Schedule

<u>Payment Date</u> (July 1)	<u>Payment</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>
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\* Yield calculated to July 1, 20\_\_, the first optional redemption date.

(a) Term Bond.

Optional Prepayment: Principal represented by the Obligations may be prepaid prior to their stated payment dates, in whole or in part on any date, in any order of payment date and by lot within any payment date, by the Town, on or after July 1, 20\_\_, at a prepayment price equal to the principal amount thereof plus accrued interest on such principal to the date fixed for prepayment, but without premium.

Mandatory Prepayment: Principal represented by the Obligations (the “Term Obligations”) maturing on July 1, 20\_\_ will be subject to mandatory prepayment and will be prepaid on July 1 of the respective years set forth below and in the principal amounts set forth below, by payment of a prepayment price equal to the principal amount of the Term Obligations then called for prepayment plus the interest accrued to the date fixed for prepayment, but without premium, as follows:

<u>Redemption</u> <u>Dates</u>	<u>Principal</u> <u>Amount</u>
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**EXHIBIT A –**

**FORM OF UNDERWRITER’S CERTIFICATE**

**§ \_\_\_\_\_  
TOWN OF CAMP VERDE, ARIZONA  
PLEGGED REVENUE OBLIGATIONS,  
SERIES 2017**

The undersigned, Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Obligations”).

**1. Obligation Purchase Contract.** On \_\_\_\_\_, 2017 (the “Sale Date”), the Underwriter and the Town of Camp Verde, Arizona (the “Issuer”) executed an Obligation Purchase Contract (the “Purchase Agreement”) in connection with the sale of the Town of Camp Verde, Arizona’s § \_\_\_\_\_ Pledged Revenue Obligations, Series 2017 (the “Obligations”). The Underwriter has not modified the Purchase Agreement since its execution on the Sale Date.

**2. Price.**

(a) As of the date of this Certificate, for each [Maturity] [of the \_\_\_\_\_ Maturities] of the Obligations, the first price or prices at which at least 10% of [each] such Maturity of the Obligations was sold to the Public (the “10% Test”) are the respective prices listed in Schedule A attached hereto.

(b) **[To be used if not using Hold-the-Offering-Price Rule and 10% was not sold for all Maturities]** [\*\* With respect to each of the \_\_\_\_\_ Maturities of the Obligations:

(i) As of the date of this Certificate, the Underwriter has not sold at least 10% of the Obligations of these Maturities at any price or prices.

(ii) As of the date of this Certificate, the Underwriter reasonably expects that the first sale to the Public of Obligations of these Maturities will be at or below the respective price or prices listed on the attached Schedule A as the “Reasonably Expected Sale Prices for Undersold Maturities.”

(iii) The Underwriter will provide actual sales information (substantially similar to the information contained on Schedule B) as to the price or prices at which the first 10% of each such Maturity (i.e., the Undersold Maturity or Maturities) is sold to the Public.

(iv) On the date the 10% Test is satisfied with respect to all Maturities of the Obligations, the Underwriter will execute a supplemental certificate substantially in the form attached hereto as Schedule C with respect to any remaining Maturities for which the 10% Test has not been satisfied as of the Closing Date.\*\*]



(b) **[To be used if using Hold-the-Offering-Price Rule] [Alternative 1 - All Maturities Use Hold-the-Offering-Price Rule:** The Underwriter offered the Obligations to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Obligations is attached to this certificate as Schedule B.] **[Alternative 2 - Select Maturities Use Hold-the-Offering-Price Rule:** The Underwriter offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Obligations is attached to this certificate as Schedule B.]

**[Alternative 1 - All Maturities use Hold-the-Offering-Price Rule:** As set forth in the Bond Purchase Agreement, the Underwriter has agreed in writing that, (i) for each Maturity of the Obligations, it would neither offer nor sell any of the Obligations of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Obligations at a price that is higher than the respective Initial Offering Price for that Maturity of the Obligations during the Holding Period. **[Alternative 2 - Select Maturities Use Hold-the-Offering-Price Rule:** As set forth in the Bond Purchase Agreement, the Underwriter has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Obligations of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Obligations during the Holding Period.]

### 3. Defined Terms.

- (a) *[Hold-the-Offering-Price Maturities* means those Maturities of the Obligations listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”]
- (b) *[Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which the Underwriter has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]
- (c) *Issuer* means the Town of Camp Verde, Arizona.

- (d) *Maturity* means Obligations with the same credit and payment terms. Obligations with different maturity dates, or Obligations with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Obligations. The Sale Date of the Obligations is [DATE].
- (g) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Obligations to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Obligations to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Obligations to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate of the Issuer dated [closing date] and with respect to compliance with the federal income tax rules affecting the Tax-Exempt Obligations, and by Special Counsel, in connection with rendering its opinion that the interest on the Tax-Exempt Obligations is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Obligations.

STIFEL, NICOLAUS & COMPANY,  
INCORPORATED, as underwriter

By: \_\_\_\_\_

Mark Reader, Managing Director

By: \_\_\_\_\_

Dated: [ISSUE DATE]

[underwriter]

SCHEDULE A

**Actual Sales Information as of Closing Date**

<b><u>Maturity/CUSIP</u></b>	<b><u>Coupon</u></b>	<b><u>Date Sold</u></b>	<b><u>Par Amount</u></b>	<b><u>Sale Price</u></b>
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**[\*\*Reasonably Expected Sales Prices for Undersold Maturities as of Closing Date**

<b><u>Maturity/CUSIP</u></b>	<b><u>Coupon</u></b>	<b><u>Par Amount</u></b>	<b><u>Offering Prices</u></b>
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\*\*]

SCHEDULE B

[Actual Sales for Undersold Maturities as of the Closing Date

<u>Maturity/CUSIP</u>	<u>Date Sold</u>	<u>Time Sold</u>	<u>Par Amount</u>	<u>Sale Price</u>
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\*\*]

[PRICING WIRE OR EQUIVALENT COMMUNICATION]

(Attached)

**[SCHEDULE C – SUPPLEMENTAL ISSUE PRICE CERTIFICATE OF  
UNDERWRITER**

**\$ \_\_\_\_\_  
TOWN OF CAMP VERDE, ARIZONA  
PLEGDED REVENUE OBLIGATIONS,  
SERIES 2017**

The undersigned, Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), hereby certifies as set forth below with respect to the sale and issuance of the Town of Camp Verde, Arizona’s \$ \_\_\_\_\_ Pledged Revenue Obligations, Series 2017 (the “Obligations”).

1. *Issue Price.*

(a) The Underwriter sold at least 10% of the \_\_\_\_\_ Maturities of the Obligations to the Public at the price or prices shown on the Issue Price Certificate dated as of the Closing Date (the “10% Test”). With respect to each of the \_\_\_\_\_ Maturities of the Obligations, the Underwriter had not satisfied the 10% Test as of the Closing Date (the “Undersold Maturities”).

(b) As of the date of this Supplemental Certificate, the Underwriter has satisfied the 10% Test with respect to the Undersold Maturities. The first price or prices at which at least 10% of each such Undersold Maturity was sold to the Public are the respective prices listed on Exhibit A attached hereto.

2. *Defined Terms.*

(a) “Issuer” means \_\_\_\_\_.

(b) “Maturity” means Obligations with the same credit and payment terms. Obligations with different maturity dates, or Obligations with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Obligations to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Obligations to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Obligations to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate of the Issuer dated [closing date] and with respect to compliance with the federal income tax rules affecting the Tax-Exempt Obligations, and by Special Counsel, in connection with rendering its opinion that the interest on the Tax-Exempt Obligations is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Obligations.

STIFEL, NICOLAUS & COMPANY,  
INCORPORATED, as underwriter

By: \_\_\_\_\_

Mark Reader, Managing Director

By: \_\_\_\_\_

[underwriter]

Dated: \_\_\_\_\_

EXHIBIT A  
TO  
SUPPLEMENTAL ISSUE PRICE CERTIFICATE\*\*]

EXHIBIT B

[LETTERHEAD OF GREENBERG TRAURIG, LLP]

[Date of Closing]

Stifel, Nicolaus & Company, Incorporated  
Phoenix, Arizona

Re: Pledged Revenue Obligations, Series 2017, Evidencing Proportionate Interests of the Owners Thereof in Purchase Price Payments to be Made by the Town of Camp Verde, Arizona to \_\_\_\_\_, Trustee, Dated the Date Hereof

Pursuant to an Obligation Purchase Contract, dated \_\_\_\_\_, 2017 (the “Purchase Contract”), between the Town of Camp Verde, Arizona and, Stifel, Nicolaus & Company, Incorporated, we have delivered to you our approving opinion of even date herewith (the “Approving Opinion”) relating to the captioned Obligations. All terms used herein shall have the same meaning assigned in the Purchase Contract.

We hereby supplement the Approving Opinion and further advise you as follows:

1. The Town has all requisite power and authority pursuant to the Constitution and laws of the State (a) to execute and deliver, as applicable, the Town Documents, (b) to approve, execute and authorize the use and distribution of the Preliminary Official Statement and the Final Official Statement and (c) to carry out and consummate the transactions contemplated by the Final Official Statement, the Town Documents and the Obligations (including performing the applicable obligations pursuant thereto).

2. The Town has complied with all applicable provisions of law and has taken all actions required to be taken by it to the date hereof in connection with the transactions contemplated by the Final Official Statement, the Town Documents and the Obligations.

3. The Town Documents have been duly authorized, executed and delivered, as applicable, by the Town, are in full force and effect and, assuming due and valid authorization, execution and delivery by, and enforceability against, if any, the other party thereto, constitute legal, valid and binding obligations of the Town, enforceable in accordance with their respective terms. The foregoing is subject to applicable bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the enforcement of creditors’ rights and the principles of equity in the event equitable remedies are sought.

4. Adoption of the Resolution, authorization, execution and delivery, as applicable, of, and the due performance by the Town of the Town Documents and the approval, execution and authorization of the use and distribution of, the Final Official Statement (including, as applicable, the Preliminary Official Statement) by the Town under the circumstances contemplated thereby and each of such instruments, do not and will not conflict with, or



constitute on the part of the Town a material breach of or default under, any federal or State constitutional or statutory provision.

5. No consent of any other party, and no consent, license, approval or authorization of, exemption by or registration with any governmental body, authority, bureau or agency (other than those that have been obtained or will be obtained prior to the delivery of the Obligations and other than approvals that may be required under “blue sky” laws of any jurisdiction) is required in connection with the adoption by the Mayor and Town Council of the Resolution or the authorization, execution, delivery and performance, as applicable, by the Town of the Town Documents and the consummation of the transactions contemplated by the Final Official Statement.

6. The information contained (but not incorporated by reference) in the Preliminary Official Statement and the Final Official Statement in the tax caption on the cover thereof, under the headings “THE OBLIGATIONS,” “SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS,” “QUALIFIED TAX-EXEMPT OBLIGATIONS,” “TAX MATTERS,” and “CONTINUING DISCLOSURE” therein and in Appendix D – “SUMMARY OF SELECT PROVISIONS OF PRINCIPAL DOCUMENTS,” Appendix E – “FORM OF APPROVING LEGAL OPINION” and Appendix F – “FORM OF CONTINUING DISCLOSURE UNDERTAKING” thereto, insofar as such information purports to summarize certain provisions of the laws of the State and the United States of America, the Obligations, the Trust Agreement, the Purchase Agreement and the Undertaking fairly present the information purported to be shown; provided, however, that such information does not purport to summarize all the provisions of, and is qualified in its entirety by, the complete laws and documents that are summarized.

7. It is not necessary in connection with the sale and execution of the Obligations to the public to register the Obligations pursuant to the Securities Act of 1933, as amended, or to qualify the Trust Agreement pursuant to the Trust Indenture Act of 1939, as amended.

You may rely upon the Approving Opinion as though it were specifically addressed to you.

This letter is provided pursuant to Section 6(k)(3) of the Purchase Contract and is being given solely for the information of and assistance to the addressee of this letter in its capacity as the underwriter of the Obligations. In giving this opinion to such underwriter, it is expressly understood that no attorney-client relationship is being created thereby. Without our express prior written permission, this opinion may not be relied upon by any person other than such underwriter and is not to be used, circulated, quoted, or otherwise referred to in connection with the offering of the Obligations, except that reference may be made to this opinion in any list of closing documents pertaining to the execution and delivery of the Obligations.

Respectfully submitted,

## **PROCEDURES FOR COMPLIANCE WITH OBLIGATIONS UNDER CONTINUING DISCLOSURE UNDERTAKINGS**

These Procedures for Compliance with Obligations under Continuing Disclosure Undertakings (these “Procedures”) are established as of November 15, 2017, and set forth specific procedures of the Town of Camp Verde, Arizona (the “Issuer”), designed to assist in compliance with applicable requirements set forth in undertakings (“Continuing Disclosure Undertakings”) providing for ongoing disclosure in connection with the offering of obligations to investors for obligations (whether or not tax-exempt/tax-advantaged) subject to the continuing disclosure requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

These Procedures document practices and describe various procedures for preparing and disseminating related reports and information and reporting “listed events” for the benefit of the holders of the Issuer’s obligations and to assist the Participating Underwriters (within the meaning of the Rule) in complying with the Rule and the Continuing Disclosure Undertaking.

The Issuer recognizes that compliance with pertinent law is an ongoing process; necessary during the entire term of any obligations issued by the Issuer, and is an integral component of the Issuer’s debt management. Accordingly, implementation of these Procedures will require ongoing monitoring and consultation with bond counsel and the Issuer’s accountants and advisors.

### **General Policies and Procedures**

The following policies relate to procedures and systems for monitoring post-issuance compliance generally.

1. The Finance Director (the “Compliance Officer”) shall be responsible for monitoring post-issuance compliance issues.
2. The Compliance Officer will coordinate procedures for record retention and review of such records.
3. All documents and other records relating to obligations issued by the Issuer shall be maintained by or at the direction of the Compliance Officer.
4. The Compliance Officer will review post-issuance compliance procedures and systems on a periodic basis, but not less than annually.
5. The Compliance Officer will review the annual information required to be filed pursuant to each Continuing Disclosure Undertaking.

## **Continuing Disclosure**

Under the provisions of the Rule, Participating Underwriters are required to reasonably determine that issuers (such as the Issuer) have entered into written Continuing Disclosure Undertakings to make ongoing disclosure in connection with offerings of obligations to investors subject to the Rule. Unless the Issuer is exempt from compliance with the Rule or the continuing disclosure provisions of the Rule as a result of certain permitted exemptions, a Continuing Disclosure Undertaking executed by the Issuer will be required.

In order to monitor compliance by the Issuer with its Continuing Disclosure Undertakings, the Compliance Officer will take the actions listed below, if and as required by such Continuing Disclosure Undertakings. The Compliance Officer may coordinate with staff, and may engage a dissemination agent, counsel, and/or other professionals to assist in discharging the Compliance Officer's duties under these Procedures as the Compliance Officer deems necessary.

### **A. Compilation of Currently Effective Continuing Disclosure Undertakings**

The Compliance Officer shall compile and maintain a set of all currently effective Continuing Disclosure Undertakings of the Issuer. Such agreements are included in the transcript of proceedings for the Issuer's respective obligation issue. Continuing Disclosure Undertakings are "Currently Effective" for purposes of these Procedures (and hence shall be included in the set of Currently Effective Continuing Disclosure Undertakings) for so long as the obligations to which they relate are outstanding. As obligations are completely repaid or redeemed, the Compliance Officer shall remove the related Continuing Disclosure Undertakings from the set of Currently Effective Continuing Disclosure Undertakings.

### **B. Annual Review and Annual Reporting Requirements**

The Compliance Officer shall ensure that all necessary financial statements, financial information and operating data is filed in the manner and by the filing dates set forth in the Currently Effective Continuing Disclosure Undertakings. The Compliance Officer shall review the set of Currently Effective Continuing Disclosure Undertakings annually, prior to each annual filing, keeping in mind:

- The financial information and operating data required to be reported under a particular Continuing Disclosure Undertaking may differ from the financial information and operating data required to be reported under another Continuing Disclosure Undertaking; and
- The timing requirements for reporting under a particular Continuing Disclosure Undertaking may differ from the timing requirements for filing under another Continuing Disclosure Undertaking.

### **C. Calendar; EMMA Notification System**

The Compliance Officer shall keep a calendar of all pertinent filing dates required under the Issuer's Currently Effective Continuing Disclosure Undertakings. The Compliance Officer shall also subscribe to notification services made available through the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board.

### **D. Annual Review of Prior Filings**

As part of the annual review process, the Compliance Officer shall also review prior filings made within the past five years subsequent to the last such review of prior filings. If the Compliance Officer discovers any late or missing filings, the Compliance Officer (after discussing the circumstances with the Issuer's dissemination agent, counsel or other agents as necessary) shall file the missing information.

### **E. Monitoring of Listed events**

The Compliance Officer shall monitor the occurrence of any of the following events and/or other events set forth in the Currently Effective Continuing Disclosure Undertakings and shall provide notice of the same in the required manner and by the relevant reporting deadline (generally within 10 days of the occurrence):

- Principal and interest payment delinquencies;
- Non-payment related defaults, if material;
- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Issuer's obligations, or other material events affecting the tax status of the Issuer's obligations;
- Modification to rights of holders of the Issuer's obligations, if material;
- Calls of the Issuer's obligations, if material, and tender offers;
- Defeasances of the Issuer's obligations;
- Release, substitution or sale of property securing repayment of the Issuer's obligations, if material;
- Rating changes;

- Bankruptcy, insolvency, receivership or similar event of the Issuer;
- The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- Appointment of a successor or additional trustee or the change of name of a trustee, if material.

**F. Review of Official Statements**

The Compliance Officer shall review drafts of any offering document for a new offering of obligations, with assistance from its dissemination agent, counsel or other agents of the Issuer as necessary, and shall determine that the offering document accurately and completely describes the Issuer’s continuing disclosure compliance history within the five years prior to the date of the respective Official Statement. This compliance review is not meant to limit the Issuer’s other reviews of or diligence procedures relating to its offering documents.

**G. Record Retention**

The Compliance Officer shall retain documentation evidencing the Issuer’s annual reviews and its reviews of offering documents in connection with new offerings as set forth above. This Issuer shall retain this documentation, for each Continuing Disclosure Undertaking, for the period that the related obligations are outstanding.

**H. Annual Review Checklist**

The Compliance Officer may (or may not) choose to use and retain the attached Annual Review Checklist to assist in implementing these Procedures.

**CONTINUING DISCLOSURE ANNUAL REVIEW CHECKLIST**

- 1. Fiscal Year Ending:** \_\_\_\_\_
- 2. Compliance Officer:** \_\_\_\_\_
- 3. Checklist Completion Date:** \_\_\_\_\_

**4. Obligations for which there are Currently Effective Continuing Disclosure Undertakings - Attach Agreements:**

- \$ \_\_\_\_\_, \_\_\_\_\_, dated \_\_\_\_\_, 20\_\_
- \$ \_\_\_\_\_, \_\_\_\_\_, dated \_\_\_\_\_, 20\_\_
- \$ \_\_\_\_\_, \_\_\_\_\_, dated \_\_\_\_\_, 20\_\_
- \$ \_\_\_\_\_, \_\_\_\_\_, dated \_\_\_\_\_, 20\_\_
- \$ \_\_\_\_\_, \_\_\_\_\_, dated \_\_\_\_\_, 20\_\_
- \$ \_\_\_\_\_, \_\_\_\_\_, dated \_\_\_\_\_, 20\_\_
- \$ \_\_\_\_\_, \_\_\_\_\_, dated \_\_\_\_\_, 20\_\_

**5. Have any new Obligations subject to Continuing Disclosure Been Issued this Year?**

- No
- Yes (Add Agreement to Currently Effective Continuing Disclosure Undertakings) If Yes, did the Compliance Officer review the Offering Document's Description of the Issuer's Continuing Disclosure Compliance History within the Prior 5 Years?  
**Circle: Y/ N** (If N, review and discuss any issues with counsel.)

**6. Have any Obligations subject to Continuing Disclosure Been Completely Paid or Redeemed this Year?**

- No
- Yes (Remove Agreement from Currently Effective Continuing Disclosure Undertakings)

**7. (a) Has the Compliance Officer Reviewed the Annual Continuing Disclosure Filing to Ensure that all Necessary Financial Statements, Financial Information and Operating Data is Included?**

- Yes
- No (Compliance Officer must review the Annual Continuing Disclosure Filing)

**(b) For purposes of this review, please keep in mind:**

Different Continuing Disclosure Undertakings may require different information to be file (so check each one)	Checked? Y / N
Different Continuing Disclosure Undertakings may have different filing timing requirements (so check each one).	Y / N

**Have any of the Following Events Occurred this Year?**

<b>Event</b>	<b>Circle</b>
1. Principal and interest payment delinquencies	Y / N
2. Non-payment related defaults, if material	Y / N
3. Unscheduled draws on debt service reserves reflecting financial difficulties	Y / N
4. Unscheduled draws on credit enhancements reflecting financial difficulties	Y / N
5. Substitution of credit or liquidity providers, or their failure to perform	Y / N
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Issuer's obligations, or other material events affecting the tax status of the Issuer's obligations	Y / N
7. Modification to rights of holders of the Issuer's obligations, if material	Y / N
8. Calls of the Issuer's obligations, if material, and tender offers	Y / N
9. Defeasances of the Issuer's obligations	Y / N
10. Release, substitution or sale of property securing repayment of the Issuer's obligations, if material	Y / N
11. Rating changes	Y / N
12. Bankruptcy, insolvency, receivership or similar event of the Issuer	Y / N
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material	Y / N
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material	Y / N

**If any such Event Occurred, was Proper Notice Provided?**

\_\_\_\_\_ Yes

\_\_\_\_\_ No (Call your dissemination agent or counsel immediately to discuss)

\_\_\_\_\_ N/A

**Has the Issuer Retained a Dissemination Agent? (i.e., a Paid Third Party that Assists with Filings)**

\_\_\_\_\_ Yes: Name/Contact: \_\_\_\_\_

\_\_\_\_\_ No