



It's in your hands ~ "Build a stronger community – shop locally"

**AMENDED AGENDA  
REGULAR SESSION  
MAYOR AND COUNCIL  
COUNCIL CHAMBERS · 473 S. Main Street, Room #106  
WEDNESDAY, MAY 18, 2011  
at 6:30 P.M.**

1. **Call to Order**
2. **Roll Call**
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) Work Session – May 6, 2011
    - 2) Regular Session – May 4, 2011
    - 3) Work Session – May 4, 2011
    - 4) Council Hears P&Z Matters – April 27, 2011
  - b) **Set Next Meeting, Date and Time:**
    - 1) May 25, 2011 at 6:30 p.m. – Public Hearing/P&Z Code Rewrite
    - 2) June 1, 2011 at 6:30 p.m. – Regular Session
    - 3) June 8, 2011 at 6:30 p.m. – Work Session
    - 4) June 15, 2011 at 6:30 p.m. – Regular Session
    - 5) June 22, 2011 at 6:30 p.m. – Council Hears Planning & Zoning Matters.
  - c) **Possible award of bid and authorization to execute contract documents for Project #11-089, Town of Camp Verde Facilities Re-roof Project, to R. Behmer Roofing, Inc. for \$36,158.47. This is a budgeted item. Staff Resource: Ron Long**
  - d) **Possible authorization of a \$1,714.95 payment to Southwest Risk Services/Arizona Municipal Risk Retention Pool for the Town's portion of expenses incurred relative to the Steve Alton litigation. Staff Resource: Russ Martin**
5. **Special Announcements & Presentations –**
  - **Welcome to the new businesses for the month of April**
    - ❖ **Wesies Custom, 4900 Hayfield Draw, Camp Verde**
    - ❖ **Airite Mechanical, Glendale**
    - ❖ **Ben Walsh Concrete, Inc., Cottonwood**
    - ❖ **Loven Contracting, Flagstaff**
    - ❖ **Desert Steel Builders, LLC, Knoxville, AR**
    - ❖ **Cowboy General Contracting, LLC, 1232 N. Powderhorn, Camp Verde**
  - **Presentation of Certificate of Appreciation to Alan Buchanan, who has resigned from the Planning & Zoning Commission, effective May 7, 2011, in order to serve on the Council.**
6. **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.
7. **Call to the Public for items not on the agenda.**

8. **Presentation of the Visual Library as referenced in the Planning & Zoning Ordinance.** Staff Resource Mike Jenkins
9. **Possible approval of Resolution 2011-845, a resolution of the Mayor and Common Council of the Town of Camp Verde, Arizona, approving the form and authorizing the execution and delivery of a First Purchase Agreement, a First Trust Agreement and other necessary agreements, instruments and documents; approving the sale and execution and delivery of a not to exceed \$1,000,000 \$1,005,000 aggregate principal amount pledged revenue obligation, Series 2011, evidencing the interest of the owner thereof in the Purchase Agreement; 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.** This is a budgeted item. Staff Resource: Ron Long
10. **Discussion, consideration, and possible approval of Resolution 2011-843, a Resolution of the Mayor and Common Council of the Town of Camp Verde, Yavapai County, Arizona declaring the Town of Camp Verde Town Code, dated May 18, 2011, to be a public record.** Staff Resource: Debbie Barber
11. **Discussion, consideration, and possible approval of Ordinance 2011-A372, an ordinance of the Mayor and Common Council of the Town of Camp Verde, Yavapai County, Arizona, adopting by reference the Town of Camp Verde Town Code, a recodification of selected prior ordinances of the Town, and proscribing penalties for violations thereof.** Staff Resource: Debbie Barber
12. **Discussion, consideration, and possible direction to staff relative to researching opportunities to present to Council with respect to options for the possible disposition of Town-owned properties. Discussion may include, but not be limited to the sale, exchange, engaging a realtor, requests for proposals, using the web for advertising and marketing, appraisals, identification of properties, and the possible benefits and detriments of property disposition.** Staff Resource: Russ Martin
13. **Call to the Public for items not on the agenda.**
14. **Advanced Approvals of Town Expenditures.** There are no advanced approvals.
15. **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.
16. **Adjournment**

Posted by:

*Nancy Jones*

Date/Time:

*5-17-2011*

*1:45 p.m.*

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.



TOWN OF CAMP VERDE  
Agenda Action Form

Meeting Date: May 18, 2011

Meeting Type:

Consent Agenda – Special Presentation     Regular Business     Work or Special Session

Reference Document: Memo from Bill Sims, Resolution, First Purchase Agreement, First Trust Agreement, Draft Closing Docs.

**Agenda Title (be exact): RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF TOWN OF CAMP VERDE, ARIZONA APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST PURCHASE AGREEMENT, A FIRST TRUST AGREEMENT AND OTHER NECESSARY AGREEMENTS, INSTRUMENTS AND DOCUMENTS; APPROVING THE SALE AND EXECUTION AND DELIVERY OF A NOT TO EXCEED \$1,005,000 AGGREGATE PRINCIPAL AMOUNT PLEDGED REVENUE OBLIGATION, SERIES 2011, EVIDENCING THE INTEREST OF THE OWNER THEREOF IN THE PURCHASE AGREEMENT; 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.**

**Purpose and Background Information:**

*March 16, 2011:* Council voted 5 -1 to direct staff to prepare possible financing options and Sales Agreement in order to proceed with the purchase of 16.76 acres on Industrial Drive.

Subsequent to the above direction, Russ Martin, Town Manager and Mel Preston, Finance Director, began discussions with Stone & Youngberg L.L.C., financial consultants to the Town. Several financing options were considered and compared, but were not limited to:

1.) Public Bonding against future Highway User Revenue Funds (HURF), or General Obligation Bond – both would require voter approval 2.) Financing approximately \$1,005,000 over a 12 to 15 year term with the down payment of \$210,800 from HURF plus \$200,000 from General Fund (actual down payment and closing costs to be determined based on obtaining most favorable financing terms while maintaining the Town's financial reserves), 3.) Paying cash: essentially taking the HURF fund to zero with an additional \$450,000 from the General Fund.

Following Council direction of May 4<sup>th</sup>, Staff moved forward, obtaining the necessary documentation and agreements in order to consummate the purchase of the Public Works Yard.

Recommendation (Suggested Motion): Move to approve Resolution 2011-845, a **RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF TOWN OF CAMP VERDE, ARIZONA APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST PRUCHASE AGREEMENT, A FIRST TRUST AGREEMENT AND OTHER NECESSARY AGREEMENTS, INSTRUMENTS AND DOCUMENTS; APPROVING THE SALE AND EXECUTION AND DELIVERY OF A NOT TO EXCEED \$1,005,000 AGGREGATE PRINCIPAL AMOUNT PLEDGED REVENUE OBLIGATION, SERIES 2011, EVIDENCING THE INTEREST OF THE OWNER THEREOF IN THE PURCHASE AGREEMENT; 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**

Finance Review:  Budgeted     Unbudgeted     N/A

**Finance Director Comments/Fund:** The financing of this purchase is at a reasonable interest rate for a term of 12 years. After the initial general fund investment, payments will be made from HURF funds and will not impact the Town's general fund. There will be no pre-payment penalty should the Town decide to pay off the loan prior to the term of the loan."

**Attorney Review:**  Yes  No  N/A

**Attorney Comments:** As written

**Submitting Department:** Public Works & Finance

**Contact Person:** Ron Long, & Mel Preston

**Supporting Documents attached:**  Yes  No  N/A (If yes, list detail below)

- 1) Memo from Bill Sims Re: Use of HURF of pages 2
- 2) Approving Resolution # of pages 5
- 3) First Purchase Agreement # of pages 20
- 4) First Trust Agreement # of pages 48
- 5) DRAFT – Closing Documents # of pages 37

**Instructions to Clerk:** Obtain signatures on Resolution 2011-845 and return to Public Works

**Action Report prepared by:** D. Ranney

**RESOLUTION NO. 2011-845**

RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF TOWN OF CAMP VERDE, ARIZONA, APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST PURCHASE AGREEMENT, A FIRST TRUST AGREEMENT AND OTHER NECESSARY AGREEMENTS, INSTRUMENTS AND DOCUMENTS; APPROVING THE SALE AND EXECUTION AND DELIVERY OF A NOT TO EXCEED \$1,005,000 AGGREGATE PRINCIPAL AMOUNT PLEDGED REVENUE OBLIGATION, SERIES 2011, EVIDENCING THE INTEREST OF THE OWNER THEREOF IN THE PURCHASE AGREEMENT; 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 to acquire the "Property" described in the Agreement of Purchase and Sale of Real Estate with Escrow Instructions, from Beta Ventures , L.L.C. (Yavapai County Assessor's Parcel No. 403-22-025E) by entering into a First 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 U.S. Bank National Association, 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 deemed it necessary and desirable to provide for the sale and execution and delivery of a pledged revenue obligation, provided for by this Resolution (the "Obligation"), evidencing the interest of the owner of the Obligation in payments to be made by the Town to the Trustee pursuant to the First Trust Agreement, to be dated as of the first day of the month of the dated date of the Obligation (the "Trust Agreement"), between the Trustee and the Town, such payments to be made pursuant to the Purchase Agreement; and

**WHEREAS**, the Obligation 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 Purchase Agreement); 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 and (2) the proposed form of the Trust Agreement; and

**WHEREAS**, financing the costs of acquisition of the Property 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 Obligation by the Trustee is approved.

(b) The Mayor, the Manager and the Finance Director of the Town are each authorized to determine on behalf of the Town the date the Obligation is to be sold and the identity of the purchaser thereof; the total aggregate principal amount of the Obligation which is to be executed and delivered but not to exceed in total aggregate principal amount \$1,000,000; the date the Obligation is to be dated; the dates on which interest on the Obligation is to be payable and the interest rate the Obligation is to bear; the date the Obligation is to mature but not later than twenty-five (25) years from the date of the execution and delivery of the Obligation and the provisions for redemption thereof in advance of such date and the terms upon which the Obligation is to be sold (including determinations of price, original issue discount and premium); provided, however, that the foregoing determinations shall not result in the yield on the Obligation, as calculated in accordance with Section 148 of the Internal Revenue Code of 1986, as amended, exceeding six percent (6%).

(c) The form and other terms of the Obligation, 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.

Section 2. The Obligation is to be sold pursuant to the terms to be determined as provided hereinabove.

Section 3. The form, terms and provisions of the Purchase Agreement and the Trust Agreement, in substantially the forms of such documents (including the form of the Obligation 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, 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 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 and the Trust Agreement and to take all action to carry out and comply with the terms of such documents.

Section 4. The Trustee (including in its capacity as Seller) is requested to take any and all action necessary in connection with the execution and delivery of the Purchase Agreement and the Trust Agreement and the sale and execution and delivery of the Obligation 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 5. The covenants and agreements contained in 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 6. 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, and the consummation of the transactions contemplated by and as may be necessary to carry out the terms and intent of, this Resolution.

Section 7. 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 Obligation as contemplated by this Resolution, whether heretofore or hereafter taken, are ratified, confirmed and approved.

Section 8. 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 9. 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 Obligation 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 the Obligation is delivered by the Trustee and upon receipt of payment therefor, this Resolution shall be and remain irrevocable until the Obligation and the interest and premium, if any, thereon shall have been fully paid, cancelled and discharged.

PASSED AND ADOPTED by the Common Council and approved by the Mayor of the Town of Camp Verde, Arizona, this 18th day of May, 2011.

.....  
Mayor

ATTEST:

.....  
Town Clerk

APPROVED AS TO FORM:

.....  
Town Attorney



CERTIFICATION

I hereby certify that the foregoing Resolution No. 2011-845 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 18th day of May, 2011, and the vote was \_\_\_\_\_ ayes and \_\_\_\_\_ nays.

.....  
Town Clerk



5/16/11

---

---

**FIRST PURCHASE AGREEMENT**

by and between

**U.S. BANK NATIONAL ASSOCIATION,**  
as Seller

and

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

Dated as of May 1, 2011

---

---

**WHEREAS**, financing the costs of acquisition of the Property 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 Obligation by the Trustee is approved.

(b) The Mayor, the Manager and the Finance Director of the Town are each authorized to determine on behalf of the Town the date the Obligation is to be sold and the identity of the purchaser thereof; the total aggregate principal amount of the Obligation which is to be executed and delivered but not to exceed in total aggregate principal amount \$1,005,000; the date the Obligation is to be dated; the dates on which interest on the Obligation is to be payable and the interest rate the Obligation is to bear; the date the Obligation is to mature but not later than twenty-five (25) years from the date of the execution and delivery of the Obligation and the provisions for redemption thereof in advance of such date and the terms upon which the Obligation is to be sold (including determinations of price, original issue discount and premium); provided, however, that the foregoing determinations shall not result in the yield on the Obligation, as calculated in accordance with Section 148 of the Internal Revenue Code of 1986, as amended, exceeding six percent (6%).

(c) The form and other terms of the Obligation, 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.

Section 2. The Obligation is to be sold pursuant to the terms to be determined as provided hereinabove.

Section 3. The form, terms and provisions of the Purchase Agreement and the Trust Agreement, in substantially the forms of such documents (including the form of the Obligation 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, 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 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 and the Trust Agreement and to take all action to carry out and comply with the terms of such documents.

Section 4. The Trustee (including in its capacity as Seller) is requested to take any and all action necessary in connection with the execution and delivery of the Purchase Agreement and the Trust Agreement and the sale and execution and delivery of the Obligation and is further authorized and directed to take such action as may be reasonable for the administration of the trusts so held by it.

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 acquisition of the Property, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Property, the taking by *eminent domain* of title to or temporary use of any or all of the Property, commercial frustration of purpose, abandonment of the Property 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.

**Section 2. Pledge; Limited Obligations.**

(a) Except as limited by the State Intercept of Funds, 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 thereof, the Parity Loan Agreement (GADA), the Parity IGA 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 Loan Agreement (GADA) and the Parity IGA. The Parity Loan Agreement (GADA) and any Additional Revenue Obligations which are also Additional GADA/WIFA Loan Agreements shall, if so required, have the benefit of the State Intercept of Funds.

(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 Loan Agreement (GADA), the Parity IGA and this Agreement, 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 Town for the Parity Loan Agreement (GADA), the Parity IGA, 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 Loan Agreement (GADA), the Parity IGA, 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 Loan Agreement (GADA), the Parity IGA, 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 Property.**

(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 Property for any particular purpose or the conformity of the Property 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 Property. Trustee shall have no liability to Town for any failure of any contractor to perform any contract or other undertaking with respect to the Property in any respect. Trustee shall have no obligation to obtain or insure compliance with any required permits or approval procedures with respect to the Property. In the event of any defect in any item of the Property or other claim with respect to the Property, recourse of Town shall be against the contractors, manufacturers, suppliers, etc. of the Property 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 Property made or entered into by Trustee and by any contractor, manufacturers, suppliers, etc. of the Property. 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 the Trustee be listed in the chain of title to the Property.

(b) Trustee hereby irrevocably appoints Town as its sole and exclusive agent to act for and on behalf of Trustee in acquiring the Property. As such agent, Town shall have full authority to do all things necessary to bring about the financing of the Property. 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.

(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 Property, 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 Owner for whom it acts, a nonexclusive easement upon, in and to the Property for the purpose of permitting the Property to be maintained upon the premises.

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

**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 Government 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 both Trustee and 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 payment of a Payment resulting in a redemption of the Obligation, 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 on the Obligation remaining outstanding after the partial payment of redemption of the Obligation from the proceeds of such payment so that the interest remaining payable as a part of the subsequent Payments shall be sufficient to pay the interest on the Obligation when due.

**Section 8. Term of Agreement.** This Agreement shall not terminate so long as any payments are due and owing pursuant to the Obligation. 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 is 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 Loan Agreement (GADA), the Parity IGA and 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 of or interest on the Parity Loan Agreement (GADA), the Parity IGA and 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 Loan Agreement (GADA), the Parity IGA and 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 the Excise Tax Revenues and the State-Shared Revenues, without notice and without giving any bond or surety to Town or anyone claiming under Town, have a receiver appointed of the Excise Tax Revenues and the 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 the Obligation remains 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 ; provided, however, that if the same shall not impair the Obligation, Trustee shall execute such nondisturbance and acceptance instruments as shall reasonably be required to evidence the same as hereinafter provided and shall become and be deemed to be the seller hereunder and have all of the rights, powers, privileges and remedies, and be subject to all of the covenants and agreements, as such hereunder for all purposes of this Agreement, except that Trustee makes no representation or warranty, and therefore will assume no obligation, with respect to the title, merchantability, condition, quality or fitness of the Property for any particular purpose or for the enforcement of any warranties or service agreements made or assigned and Town shall have no right to abate, reduce, withhold or offset against any payments due hereunder on account of any claims for misrepresentations or breach of warranty or any claims for sums due Town from any predecessor(s) in interest of Trustee. Town attorns to and recognizes Trustee as the owner of all right, title and interest in, to and under this Agreement and the payments thereafter due and payable pursuant to this Agreement and as seller pursuant to this

Agreement. Town shall execute and deliver to Trustee such certificates or other instruments in such forms as may reasonably be required by Trustee and to which Town can truthfully attest, including but not limited to a separate acknowledgment of assignment and attornment certificate in the customary form as to the right, title and interest of Trustee in, to and under this Agreement and the payments thereafter due and payable pursuant to this Agreement.

**Section 11. Federal Law Provisions.**

(a) (i) No direction for the making of any investment or other use of the proceeds of the Obligation shall be made which would cause the Obligation to be an "arbitrage bond" as that term is defined in section 148 (or any successor provision thereto) of the Code or a "private activity bond" 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 Obligation. (Particularly, Town shall be the owner of the Property 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 Property 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 Property). Also, the payment of principal and interest with respect to the Obligation 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 Obligation, or amounts treated as proceeds of the Obligation, 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 Obligation is being executed and delivered, may be so used in making investments of 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 Obligation (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 Obligation by the Owner and of retaining such exclusion and as authorized by Title 35, Chapter 3, Article 7, Arizona Revised Statutes, as amended, 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 (as such term is defined in the next subsection) 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. 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.

(iii) Town designates the Obligation as a “qualified tax-exempt obligation” 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 Obligation, exceeding \$10,000,000.

(iv) It is hereby represented and warranted that (i) Town has general taxing powers, (ii) the Obligation is not a “private activity bond” within the meaning of the Code, (iii) 95 percent or more of the net proceeds of the Obligation shall be used for local governmental activities of Town and (iv) the aggregate face amount of all tax-exempt bonds or obligations (other than private activity bonds within the meaning of the Code) issued by Town during the 2011 calendar year is not reasonable expected to exceed \$5,000,000.

(b) (i) Terms not otherwise defined in paragraph (ii) hereof shall have the meanings given to them in the arbitrage certificate of Town delivered in connection with the execution and delivery of the Obligation.

(ii) The following terms shall have the following meanings:

Bond Year shall mean 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 Obligation and shall end on the date selected by 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 Obligation.

Bond Yield is as indicated in such arbitrage certificate. Bond Yield shall be recomputed if required by Regulations section 1.148-4(b)(4) or 4(h)(3). Bond Yield shall mean 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 Obligation as determined under Regulations section 1.148-4(b). The present value of all such payments shall be computed as of the date of issue of the Obligation and using semiannual compounding on the basis of a 360-day year.

Gross Proceeds shall mean:

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

(ii) transferred proceeds of the Obligation 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 Obligation 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 Obligation, pledged amounts where there is reasonable assurance that such amounts will be available to pay principal or interest on the Obligation in the event Town or 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 the Trust Agreement.

Investment Property shall mean 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 is as indicated in such arbitrage certificate, which is the initial offering price to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters of wholesalers) at which price a substantial amount of the Obligation was sold, less any bond insurance premium and reserve surety bond premium. Issue price shall be determined as provided in Regulations section 1.148-1(b).

Nonpurpose Investment shall mean any Investment Property acquired with Gross Proceeds and which is not acquired to carry out the governmental purposes of the Obligation.

Payment shall mean any payment within the meaning of Regulations section 1.148-3(d)(1) with respect to a Nonpurpose Investment.

Rebate Requirement shall mean at any time the excess of the future value of all Receipts over the future value of all Payments. For purposes of calculating the Rebate Requirement the Bond Yield shall be used to determine the future value of Receipts and 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 shall mean any receipt within the meaning of Regulations section 1.148-3(d)(2) with respect to a Nonpurpose Investment.

Regulations shall mean the 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.

Special Counsel's Opinion shall mean 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 Town.

(iii) Unless the exception which is the subject of Section 11(a)(4) or another 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 (viii) 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 Obligation (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 Obligation (determined as of the last day of such Bond Year); and

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

Each payment required to be made under this Section shall be filed with the Internal Revenue Service Center, Ogden, Utah 84201, on or before the date such payment is due, and shall be accompanied by IRS Form 8038-T.

(iv) 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.

(v) For purposes of paragraph (iv), 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 Town 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 (vi) or (vii), 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.

(vi) 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.

(vii) 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 Obligation), 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 Obligation.

(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 Obligation (e.g., a lead underwriter within 15 days of the issue date of the Obligation 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 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 deviates from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose of the deviation.

(viii) 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 Obligation.

**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, as amended, 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, as amended, is provided by Town. No basis exists for Town to cancel this Agreement pursuant to Section 38-511, Arizona Revised Statutes, as amended, as of the date hereof.

(b) To the extent applicable under Section 41-4401, Arizona Revised Statutes, as amended, 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, as amended. 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 Sections 35-391.06 and 35-393.06, Arizona Revised Statutes, as amended, Trustee does not have a scrutinized business operation in Sudan or Iran. For the purpose of this subsection, the term "scrutinized business operations" shall have the meanings set forth in Section 35-391 and 35-393, Arizona Revised Statutes, as amended, as applicable. If Town determines that Trustee submitted a false certification, Town may impose remedies as provided by law including terminating the services of Trustee.

### **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.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the first day of May, 2011.

**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**

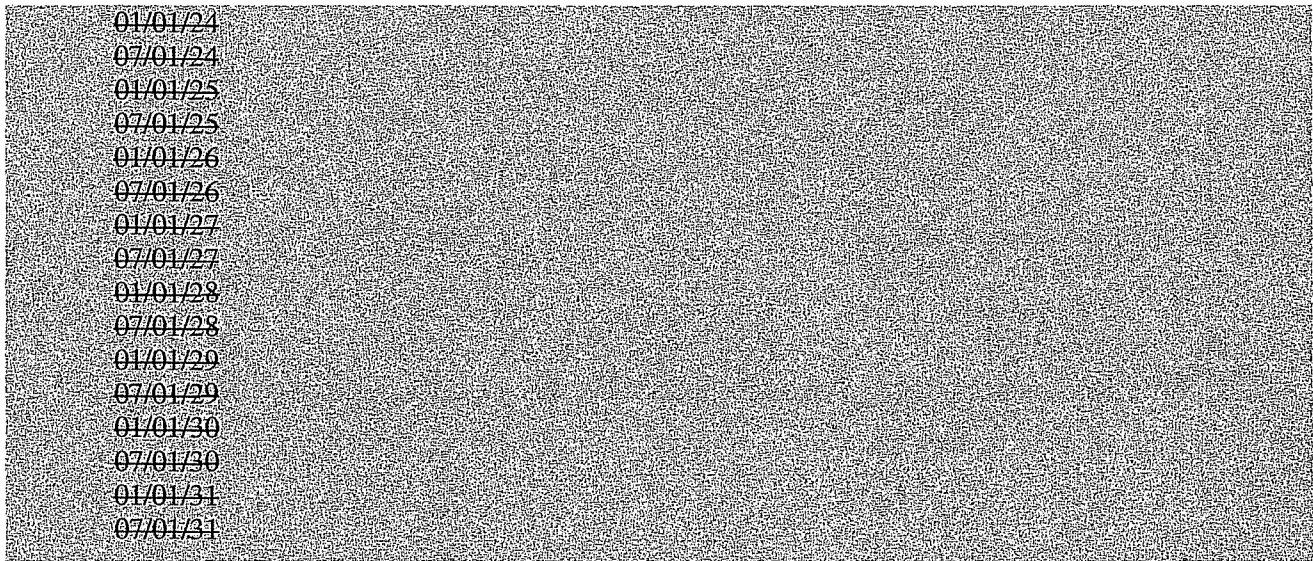
By \_\_\_\_\_  
Mayor

**ATTEST:**

By \_\_\_\_\_  
Town Clerk

SCHEDULE

Payment Date	Principal	Interest	Total Payment
01/01/12	--	\$ 23,468.15	\$ -----
07/01/12	\$ 63,800.30	19,647.75	\$ 106,916.20
01/01/13	--	18,400.45	--
07/01/13	70,115.30	18,400.45	106,916.20
01/01/14	--	17,029.70	--
07/01/14	72,856.80	17,029.70	106,916.20
01/01/15	--	15,605.35	--
07/01/15	75,705.50	15,605.35	106,916.20
01/01/16	--	14,125.31	--
07/01/16	78,665.60	14,125.31	106,916.22
01/01/17	--	12,587.39	--
07/01/17	81,741.40	12,587.39	106,916.18
01/01/18	--	10,989.35	--
07/01/18	84,937.50	10,989.35	106,916.20
01/01/19	--	9,328.82	--
07/01/19	88,258.50	9,328.82	106,916.14
01/01/20	--	7,603.37	--
07/01/20	91,709.40	7,603.37	106,916.14
01/01/21	--	5,810.45	--
07/01/21	95,295.30	5,810.45	106,916.20
01/01/22	--	3,947.43	--
07/01/22	99,021.30	3,947.43	106,916.16
01/01/23	--	2,011.56	--
07/01/23	102,893.10	2,011.56	106,916.22



01/01/24			
07/01/24			
01/01/25			
07/01/25			
01/01/26			
07/01/26			
01/01/27			
07/01/27			
01/01/28			
07/01/28			
01/01/29			
07/01/29			
01/01/30			
07/01/30			
01/01/31			
07/01/31			
<b>Total</b>	<b>\$-----,000</b> <b>1,005,000.00</b>	<b>\$277,994.26</b>	<b>\$1,282,994.26</b>

05/16/11

---

---

**FIRST TRUST AGREEMENT**

by and between

**U.S. BANK NATIONAL ASSOCIATION,**  
as Seller

and

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

Dated as of May 1, 2011

---

---

## TABLE OF CONTENTS

Page

### ARTICLE I DEFINITIONS

Section 1.1.	Definitions.....	3
--------------	------------------	---

### ARTICLE II SPECIAL REVENUE OBLIGATION

Section 2.1.	Authorization of the Obligation .....	12
Section 2.2.	Date; Interest Accrual .....	12
Section 2.3.	Maturities and Interest Rates .....	12
Section 2.4.	Interest on the Obligation.....	12
Section 2.5.	Form.....	13
Section 2.6.	Execution .....	13
Section 2.7.	Application of Proceeds.....	13
Section 2.8.	Transfer and Exchange .....	13
Section 2.9.	Obligation Mutilated, Lost, Destroyed or Stolen.....	13
Section 2.10.	Payment.....	14
Section 2.11.	Execution of Documents and Proof of Ownership.....	14

### ARTICLE III APPLICATION OF PROCEEDS RECEIVED BY TRUSTEE; ACQUISITION FUND; COSTS OF ISSUANCE FUND

Section 3.1.	Establishment and Application of Acquisition Fund.....	14
Section 3.2.	Establishment and Application of Costs of Issuance Fund.....	15

### ARTICLE IV REDEMPTION OF OBLIGATION

Section 4.1.	Redemption Provisions.....	16
Section 4.2.	Notice of Redemption; Effect.....	17

### ARTICLE V PAYMENT FUND

Section 5.1.	Trustee's Rights in Purchase Agreement.....	17
Section 5.2.	Establishment and Application of Payment Fund.....	18
Section 5.3.	Transfers of Investment Earnings to Payment Fund.....	18
Section 5.4.	Surplus .....	18

**TABLE OF CONTENTS**  
(continued)

Page

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

Section 6.1.	Held in Trust .....	18
Section 6.2.	Investments Authorized .....	19
Section 6.3.	Accounting .....	19
Section 6.4.	Allocation of Earnings .....	19
Section 6.5.	Valuation and Disposition of Investments .....	19
Section 6.6.	Limitation of Investment Yield .....	19
Section 6.7.	Other Tax Covenants .....	20

**ARTICLE VII**  
**THE TRUSTEE**

Section 7.1.	Appointment of Trustee .....	20
Section 7.2.	Liability of Trustee; Standard of Care .....	20
Section 7.3.	Merger or Consolidation .....	21
Section 7.4.	Protection and Rights of the Trustee .....	21
Section 7.5.	Compensation of Trustee .....	23
Section 7.6.	Removal and Resignation of Trustee .....	24
Section 7.7.	Appointment of Agent .....	24
Section 7.8.	Commingling .....	24
Section 7.9.	Records .....	24

**ARTICLE VIII**  
**MODIFICATION OR AMENDMENT OF AGREEMENTS**

Section 8.1.	Amendments Permitted .....	25
Section 8.2.	Procedure for Amendment With Written Consent of Owner. ....	25
Section 8.3.	Effect of Supplemental Trust Agreement .....	26
Section 8.4.	Endorsement or Replacement of Obligations Delivered After Amendments .....	26
Section 8.5.	Amendatory Endorsement of Obligations .....	26

**TABLE OF CONTENTS**  
(continued)

Page

**ARTICLE IX**  
**COVENANTS, NOTICES**

Section 9.1.	Compliance With and Enforcement of Purchase Agreement .....	26
Section 9.2.	Observance of Laws and Regulations .....	27
Section 9.3.	Recordation and Filing .....	27
Section 9.4.	Further Assurances.....	27
Section 9.5.	Notification to the Town of Failure to Make Payments .....	27
Section 9.6.	Business Days .....	27

**ARTICLE X**  
**LIMITATION OF LIABILITY**

Section 10.1.	Limited Liability of the Town.....	27
Section 10.2.	No Liability of the Town for Trustee Performance .....	28
Section 10.3.	Indemnification of the Trustee. ....	28
Section 10.4.	Opinion of Counsel .....	29

**ARTICLE XI**  
**EVENTS OF DEFAULT AND REMEDIES OF OWNER**

Section 11.1.	Seller's Rights held in Trust .....	29
Section 11.2.	Remedies Upon Default; No Acceleration .....	29
Section 11.3.	Application of Funds.....	29
Section 11.4.	Institution of Legal Proceedings .....	30
Section 11.5.	Non-waiver .....	30
Section 11.6.	Power of Trustee to Control Proceedings .....	30
Section 11.7.	Limitation on Owner's Right to Sue.....	30



**TABLE OF CONTENTS**  
(continued)

Page

ARTICLE XII  
MISCELLANEOUS

Section 12.1.	Defeasance.....	31
Section 12.2.	Notices .....	32
Section 12.3.	Incorporation of State Statutes.....	32
Section 12.4.	Governing Law .....	33
Section 12.5.	Binding Effect and Successors.....	33
Section 12.6.	Execution in Counterparts.....	33
Section 12.7.	Destruction of Cancelled Obligations .....	33
Section 12.8.	Headings .....	34
Section 12.9.	Parties Interested Herein .....	34
Section 12.10.	Waiver of Notice.....	34
Section 12.11.	Severability of Invalid Provisions.....	34

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

\* \* \*

## FIRST TRUST AGREEMENT

THIS FIRST TRUST AGREEMENT, dated as of May 1, 2011 (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 Town have determined that it will be beneficial for the citizens of Town for Town to finance the costs to acquire the "Property" described in the Agreement of Purchase and Sale of Real Estate with Escrow Instructions, from Beta Ventures , L.L.C. (Yavapai County Assessor's Parcel No. 403-22-025E); and

WHEREAS, for the purpose of financing the costs of the acquisition of the Property, the Mayor and Council of Town requested, and Trustee sold and executed and delivered, respectively, the Pledged Revenue Obligation, Series 2011, in the principal amount of \$1,005,000 (the "Obligation"), and the Trustee has, as described in this Trust Agreement, caused deposits to be made as to the Acquisition Fund 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 Property, 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; and

WHEREAS, the Town is a municipal corporation duly organized and validly existing under the laws of the State; the Constitution and the laws of the State authorize the Town to enter into this Trust Agreement and to enter into the agreements and transactions contemplated by, and to carry out its obligations under, said agreements; the Town has duly authorized and executed all of the aforesaid agreements; this Trust Agreement is a lawful, valid and binding obligation of the Town, enforceable against the Town in accordance with its terms, and has been duly authorized, executed and delivered by the Town; all required procedures for execution and performance of this Trust Agreement, including publication of notice public hearings, 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 and neither the execution and delivery of this Trust Agreement, nor the fulfillment of or compliance with the terms and conditions hereof or thereof nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Town is now a party or by which the 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 the Town; the Town has disclosed in writing to the Trustee all facts that do or will materially adversely affect the properties, operations or financial condition of the Town and that any financial statements, notices or other written statements provided by the Town to the Trustee pursuant hereto will not

contain any untrue statement of a material fact or omit any material fact necessary to make such statements or information not misleading and the Property 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 (the "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 the Act and regulations apply to the Property;

NOW, THEREFORE, in consideration for the Obligation executed and delivered under this Trust Agreement; the acceptance by the Trustee of the trusts created herein; the purchase and acceptance of the Obligation by the Owner (as such term and all other terms not otherwise defined hereinabove are hereinafter defined), and to secure the payment of principal of and interest on (to the extent provided herein) the Obligation, the rights of the Owner and the performance and the observance of the covenants and conditions contained in the Obligation, the Purchase Agreement and herein, and the performance and the observance of all of the covenants and conditions contained therein, 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:

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) to bring acts and proceedings thereunder or for the enforcement of such rights, and (iii) to 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 Obligation, by 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 benefit and security of the Owner, 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 hereafter 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 by that name established pursuant to Article III and held by the Trustee.

"Additional GADA/WIFA Loan Agreements" means any agreement for any loan from GADA in addition to the Parity Loan Agreement (GADA) or for any loan from WIFA subject to Section 49-1225(F) or 49-1245(F), Arizona Revised Statutes, as amended.

"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 Excise Tax Revenues and State Shared Revenues on a parity with, and in compliance with the terms of, the Parity Loan Agreement (GADA) , the Parity IGA and the Purchase Agreement.

"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 Property has been acquired.

"Closing Date" means the day when the Obligation, duly executed by the Trustee, is delivered to the Owner.

"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.

"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.

"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, as applicable, of the Purchase Agreement, this Trust Agreement and the Obligation, 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 Obligation 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.

"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.

“GADA” means the Greater Arizona Development Authority, a body corporate and politic constituting a governmental instrumentality organized and existing within the State under the Constitution and laws of the State.

“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.

“Interest Payment Date” means each January 1 and July 1 commencing \_\_\_\_\_ January 1, 20\_\_ 2012, provided that, 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.

“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.

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

“Owner” or any similar term, when used with respect to an Obligation means Pinnacle Public Finance, a Bank United Company.

“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 Loan Agreement (GADA)” means the Loan Repayment Agreement, dated as of February 1, 2005, by and between the Town and GADA.

“Parity Obligations” means the Parity Loan Agreement (GADA), the Parity IGA, the Purchase Agreement and any Additional Revenue Obligations.

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

“Payment Request Form” means the form set forth in Exhibit B which is attached hereto and made a part hereof.

“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.

“Permitted Investments” means any of the following, to the extent permitted by law:

1. (A) Cash (fully insured by the Federal Deposit Insurance Corporation), (B) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“U.S. Treasury Obligations”), (C) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (D) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (E) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above 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 government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

2. Federal Housing Administration debentures.

3. The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

A. Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”) Participation Certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts) and Senior debt obligations;

B. Farm Credit Banks (formerly Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) Consolidated system-wide bonds and notes;

C. Federal Home Loan Banks (FHL Banks) Consolidated debt obligations and

D. Federal National Mortgage Association (FNMA or “Fannie Mae”) Senior debt obligations and Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding the portion of their unpaid principal amounts).

4. Unsecured certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and the Town, time deposits, and bankers’ acceptances (having maturities of not more than 365 days) of any bank,

including the Trustee or any of its affiliates, the short-term obligations of which are rated "A-1+" or better by S&P and "Prime-1" or better by Moody's.

5. Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least \$15 million.

6. Commercial paper (having original maturities of not more than 270 days) rated "A-1+" or better by S&P and "Prime-1" or better by Moody's.

7. Money market mutual funds rated "AAm" or "AAm-G" or higher by S&P or, if rated by Moody's, "Prime-1" or better by Moody's, including, without limitation any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, the Trustee collects fees for services rendered pursuant to this Trust Agreement, which fees are separate from the fees received from such funds and services performed for such funds and pursuant to this Trust Agreement may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.

8. "State Obligations," which means:

A. Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state, the unsecured general obligation debt of which is rated "A3" by Moody's and "A" by S&P, or higher, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated;

B. Direct general short-term obligations of any state agency or subdivision or agency thereof described in (A) above and rated "A-1+" or better by S&P and "MIG-1" by Moody's and

C. Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (B) above and rated "AA-" or better by S&P and "Aa-3" or better by Moody's.

9. Pre-refunded municipal obligations rated "AAA" by S & P and "Aaa" by Moody's meeting the following requirements:

A. The municipal obligations are not subject to redemption prior to maturity or the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;



B. The municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

C. The principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

D. The cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

E. No substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification and

F. The cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

10. Repurchase agreements: With any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "A-" by S&P and "A-3" by Moody's; or any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "A-" by S&P and "A-3" by Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or any other entity rated "A-" or better by S&P and "A-3" for better by Moody's (each a "Provider"), provided that:

A. Permitted collateral shall include U.S. Treasury Obligations, or senior debt obligations of GNMA, FNMA or FHLMC (no collateralized mortgage obligations shall be permitted for these providers), and collateral levels must be at least 102% of the total principal when the collateral type is U.S. Treasury Obligations, 103% of the total principal when the collateral type is GNMA's and 104% of the total principal when the collateral type is FNMA and FHLMC ("Collateral");

B. The Trustee or a third party acting solely as agent therefore or for the Town (the "Custodian") has possession of the collateral or the collateral has been transferred to the Custodian in accordance with applicable state and federal laws (other than by means of entries on the transferor's books) and such collateral shall be marked to market;

C. The collateral shall be marked to market on a daily basis and the provider or the Custodian shall send monthly reports to the Trustee

and the Town setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;

D. The repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof and

E. The repurchase agreement shall provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P or "A-3" by Moody's, as appropriate, the provider must, notify the Town and the Trustee within five (5) days of receipt of such notice. Within ten (10) days of receipt of such notice, the provider shall either: provide a written guarantee acceptable to the Town, post Collateral or assign the agreement to a Provider. If the provider does not perform a remedy within ten (10) Business Days, the provider shall, at the direction of the Trustee (who shall give such direction if so directed by the Town) repurchase all collateral and terminate the repurchase agreement, with no penalty or premium to the Town or the Trustee.

11. Investment agreements with a domestic or foreign bank or corporation, the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA-" by S&P and "Aa3" by Moody's (each an "Eligible Provider"); provided that:

A. Interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the Acquisition Fund, construction draws) on the Obligation;

B. The invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the Trustee and the Town hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

C. The provider shall send monthly reports to the Trustee and the Town setting forth the balance the Town or the Trustee has invested with the provider and the amounts and dates of interest accrued and paid by the provider;

D. The investment agreement shall state that is an unconditional and general obligation of the provider, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider

to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

E. The Town and the Trustee shall receive an opinion of domestic counsel to the provider that such investment agreement is legal, valid, binding and enforceable against the provider in accordance with its terms;

F. The Town and the Trustee shall receive an opinion of foreign counsel to the provider (if applicable) that the investment agreement has been duly authorized, executed and delivered by the provider and constitutes the legal, valid and binding obligation of the provider, enforceable against the provider in accordance with its terms, the choice of law of the state set forth in the investment agreement is valid under that country's laws and a court in such country would uphold such choice of law, and any judgment rendered by a court in the United States would be recognized and enforceable in such country;

G. The investment agreement shall provide that if during its term:

(1) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3," the provider shall, at its option, within ten (10) days of receipt of publication of such downgrade, either (A) provide a written guarantee acceptable to the Town, (B) post Eligible Collateral (as hereinafter defined) with the Town, the Custodian free and clear of any third party liens or claims, or (C) assign the agreement to an Eligible Provider, or (D) repay the principal of and accrued but unpaid interest on the investment;

(2) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A-3," the provider must, at the direction of the Trustee (who shall give such direction if so directed by the Town), within ten (10) days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Town;

H. In the event the provider is required to collateralize, permitted collateral shall include U.S. Treasury Obligations, or senior debt obligations of GNMA, FNMA or FHLMC (no collateralized mortgage obligations shall be permitted for these providers) and collateral levels must be 102% of the total principal when the collateral type is U.S. Treasury Obligations, 103% of the total principal when the collateral type is GNMA's and 104% of the total principal when the collateral type is FNMA and FHLMC ("Eligible Collateral"). In addition, the collateral shall be marked to market on a daily basis and the provider or Custodian shall send monthly reports to the Trustee and the Town setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;

I. The investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof and

J. the investment agreement must provide that if during its term: the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Trustee (who shall give such direction if so directed by the Town), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Town or the Trustee, as appropriate, and the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Town or the Trustee, as appropriate.

12. Interests in the Local Government Investment Pool established pursuant to Arizona Revised Statutes Section 35-326.

"Reimbursement Request Form" means the form set forth in Exhibit C hereof.

"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 Rating Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, 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, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Town by notice to the Trustee.

"State" means the State of Arizona.

"State Intercept of Funds" means the provision that allows GADA or WIFA, in the case of nonpayment of amounts heretofore or hereafter loaned by either, to certify to the Treasurer of the State and notify the Mayor and Council of the Town that the Town has failed to make a required payment and direct a withholding of the State Shared Revenues as

provided in Sections 41-1554.06(L) and (M) and 41-1554.07(I), (J) and (K) and 49-1225(F) and (G) and 49-1245(F) and (G), Arizona Revised Statutes, as amended, respectively, as applicable.

“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.

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

“WIFA” means the Water Infrastructure Finance Authority of Arizona, a body corporate and politic constituting a governmental instrumentality organized and existing within the State under the Constitution and laws of the State.

Words importing persons include firms, associations and corporations, and the singular and plural forms of words shall be deemed interchangeable wherever appropriate.

## ARTICLE II SPECIAL REVENUE OBLIGATION

Section 2.1. Authorization of the Obligation. The Trustee is hereby authorized and directed to execute and deliver to the Owner, the Obligation in the form of a single Obligation registered in the name of the Owner in the principal amount of **\$1,005,000**, evidencing one hundred percent (100%) proportionate ownership interest in the Purchase Agreement and the Payments. In no event shall the Obligation be deemed a liability, debt or obligation of the Trustee.

Section 2.2. Date; Interest Accrual. The Obligation shall be dated the Closing Date, and interest with respect thereto 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 Obligation.

Section 2.3. Maturities and Interest Rates. The Obligation shall mature on July 1, **2023**, and interest with respect thereto shall be computed at the rate of **three and ninety-one hundredths percent (3.91%)**

Section 2.4. Interest on the Obligation. Interest on the Obligation shall be payable semiannually on the Interest Payment Dates, to and including the date of maturity or prior redemption of the Obligation. 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 Obligation. The proportionate share of the portion of the Payments designated as interest with respect to the Obligation shall be computed by multiplying the portion of Payments designated as principal with respect to the Obligation by

the rate of interest applicable to the Obligation (on the basis of a 360-day year of twelve 30-day months).

Section 2.5. Form. The Obligation shall be in the form of one fully registered, certificated Obligation registered in the name of the Owner. The form of the Obligation shall be substantially in the form set forth in Exhibit A.

Section 2.6. Execution. The Obligation 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 the 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. The Obligation may be executed on behalf of the Trustee by such person as at the actual date of the execution of the Obligation shall be the proper authorized representative of the Trustee although at the nominal date of the Obligation such person shall not have been such authorized representative of the Trustee. The Obligation shall not be valid or become obligatory for any purpose or 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 the Obligation shall be conclusive evidence that the Obligation has been duly authorized and delivered hereunder and is entitled to the security and benefit of this Trust Agreement.

Section 2.7. Application of Proceeds. The proceeds received by the Trustee from the sale of the Obligation shall forthwith be applied by the Trustee as follows, in the following order of priority:

- (1) \$ 25,000.00 shall be deposited in the Costs of Issuance Fund and
- (2) \$ 980,000.00 shall be deposited in the Acquisition Fund.

Section 2.8. Transfer and Exchange. The Obligation may not be transferred or exchanged as described in the next Section.

Section 2.9. Obligation Mutilated, Lost, Destroyed or Stolen. If the Obligation shall become mutilated, the Trustee, at the expense of the Owner, shall execute and deliver a new Obligation of like tenor 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 the Owner. If the 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, shall execute and deliver a new Obligation to the Owner of like tenor 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. The Trustee shall not be required to treat both the original Obligation and any replacement Obligation as being outstanding. 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 matured, the Trustee may make payment with respect to such Obligation upon receipt of the aforementioned indemnity.

Section 2.10. Payment. The principal (except the final payment thereof whether because of maturity or redemption) and interest due with respect to the Obligation (except that due upon such final payment) shall be payable in lawful money of the United States of America by wire transfer as instructed by the Owner by written request of the Trustee at least twenty (20) days before the Interest Payment Date specifying the account address. The final payment of principal of the Obligation plus accrued interest to the date of payment thereof shall be paid in lawful money of the United States of America upon surrender when due at the Designated Office.

Section 2.11. 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 the Owner may be in any number of concurrent instruments of similar tenor, and may be signed or executed by the Owner in person or by its attorneys or agents appointed by an instrument in writing for that purpose. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of the Obligation shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if the fact and date of the execution by the 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.

(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.

ARTICLE III  
APPLICATION OF PROCEEDS RECEIVED BY TRUSTEE;  
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 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) Pursuant to the Purchase Agreement and subject to the terms and conditions thereof, the Town has irrevocably been appointed as the sole and exclusive agent to act for and on behalf of the Trustee in the acquisition of the Property. Except as provided in Subsection (c)(4), moneys in the Acquisition Fund shall be expended only for costs of acquiring the Property. It is understood and agreed that the Trustee shall have no responsibility or liability for the performance of the Town under this Trust Agreement, the Purchase Agreement, and any other documents executed in connection herewith or therewith.

(c) (1) The amount in the Acquisition Fund shall be applied to the payment of the costs of acquiring the Property, as hereinafter provided, upon receipt of a duly executed Payment Request Form (upon which the Trustee is entitled to rely) in substantially the form attached hereto as Exhibit B, certified to by the Town Representative. The Trustee shall remit to the payee designated in the Payment Request Form, the amount requested to be paid in such Payment Request Form 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 costs of acquiring the Property incurred or advanced by the Town within three (3) Business Days of receipt of a duly executed Reimbursement Request Form in substantially the form attached hereto as Exhibit C duly certified by the Town Representative. The Town shall not submit, in the aggregate, more than four (4) Payment Request Forms and/or Reimbursement Request Forms in any one calendar month.

(2) Should any shortfall or deficiency occur in the Acquisition Fund, the Town shall immediately pay such amounts to the Trustee in addition to the Payments otherwise due pursuant to the Purchase Agreement.

(3) Amounts in the Acquisition Fund shall be used to pay principal of and interest on the Obligation if insufficient funds are otherwise available to make such payments when due.

(4) 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.

(5) 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 to pay principal and interest with respect to the Obligation.

### 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 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.

(c) On the earlier of \_\_\_\_\_ January 1, ~~20~~ 2012, or when all Delivery Costs associated with the Obligation 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  
REDEMPTION OF OBLIGATION

Section 4.1. Redemption Provisions.

(a) The Obligation is subject to redemption from prepayments made at the option of the Town pursuant to Section 7 of the Purchase Agreement, in whole or in part on any of the following dates, at a redemption price equal to the portion thereof to be redeemed, together with accrued interest to the date fixed for redemption, with a premium equal to the percentage of the principal amount being redeemed as follows:

Redemption Date	Premium
July 1, 2015, through and including July 1, 2017	1.00%
July 1, 2018, and thereafter	0.00

(b) The Obligation shall be redeemed on July 1 of the years indicated and in the principal amounts indicated at a price equal to the principal amount thereof plus interest accrued to the date of redemption, but without premium:

Year Redeemed

Principal Amount Redeemed

<u>2012</u>	<u>\$63,800.30</u>
<u>2013</u>	<u>70,115.30</u>
<u>2014</u>	<u>72,856.80</u>
<u>2015</u>	<u>75,705.50</u>
<u>2016</u>	<u>78,665.60</u>
<u>2017</u>	<u>81,741.40</u>
<u>2018</u>	<u>84,937.50</u>
<u>2019</u>	<u>88,258.50</u>
<u>2020</u>	<u>91,709.40</u>
<u>2021</u>	<u>95,295.30</u>
<u>2022</u>	<u>99,021.30</u>

The principal amount of the Obligation optionally redeemed shall satisfy and be credited against the mandatory redemption requirements therefor in any order specified by the Town.

Section 4.2. Notice of Redemption; Effect.

(a) The Trustee shall cause notice of any redemption of the Obligation hereunder, other than by mandatory redemption, to be transmitted Electronically. Each such notice shall (1) be sent no more than 60 nor less than 30 calendar days prior to the redemption date, (2) specify with respect to the Obligation redemption date, (3) set forth the name, address and telephone number of the person from whom information pertaining to the redemption may be obtained and (4) state that from the redemption date interest will cease to accrue.

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

(c) A certificate of the Trustee shall conclusively establish the delivery of any such notice for all purposes.

(d) Notice having been provided in (b) above, the portions of the Obligation called for redemption shall become due and payable on the redemption date, and shall be paid at the redemption price, plus interest accrued to the redemption date. The principal amount of the Obligation from time to time shall be reduced by the amount of principal paid from time to time for such purpose.

(e) If the money or Governmental Obligations for the redemption of portions thereof to be redeemed, together with interest accrued thereon to the redemption date, is held by the Trustee on the redemption date, so as to be available therefor on that date, then from

and after the redemption date those portions thereof to be redeemed shall cease to bear interest and no longer shall be considered to be outstanding hereunder. If those moneys shall not be so available on the redemption date, those portions thereof shall continue to bear interest, until they are paid, at the same rate as they would have borne had they not been called for redemption.

(f) All moneys deposited in the Payment Fund and held by the Trustee for the redemption shall be held in trust for the account of the Owner and shall be paid for such purpose.

## 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 Owner.

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

(a) The Trustee shall establish a special trust fund designated as the "Series 2011 Pledged Revenue Payment Fund" (herein referred to as the "Payment Fund"). So long as the Obligation is 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. The Trustee, not less than ten (10) Business Days prior to each Interest Payment Date, shall notify the Town of the amount required to be paid after taking into account earnings on investments which will be transferred to the Payment Fund in accordance herewith, on or before such Interest Payment Date for both principal and interest with respect to the Obligation. All amounts received by the Trustee as Payments pursuant to the Purchase Agreement 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 of and interest and redemption premiums, if any, with respect to the Obligation as the same shall become due and payable, in accordance with the provisions of Articles II and IV.

Section 5.3. Transfers of Investment Earnings to Payment Fund. 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 5.4. Surplus. Any surplus remaining in any of the funds created hereunder, after redemption and payment or provision for redemption and payment of the Obligation, including accrued interest and redemption premium, if any, and payment of any applicable fees, expenses or indemnities to the Trustee, or provision for such redemption 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 Owner 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 the Owner.

Section 6.2. Investments Authorized. Upon written order of the Town Representative, moneys held by the Trustee hereunder shall be invested and reinvested by the Trustee, to the maximum extent practicable in Permitted Investments having the highest yield reasonably obtainable. 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.

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 Obligation being considered an "arbitrage bond" 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, irrespective of whether the Trustee shares such opinion.

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 Owner, 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 Owner 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 to be prepared by special counsel; to pay to the United States of America any required amounts representing rebates of arbitrage profits relating to the Obligation; 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 Obligation and property financed 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 Obligation is 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 Obligation 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 of the Obligation or shall incur any responsibility in respect hereof or thereof, other than in connection with the duties or obligations herein or in the Obligation 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 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 take any action at the request of the Owner unless the Obligation shall be deposited with 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 recitals, statements and representations by the Town contained in this Trust Agreement, the Purchase Agreement and the 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.

(d) 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 gross negligence.

(e) 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.

(f) 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.

(g) 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 Property. 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 Property.

(h) 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 Owner.

(i) The Trustee shall 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.

(j) 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.

(k) 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 the Obligation.

(l) 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 gross 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 Property.

(m) 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 on the Obligation 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 gross negligence or willful default in connection with any action so taken.

(n) 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 Owner 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 Owner, 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 Owner at its address set forth initially in Section 12.2.

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 Owner 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 Owner shall have been filed with the Trustee. 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 Owner, 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 the Owner, but only (1) to provide for additions or modifications to the Property, (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 Obligation, (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 the interest on the Obligation 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 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 Owner as evidenced by an opinion of counsel 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 an opinion of Independent Counsel which is also nationally recognized bond counsel as conclusive evidence that any such supplemental or amending agreement complies with this Section.

Section 8.2. Procedure for Amendment With Written Consent of Owner.

(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 Owner is required pursuant to Section 8.1. A copy of such supplemental or amending agreement, together with a request to the Owner for its consent thereto, shall be mailed by the Trustee to the Owner.

(b) Such supplemental or amending agreement shall not become effective unless there shall be filed with the Trustee the written consent of the Owner (exclusive of any Obligation disqualified as provided in Section 8.3) and a notice shall have been mailed as hereinafter in this Section provided.

(c) After the Owner shall have filed consent to such supplemental or amending agreement, the Trustee shall mail a notice to the Owner 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 Owner 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 Owner at the expiration of sixty (60) days 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 such sixty (60) day period.

Section 8.3. 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 the Owner, 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.

Section 8.4. Endorsement or Replacement of Obligations Delivered After Amendments. The Trustee may determine that any Obligation 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, a suitable notation shall be made on such Obligation. The Trustee may determine that the delivery of a substitute Obligation, so modified as in the opinion of the Trustee is necessary to conform to the Owner's action, which substitute Obligation shall thereupon be prepared, executed and delivered. In that case, upon demand of the Owner, such substitute Obligation shall be exchanged at the Designated Office of the Trustee, without cost to the Owner, for an Obligation of the same character then outstanding, upon surrender of such Obligation.

Section 8.5. Amendatory Endorsement of Obligations. The provisions of this Article shall not prevent the Owner from accepting any amendment or supplement, provided that proper notation thereof is made on the Obligation.

## 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 Owner.

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 Owner 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 revenues 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 Owner with respect to this Trust Agreement or the terms, execution or delivery of the Obligation or the distribution of Payments to the Owner 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 Owner 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 Property 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 Property 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 Property; (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 Property; (5) the acquisition of the Property or any interest therein; (6) the actions of any other party, including but not limited to the operation or use of the Property or interest therein by the Town; (7) the ownership of the Property or interest therein, (8) the exercise and performance by the Trustee of its powers and duties hereunder, under the Purchase Agreement or the Obligation 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 Obligation, 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, gross 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 under Section 7.5 and this Section, the Trustee shall be secured under this Trust Agreement by a lien prior to the Obligation. The obligations of the Town hereunder for indemnification under this Section shall remain valid and binding notwithstanding, and shall survive, the maturity and payment or redemption of the Obligation or resignation or removal of the Trustee or the termination of this Trust Agreement.

(b) The Trustee, 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, 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. 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, which counsel may be counsel to any of the parties hereto, 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 OWNER

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 Obligation.

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 Owner 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 maturity of the Obligation 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, upon presentation of the Obligation, 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 Owner 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 Obligation 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 Obligation, 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 Owner, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owner 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 Owner has 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 the Owner 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 Owner may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Owner.

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 Owner, it shall have full power, in the exercise of its discretion for the best interests of the Owner, 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 Owner.

Section 11.7. Limitation on Owner's Right to Sue. The Owner shall not 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) the Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (2) the Owner 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) the Owner 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.

## ARTICLE XII MISCELLANEOUS

### Section 12.1. Defeasance.

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

(1) By paying or causing to be paid the principal of and interest and redemption premium, if any, with respect to the Obligation, as and when the same become due and payable;

(2) By depositing with a Depository Trustee, in trust for such purpose, at or before maturity, money which, together with the amounts then on deposit in the Payment Fund is fully sufficient to pay or cause to be paid such principal, interest and redemption premium, if any; 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 (the "Verification") 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 redemption premium, if any at their respective maturity or prior redemption dates, which deposit may be made in accordance with the provisions of Section 7 of the Purchase Agreement;

notwithstanding that the Obligation shall not have been surrendered for payment, all obligations of the Trustee and the Town 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 Owner sums due with respect thereto, and in the event of deposits pursuant to subsections (2) or (3), the Obligation shall continue to represent direct and proportionate interests of the Owner 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 Owner 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 portion of the Obligation may be paid and discharged as provided in this Section; provided however, that if any such portion thereof is to be redeemed, notice of such redemption shall have been given in accordance with the provisions hereof or the Town shall have submitted to the Trustee instructions expressed to be irrevocable as to the date upon which such portion thereof is to be redeemed and as to the giving of notice of such redemption; and provided further, that if any such Obligation or portion thereof will not mature within sixty (60) days of the deposit referred to in subsections (ii) or (iii) of this Section, the Trustee shall give notice of such deposit Electronically to the Owner.

(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 an opinion of Independent Counsel which is nationally recognized bond counsel to the effect that the provisions of this subsection will not be breached by so providing for the payment of the Obligation.

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  
                                  1020 West Palomino  
                                  P.O. Box 406  
                                  Camp Verde, Arizona 86323  
                                  Attention: Town Manager

If to the Trustee: U.S. Bank National Association  
101 North First Avenue, Suite 1600  
Phoenix, Arizona 85003  
Attention: Corporate Trust Services (LM-AZ-X16P)

If to the Owner: Pinnacle Public Finance  
377 East Hartford Drive, Suite 115  
Scottsdale, Arizona 85255

Attention: Bruce Block, Vice President

Section 12.3. Incorporation of State Statutes.

(a) As required by the provisions of Section 38-511, Arizona Revised Statutes, as amended, 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 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, as amended, 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 amended, as of the date hereof.

(b) To the extent applicable under Section 41-440, Arizona Revised Statutes, as amended, 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, as amended. 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 Sections 35-391.06 and 35-393.06, Arizona Revised Statutes, as amended, the Trustee does not have a scrutinized business operation in Sudan or Iran. For the purpose of this Section the term "scrutinized business operations" shall have the meanings set forth in Section 35-391 and 35-393, Arizona Revised Statutes, as amended, as

applicable. If the Town determines that the Trustee submitted a false certification, the Town may impose remedies as provided by law including terminating the services of the Trustee.

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 the Obligation, the Trustee may destroy the Obligation 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 Obligation, 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 Owner, 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 Owner.

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 Obligation 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 Obligation 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

AGREED TO BY:  
PINNACLE PUBLIC FINANCE, A BANK  
UNITED COMPANY

By.....  
Printed Name: .....  
Title: .....

EXHIBIT A

(Form of Obligation)

Number: R-.....

Principal Amount: \$.....

PLEDGED REVENUE OBLIGATION, SERIES 2011  
Evidencing a Proportionate Interest of the Owner  
Hereof in Payments to be Made by

THE TOWN OF CAMP VERDE, ARIZONA

to

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

Interest Rate:

Maturity Date:

Dated Date:

3.91%

July 1, 2023

May 26, 2011

REGISTERED OWNER: Pinnacle Public Finance

PRINCIPAL AMOUNT: ..... DOLLARS

THIS IS TO CERTIFY THAT the registered owner identified above of this Pledged Revenue Obligation, Series 2011 (this "Obligation") is the owner of all of the undivided, participatory, proportionate interests in the right to receive all of the "Payments" under and defined in that certain Purchase Agreement, dated as of May 1, 2011 (the "Purchase Agreement"), by and between U.S. Bank National Association (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 Trust Agreement, dated as of May 1, 2011 (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").

The registered owner of this Obligation is entitled to receive, subject to the terms of the Purchase Agreement, on the maturity date set forth above, the principal amount set forth above, representing all of the payments due designated as principal coming due and to receive semiannually on January 1 and July 1 of each year commencing January 1, 2012 (the "Interest Payment Dates"), until payment in full of said principal or redemption prior thereto, all 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 are payable in lawful money of the United States of America as provided in the Trust Agreement.

The Trustee has no obligation or liability to the registered owners of this Obligation for the payment of interest or principal pertaining to this Obligation. The Trustee's sole obligations are to administer, for the benefit of the registered owner of this Obligation, 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 May 18, 2011 (the "Resolution"). 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 this Obligation is delivered, the rights thereunder of the registered owner of this Obligation, 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 by, 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 owner of this Obligation, and may be amended without such consent under certain circumstances.)

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 owner of this Obligation shall have any right under any circumstances to accelerate the maturities of this Obligation 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.)

This Obligation shall not be transferable or exchangeable, except as provided in the Trust Agreement.

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.

The Obligation is subject to redemption from prepayments made at the option of the Town pursuant to Section 7 of the Purchase Agreement, in whole or in part on any of the following dates, at a redemption price equal to the portions thereof to be redeemed, together with accrued interest to the date fixed for **redemption** with a premium equal to the percentage of the principal amount being redeemed as follows:

Redemption Date	Premium
July 1, 2015, through and including July 1, 2017	1.00%
July 1, 2018, and thereafter	0.00

This Obligation shall be redeemed on July 1 of the years indicated and in the principal amounts indicated at a price equal to the principal amount thereof plus interest accrued to the date of redemption, but without premium:

<u>Year Redeemed</u>	<u>Principal Amount Redeemed</u>
2012	\$63,800.30
2013	70,115.30
2014	72,856.80
2015	75,705.50
2016	78,665.60
2017	81,741.40
2018	84,937.50
2019	88,258.50
2020	91,709.40
2021	95,295.30
2022	99,021.30
2023	102,893.10

Whenever this Obligation is redeemed in part (other than by mandatory redemption) or the principal amount of this Obligation so retired shall satisfy and be credited against the mandatory redemption requirements therefor in any order specified by the Town.

The Trustee shall give notice of any redemption of this Obligation as provided above no more than 60 nor less than 30 calendar days prior to the redemption date as provided by the Trust Agreement. A certificate of the Trustee shall conclusively establish the mailing of any such notice for all purposes.



If at the time of mailing of the notice of redemption there has not been deposited with the Trustee moneys or eligible securities sufficient to redeem the portion of this Obligation subject to redemption and other requirements set forth in the Trust Agreement are not met, such notice shall state that it is conditional, subject to the deposit of moneys sufficient for the redemption and satisfaction of such conditions. If such portion thereof is subject to redemption and if on the redemption date moneys for the redemption thereof is held by the Trustee and those other conditions are met, thereafter such portion thereof to be redeemed shall cease to bear interest, and shall cease to be secured by, and shall not be deemed to be outstanding under, the Trust Agreement.

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: .....

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By.....  
Authorized Representative

EXHIBIT B

Payment Request Form

Application No. ....

The Trustee is hereby requested to pay from the "Acquisition Fund" established by the Trust Agreement, dated as of May 1, 2011 (the "Trust Agreement"), between the Town of Camp Verde, Arizona (the "Town"), and U.S. Bank National Association, as trustee (the "Trustee") to the person or corporation designated below as "Payee," the sum set forth below such designation, in payment of the costs of acquisition of the Property (as such term and other undefined terms used herein are defined in the Trust Agreement) 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

Reimbursement Request Form

Application No. ....

The Trustee is hereby requested to pay from the "Acquisition Fund" established by the Trust Agreement, dated as of May 1, 2011 (the "Trust Agreement"), between the Town of Camp Verde, Arizona (the "Town"), and U.S. Bank National Association, as trustee (the "Trustee"), to the Town, the sum set forth below as reimbursement of (all/a portion) of the costs of acquisition of the Property (as such term and all other undefined terms used herein are defined in the Trust Agreement) 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....

\$1,005,000  
TOWN OF CAMP VERDE, ARIZONA  
PLEDGED REVENUE OBLIGATION,  
SERIES 2011

TRANSCRIPT OF DOCUMENTS

	<u>Item/ Tab No.</u>
<b><u>I. BASIC FINANCING DOCUMENTS</u></b>	
First Purchase Agreement, dated as of May 1, 2011, between U.S. Bank National Association, as trustee (the "Trustee"), as seller, and the Town of Camp Verde, Arizona (the "Town"), as lessee.	1
Bill of Sale from the Trustee.	2
First Trust Agreement, dated as of May 1, 2011, between the Town and the Trustee.	3
<b><u>II. DOCUMENTS OF THE TOWN</u></b>	
Certificate of the Clerk as to Resolution No. _____ adopted on May 18, 2011, authorizing all actions relating to the Obligation.	4
General Certificate on Behalf of the Town.	5
Arbitrage Certificate.	6
<b><u>III. DOCUMENT OF THE TRUSTEE</u></b>	
Certificate and Receipt of Trustee.	7
<b><u>IV. DOCUMENT OF THE UNDERWRITER</u></b>	
Receipt for the Obligation and Certification of Issue Price with Respect Thereto.	8

**V. LEGAL OPINIONS**

Approving Opinion of Special Counsel, and Reliance Letter to the Trustee and the Insurer.	9
Opinion of the Town Attorney.	10

**VI. MISCELLANEOUS DOCUMENTS**

Information Return for Tax-Exempt Governmental Obligations (IRS Form 8038-G), together with evidence of mailing.	11
Report of Bond and Security Issuance Pursuant to A.R.S. § 35-501B, together with evidence of mailing - Pledged Revenue.	12
Costs of Issuance Fund Order for Disbursement No. 1	13

Transcript Distribution:

Town of Camp Verde, Arizona - Issuer  
U.S. Bank National Association – Trustee  
Greenberg Traurig, LLP – Special Counsel  
Stone & Youngberg LLC – Financial Advisor  
Pinnacle Public Finance – Purchaser

**BILL OF SALE**

KNOW ALL MEN BY THESE PRESENTS:

That U.S. Bank National Association, as trustee but in its separate capacity as seller (the "Seller"), for good and valuable consideration received by the Seller from Town of Camp Verde, Arizona (the "Town"), receipt of which is hereby acknowledged, does by these presents, and to the extent not otherwise prohibited by applicable law with regard to any part thereof, grant, bargain, sell and convey to the Town, its successors and assigns, the "Property" (as such terms are defined in the First Purchase Agreement, dated as of May 1, 2011, by and between the Seller and the Town), to have and to hold the Property as sold to the Town and its successors and assigns forever.

IN WITNESS WHEREOF, the Trustee has caused this Bill of Sale to be executed this 26th day of May, 2011.

U.S. BANK NATIONAL ASSOCIATION

By.....  
Printed Name: .....  
Title:.....

\$1,005,000  
PLEGGED REVENUE OBLIGATION,  
SERIES 2011

---

CERTIFICATE OF CLERK  
AS TO RESOLUTION NO. 10-944[???

---

I, the undersigned Clerk of the Town of Camp Verde, Arizona (the "Town"), do hereby certify that attached hereto as the Attachment is a true and correct copy of Resolution No. 10-944 of the Mayor and Council of the Town adopted at the meeting of the Mayor and Council of the Town held on May 18, 2011; that a quorum was present at such meeting and at the time Resolution No. 10-944 was adopted; that Resolution No. 10-944 was adopted by a vote of \_\_\_ ayes, \_\_\_ nays and \_\_\_ abstained; that the Mayor and Clerk have executed and attested, respectively, Resolution No. 10-944; that Resolution No. 10-944, as executed, is on file in my office and that Resolution No. 10-944 has not been amended, repealed, revoked, rescinded or modified and is in full force and effect.

DATED: May 26, 2011

.....  
Deborah Barber, Clerk, Town of Camp Verde,  
Arizona

ATTACHMENT:

Resolution No. 10-944



ATTACHMENT

RESOLUTION NO. 10-944

\$1,005,000  
TOWN OF CAMP VERDE, ARIZONA  
PLEDGED REVENUE OBLIGATION,  
SERIES 2011

---

GENERAL CERTIFICATE ON BEHALF OF THE TOWN

---

We, the undersigned Mayor, Clerk and Manager of the Town of Camp Verde, Arizona (the "Town"), acting for and on behalf of the Town, do hereby certify as follows with respect to the above-described Pledged Revenue Obligation, Series 2011 (the "Obligation"):

1. We are the duly appointed, qualified and acting Mayor, Clerk and Manager of the Town and, as such, are familiar with the books, records and proceedings of the Town and are charged with the responsibility on behalf of the Town for the execution and delivery of the Obligation.

2. Each of the following documents has been executed and delivered by the Mayor and attested by the Clerk of the Town:

<u>Document</u>	<u>Date</u>	<u>Other Party(ies)</u>
Purchase Agreement (the "Purchase Agreement")	May 1, 2011	U.S. Bank National Association, as Seller
Trust Agreement (the "Trust Agreement")	May 1, 2011	U.S. Bank National Association, as Trustee

The Purchase Agreement and the Trust Agreement are herein collectively referred to as the "Town Documents."

3. The Town is duly incorporated and validly existing municipal corporation of the State of Arizona and has been, and is, at all relevant times from and after May 18, 2011, through the date hereof, governed by duly qualified and acting members of its council.

4. No authority or proceedings for the execution and delivery of the Obligation or the execution and delivery of the Town Documents has been rescinded or superseded and no referendum or other petition to revoke or alter the authorization of the Obligation or the Town Documents has been filed with or received by the Town.

5. The adoption of Resolution No. 10-944 by the Mayor and Council of the Town on May 18, 2011 (the "Resolution"), authorizing the Obligation and the execution and delivery of the Town Documents, and the execution and delivery of the Town Documents and

compliance with the provisions thereof does not and will not conflict materially with or result in the material breach of any of the terms, conditions or provisions of, or constitute a material default under, any existing ordinance or resolution of the Town, including without limitation any requirement of competitive bidding, any existing law, court or administrative regulation, decree, order or any agreement, indenture, mortgage, lease, sublease or other instrument to which the Town is a party or by which it or any of its properties is bound.

6. By execution and delivery hereof, the Town requests that the Obligation be executed and delivered by the appropriate officials of the Trustee and delivered against payment therefor as provided in the Trust Agreement.

7. The Town Documents, as executed and delivered by the duly authorized officers of the Town, are in substantially the form and text as the copies of such instruments which were approved by the Mayor and Council of the Town at the meeting at which Resolution No. 10-944 was adopted.

8. Other than as described therein, the Purchase Agreement constitutes the only agreement or existing debt instrument of the Town in any manner secured by or payable from the pledge of the amounts on the basis described in the Purchase Agreement.

9. The Town, to the best knowledge of the undersigneds, is not in default in the payment of principal of or interest on any of its indebtedness for borrowed money and is not in default under the Purchase Agreement or any instruments or agreements under or subject to which any indebtedness for borrowed money has been incurred, and no event has occurred and is continuing under the provisions of any such instrument or agreement which, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder.

10. To the best knowledge of the undersigneds, all approvals and consents required under the laws of the State of Arizona in connection with the sale and execution and delivery of the Obligation, and the execution and delivery of the Town Documents by the Town, have been obtained; all reports required to be filed by the Town with the Arizona Department of Revenue before the Obligation can be issued have been filed.

11. All of the representations and warranties of the Town made and contained in the Town Documents (which representations and warranties are hereby incorporated and stated herein by reference as fully and with the same effect as if set forth at length herein) are true and correct as of the date hereof as if said representations and warranties were set forth herein as of the date hereof.

12. The undersigned and the persons named on the attached Schedule are the persons initially designated to act on behalf of the Town as "Town Representatives" for purposes of the Trust Agreement.

I, the undersigned Manager of the Town, do hereby acknowledge on behalf of the Town the date the Obligation was sold to the purchaser thereof; the total aggregate principal amount of the Obligation which was executed and delivered; the date the Obligation is dated; the date on which interest the Obligation is payable and the interest rate per annum the Obligation bears; the date the Obligation matures and the provisions for optional and mandatory redemption of the Obligation in advance of such date and the terms upon which the Obligation was sold to the purchaser thereof (including determinations of price, original issue discount and premium).

[Remainder of this page intentionally left blank]

DATED: May 26, 2011

TOWN OF CAMP VERDE, ARIZONA

.....  
Robert Burnside, Mayor, Town of Camp Verde,  
Arizona

.....  
Deborah Barber, Clerk, Town of Camp Verde,  
Arizona

.....  
Russell Martin, Manager, Town of Camp Verde,  
Arizona

ATTACHMENT:

Schedule - Town Representative

**SCHEDULE**

Name

Title

Signature

Mel Preston

Finance Director

.....

\$1,005,000  
TOWN OF CAMP VERDE, ARIZONA  
PLEDGED REVENUE OBLIGATION,  
SERIES 2011

---

ARBITRAGE CERTIFICATE

---

I, the undersigned Finance Director of Town of Camp Verde, Arizona (the "Issuer"), an officer of the Issuer charged with others with the responsibility for sale and execution and delivery of the Pledged Revenue Obligation, Series 2011, dated the date hereof (the "Obligation"), reasonably expect the following with respect to the Obligation, being executed and delivered on this date (the "Issuance Date"), terms used herein and not otherwise defined herein having the meanings assigned to them in the hereinafter described Trust Agreement and in the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations:

1. Execution and Delivery of the Obligation. The Obligation will be executed and delivered pursuant to a Trust Agreement, dated as of May 1, 2011 (the "Trust Agreement"), between the Issuer and U.S. Bank National Association, as trustee (the "Trustee").

2. Purpose of the Obligation. The Obligation will be executed and delivered (i) to pay the costs of acquiring the Property and (ii) to pay the Delivery Costs.

3. Proceeds of the Obligation.

(a) The net proceeds received by the Issuer from the sale of the Obligation will be \$1,005,000.00 (the "Net Proceeds"), representing \$1,005,000.00 face amount of the Obligation.

(b) (i) \$25,000.00 of the Net Proceeds will be deposited in the Costs of Issuance Fund and used to pay the Delivery Costs.

(ii) \$980,000.00 of the Net Proceeds will be deposited in the Acquisition Fund and used to pay the costs of acquiring the Property.

4. Payment of the Obligation.

(a) Pursuant to the Purchase Agreement, the Issuer is required to pay to the Trustee certain installment purchase payments which are secured by a pledge of certain sales taxes and state shared revenues. Such payments include amounts such that on each January 1 and July 1 there will be deposited in the Payment Fund the amount of the interest payable on

the Obligation on the next January 1 and July 1, respectively, less any amount on deposit in the Payment Fund not previously credited. Such payments also include amounts such that on each July 1 there will be deposited to the Payment Fund the amount of the principal of the Obligation maturing or subject to mandatory redemption on the next July 1, less any amount on deposit in the Payment Fund not previously credited.

(b) Amounts of such payments deposited in the Payment Fund will be expended within 13 months of their deposit to pay scheduled debt service on or to redeem the Obligation. The Payment Fund is established to achieve a proper matching of revenues and debt service in each bond year. The Payment Fund will be fully depleted at least annually, except for a reasonable carryover amount not to exceed the greater of one year's earnings on such amounts for the immediately preceding bond year or one-twelfth of annual debt service on the Obligation for the immediately preceding bond year.

(c) Other than the Acquisition Fund, the Costs of Issuance Fund and the Payment Fund, there are no funds held under the Trust Agreement or otherwise that are reasonably expected to be used to pay debt service on or to secure the Obligation.

5. Yield. The yield on the Obligation (determined as the semiannual discount rate at which the present value of the payments of principal and interest equals the issue price of the Obligation) will be \_\_\_\_\_ percent. For purposes of this calculation, \$1,005,000.00 was used, representing face amount of the Obligation. (See the Receipt of the Obligation and Certificate of Issue Price With Respect Thereto included in the transcript of proceedings of which this Certificate is a part with respect to the "issue price" of the Obligation for such purpose.)

6. Projects; Costs of Issuance.

(a) \$980,000.00 of the Net Proceeds will be used to pay the costs to acquire the Property, and \$25,000.00 of the Net Proceeds will be used to pay the Delivery Costs. The Net Proceeds, together with earnings on the investment of the Net Proceeds, will not exceed the amount necessary for such purposes. At least 5 percent of the net sale proceeds of the Obligation will be spent or committed to be spent by binding obligations within 6 months from the Issuance Date for costs of the Project. The Project and the allocation of Net Proceeds to expenditures for costs of the Project will proceed with due diligence. All of the Net Proceeds allocable to the Project, together with investment earnings, will be spent to pay costs of the Project within 3 years from the Issuance Date: (A) 10 percent of the spendable proceeds of the Obligation will be used to carry out the governmental purposes of the Obligation within 1 year, (B) 60 percent of such spendable proceeds will be so used within 2 years and (C) all of such spendable proceeds will be so used within 3 years.

(b) The weighted average maturity of the Obligation will be \_\_\_\_\_ and does not exceed 120 percent of the average reasonably expected useful life of the Project.

(c) On the Issuance Date, not more than 50 percent of the proceeds of the sale of the Obligation to be used to pay the costs to acquire the Property will be invested in nonpurpose investments having a substantially guaranteed yield for four years or more.



7. Reimbursement. No costs of the Project (other than preliminary expenditures not exceeding 20 percent of the issue price of the Obligation) were incurred more than 60 days prior to the execution of any official intent to reimburse expenditures.

8. Arbitrage Rebate. The Issuer has covenanted to comply with certain arbitrage rebate covenants with respect to the Obligation as indicated in the Purchase Agreement.

[Remainder of this page intentionally left blank]

DATED: May 26, 2011.

.....  
Mel Preston, Finance Director, Town of Camp  
Verde, Arizona

\$1,005,000  
TOWN OF CAMP VERDE, ARIZONA  
PLEDGED REVENUE OBLIGATION,  
SERIES 2011

---

CERTIFICATE AND RECEIPT OF TRUSTEE

---

The undersigned, on behalf of U.S. Bank National Association, as trustee (the "Trustee"), under the Trust Agreement, dated as of May 1, 2011, (the "Trust Agreement"), by and between Town of Camp Verde, Arizona (the "Town"), and the Trustee, hereby certifies as follows, terms denoted by initial capitals herein and not otherwise defined herein, having the definitions of terms set forth in the Trust Agreement:

1. The Trustee is duly organized and existing under and by virtue of the laws of the United States of America and is duly qualified to do trust business in the State of Arizona.

2. The Trustee hereby acknowledges receipt of a certified copy of Resolution No. 10-944, adopted by the Mayor and Council of the Town on May 18, 2011, authorizing, among other things, the execution and delivery on behalf of the Town of the Trust Agreement and the Purchase Agreement, dated as of May 1, 2011 (the "Purchase Agreement"), between the Town and the Trustee, as seller, and executed original counterparts of the Trust Agreement and the Purchase Agreement.

3. Pursuant to the written request and authorization from the Town, dated this date, the Trustee has executed the \$1,005,000 principal amount Pledged Revenue Obligation, Series 2011 (the "Obligation") on behalf of the Town, dated as of the date hereof, maturing, bearing interest and having other terms provided by the Trust Agreement and has delivered the Obligation to the purchaser identified by the Town, after execution and registration, upon payment therefor to the Trustee, of the purchase price thereof, as provided in paragraph 7 below.

4. The Trust Agreement and the Purchase Agreement (collectively, the "Trustee Documents") along with the Obligation were executed by the undersigned officer who at the time of such execution, was and is duly authorized to execute such documents on behalf of the Trustee.

5. Attached hereto as the Exhibit is documentation of the Trustee which sets forth the authority of the signatories named in paragraph 4 hereof to act on behalf of the Trustee, and that said authority was in effect on the date or dates said signatories acted and remains in full force and effect on the date hereof.

6. To the best of the knowledge of the undersigned officer of the Trustee after due investigation, 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 under the Trustee Documents, (b) in any way contesting or affecting any authority for, or the validity of, the Obligation or the application of the proceeds of the Obligation, or (c) in any way contesting the existence or corporate trust powers of the Trustee.

7. The Trustee has received, in payment for the Obligation, \$1,005,000.00.

8. In accordance with the Trust Agreement, the moneys referred to in the foregoing paragraph 7 with respect to the proceeds of the Obligation have been applied as follows:

Fund and (i) \$25,000.00 has been deposited to the Costs of Issuance

(ii) \$980,000.00 has been deposited to the Acquisition Fund.

[Remainder of this page intentionally left blank]

DATED: May 26, 2011

.....  
Printed Name: .....

Title: .....

U.S. Bank National Association

ATTACHMENT:

Exhibit

\$1,005,000  
TOWN OF CAMP VERDE, ARIZONA  
PLEDGED REVENUE OBLIGATION,  
SERIES 2011

---

RECEIPT FOR OBLIGATION AND  
CERTIFICATION OF ISSUE PRICE  
WITH RESPECT THERETO

---

The undersigned, on behalf of Pinnacle Public Finance, the purchaser of the above-referenced Obligation (the "Obligation"), hereby acknowledges receipt on this date, from U.S. Bank National Association, as trustee (the "Trustee"), of the Obligation executed and delivered under and pursuant to a Trust Agreement, dated as of May 1, 2011, by and between the Trustee and Town of Camp Verde, Arizona, in fully registered form, dated the date hereof in principal amount of \$1,005,000, maturing on July 1, 2023, and bearing interest at the per annum rate of three and ninety-one hundredths percent (3.91%). The undersigned, on behalf of the Purchaser, hereby certifies that the Obligation was purchased in a commercial, "arms-length" transaction at the price of par.

DATED: May 26, 2011

.....  
Printed Name: .....  
Title: .....  
Pinnacle Public Finance

[LETTERHEAD OF GREENBERG TRAURIG, LLP]

May 26, 2011

U.S. Bank National Association  
Phoenix, Arizona

Re: Pledged Revenue Obligation, Series 2011, Evidencing Proportionate Interests of the Owner Thereof in Purchase Price Payments to be Made by the Town of Camp Verde, Arizona to U.S. Bank National Association, as Trustee, Dated the Date Hereof

We have examined the transcript of proceedings (the "Transcript") relating to the execution and delivery by U.S. Bank National Association (the "Trustee") of the Pledged Revenue Obligation, Series 2011, dated the date hereof (the "Obligation"), pursuant to a First Trust Agreement, dated as of May 1, 2011 (the "Trust Agreement"), between the Trustee and Town of Camp Verde, Arizona (the "Town"). The Obligation is an undivided, participating, proportionate interest in certain payments to be made by the Town pursuant to a First Purchase Agreement, dated as of May 1, 2011 (the "Purchase Agreement"), between the Trustee as seller and the Town as buyer to finance a 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 Obligation, 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.

2. The obligations of the Town pursuant to the Purchase Agreement with respect to payment of principal and interest with respect to the Obligation is solely from 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 limited 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 Obligation does 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 and received by the beneficial owner of the Obligation (the "Interest Portion"), is excludable from the gross income of the 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 Obligation.) 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 Obligation 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 Obligation 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 Interest Portion on, or ownership or disposition of, the Obligation.)

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,

[LETTERHEAD OF GREENBERG TRAURIG, LLP]

May 26, 2011

U.S. Bank National Association, as trustee  
Phoenix, Arizona

Pinnacle Public Finance  
Scottsdale, Arizona

Re: Pledged Revenue Obligation, Series 2011, Evidencing Proportionate Interests of the Owner Thereof in Purchase Price Payments to be Made by the Town of Camp Verde, Arizona to U.S. Bank National Association, as Trustee, Dated the Date Hereof

We have today delivered to you a copy of our executed legal opinion as special counsel, dated this date, relating to the execution and delivery of the captioned Obligation. You are entitled, as trustee and purchaser, respectively, with respect to the Obligation, to rely upon our opinion as if it was addressed to you.

Yours truly,

[LETTERHEAD OF TOWN ATTORNEY]

May 26, 2011

Greenberg Traurig, LLP  
Phoenix, Arizona

Re: Pledged Revenue Obligation, Series 2011, Evidencing Proportionate Interests of the Owners Thereof in Purchase Price Payments to be Made by the Town of Camp Verde, Arizona to U.S. Bank National Association, as Trustee, Dated the Date Hereof

We have acted as Town Attorney for Town of Camp Verde, Arizona (the "Town"), in connection with the sale of the captioned Obligation (the "Obligation"). (The capitalized terms used in this opinion and not otherwise defined herein have the meaning ascribed to them in Resolution No. \_\_\_\_\_ of the Mayor and Council of the Town, adopted on May 26, 2011 (the "Authorizing Resolution").

We have examined the transcript of proceedings (the "Transcript") relating to the execution and delivery of the Obligation, including originals or copies, certified or otherwise identified to our satisfaction, of the included documents, resolutions, instruments, records, certificates and opinions, and have reviewed laws and information and have made investigations, as we have considered necessary or appropriate for the purpose of rendering this opinion. In such examination of the Transcript, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to me as copies. As to any facts material to this opinion, we have, when relevant facts were not independently established, relied upon the aforesaid proceedings and proofs.

Based upon such examination, we are of the opinion that, pursuant to the law existing on the date of this opinion:

1. The Town is duly organized and validly incorporated as a municipal corporation in accordance with the Constitution and laws of the State of Arizona and has all requisite power and authority thereunder to enter into and perform its agreements in accordance with the Authorizing Resolution and its covenants and agreements pursuant to the Purchase Agreement and the Trust Agreement (together, the "Town Documents").

2. The Authorizing Resolution has been duly adopted and approved by the Mayor and Council of the Town in conformance with the applicable open meeting and other laws and ordinances of the Town and the State of Arizona.

3. The Town Documents have been duly authorized and validly executed and delivered by the Town.

4. The adoption and approval of the Authorizing Resolution, the authorization, execution and delivery of the Town Documents and compliance with the respective provisions thereof under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Town a breach of or default under any agreement or other instrument to which the Town is a party or of any existing law, administrative regulation, court order or consent decree to which the Town, or any of its property, is subject.

5. There are no lawsuits or proceedings by or before any court, governmental agency, public board or body, pending or overtly threatened against the Town that in any way question (i) the validity and the proper authorization, approval and execution of any of the Town Documents, (ii) the validity and proper approval and adoption of the Authorizing Resolution, (iii) the authority of the Town or its officials to enter into any of the Town Documents, to make the "Payments," to perform its obligation under such document or the Authorizing Resolution or the pledge of "Excise Tax Revenues" or "State Shared Revenues" (as such terms are defined in the Town Documents) and to carry out the transactions contemplated thereby, or wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Authorizing Resolution, the Obligation or any of the Town Documents, or would in any way adversely affect the validity or enforceability of the Obligation, the Resolution, any of the Town Documents or of any other instruments required or contemplated for use in consummating the transactions contemplated thereby, or that, individually or collectively, would have a material adverse effect on the financial condition of the Town or impair the Town's ability to comply with all of its duties under the Resolution.

Respectfully submitted,

TOWN OF CAMP VERDE, ARIZONA  
\$1,005,000  
PLEDGED REVENUE OBLIGATION,  
SERIES 2011

---

AFFIDAVIT OF MAILING IRS FORM 8038-G

---

STATE OF ARIZONA        )  
                                  ) ss.  
COUNTY OF MARICOPA    )

....., being first duly sworn, upon his or her  
oath deposes and says:

1. That on ....., 2011, at .....m., he or she placed in  
the United States Post Office, postage prepaid, certified mail, return receipt requested, an  
envelope addressed to Internal Revenue Service Center, Ogden, Utah 84201.

2. A copy of Form 8038-G which was enclosed in said envelope is attached  
hereto as Exhibit A.

.....

SUBSCRIBED AND SWORN TO before me this ..... day of  
....., 2011.

.....

Notary Public

My Commission Expires:

.....

**Information Return for Tax-Exempt Governmental Obligations**  
 ▶ Under Internal Revenue Code section 149(e)  
 ▶ See separate instructions.  
 Caution: If the issue price is under \$100,000, use Form 8038-GC.

OMB No. 1545-0720

<b>Part I Reporting Authority</b>		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name <b>Town of Camp Verde, Arizona</b>		2 Issuer's employer identification number <b>86 0573698</b>	
3 Number and street (or P.O. box if mail is not delivered to street address) <b>473 South Main Street, Suite 102</b>		Room/suite	4 Report number <b>3</b>
5 City, town, or post office, state, and ZIP code <b>Camp Verde, Arizona 86322</b>		6 Date of issue <b>May 26, 2011</b>	
7 Name of issue <b>Pledged Revenue Obligation, Series 2011</b>		8 CUSIP number <b>N/A</b>	
9 Name and title of officer or other person whom the IRS may call for more information <b>Ms. Russell Martin, Manager</b>		10 Telephone number of officer or other person <b>( 928 ) 567-6631</b>	

**Part II Type of Issue (enter the issue price)** See instructions and attach schedule

11 Education	11		
12 Health and hospital	12		
13 Transportation	13		
14 Public safety	14		
15 Environment (including sewage bonds)	15		
16 Housing	16		
17 Utilities	17		
18 Other. Describe ▶ <b>Property acquisition</b>	18	\$ 1,005,000	00
19 If obligations are TANs or RANs, check only box 19A <input type="checkbox"/>			
If obligations are BANs, check only box 19b <input type="checkbox"/>			
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>			

**Part III Description of Obligations.** Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	<b>July 1, 2023</b>	<b>\$ 1,005,000.00</b>	<b>\$ 1,005,000.00</b>	<b>years</b>	<b>%</b>

**Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)**

22	Proceeds used for accrued interest	22	\$	0	00
23	Issue price of entire issue (enter amount from line 21, column (b))	23		1,005,000	00
24	Proceeds used for bond issuance costs (including underwriters' discount)	24		25,000	00
25	Proceeds used for credit enhancement	25		0	00
26	Proceeds allocated to reasonably required reserve or replacement fund	26		0	00
27	Proceeds used to currently refund prior issues	27		0	00
28	Proceeds used to advance refund prior issues	28		0	00
29	Total (add lines 24 through 28)	29		25,000	00
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	\$	980,000	00

**Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)** N/A

31 Enter the remaining weighted average maturity of the bonds to be currently refunded. . . ▶ \_\_\_\_\_ years

32 Enter the remaining weighted average maturity of the bonds to be advance refunded. . . ▶ \_\_\_\_\_ years

33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) . . . ▶ \_\_\_\_\_

34 Enter the date(s) the refunded bonds were issued (MM/DD/YYYY) . . . ▶ \_\_\_\_\_

**Part VI Miscellaneous**

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5). . . .	35	
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions) . . . . .	36a	
	b Enter the final maturity date of the GIC ▶ _____		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units). . . . .	37a	
	b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ <input type="checkbox"/> and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____		
38	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box. . . . ▶ <input checked="" type="checkbox"/>		
39	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box . . . . ▶ <input type="checkbox"/>		
40	If the issuer has identified a hedge, check box . . . . ▶ <input type="checkbox"/>		

**Signature and Consent**

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

▶ \_\_\_\_\_ 05/26/2011 ▶ **Robert Burnside, Mayor**  
 Signature of issuer's authorized representative Date Type or print name and title

<b>Paid Preparer's Use Only</b>	Preparer's signature ▶ _____	Date _____	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN <b>P01067977</b>
	Firm's name (or yours if self-employed), address, and ZIP code ▶ <b>Greenberg Traurig, LLP</b> <b>1750 Tysons Boulevard, McLean, Virginia 22102</b>	EIN <b>13</b> : <b>3613083</b>	Phone no. <b>(703) 749-1311</b>	



TOWN OF CAMP VERDE, ARIZONA  
\$1,005,000  
PLEDGED REVENUE OBLIGATION,  
SERIES 2011  
CLOSING: MAY 26, 2011

---

AFFIDAVIT OF MAILING OF REPORT RELATING TO ISSUANCE OF  
BONDS FOR ARIZONA DEPARTMENT OF REVENUE

---

STATE OF ARIZONA        )  
                                  ) ss.  
COUNTY OF MARICOPA    )

....., being first duly sworn, upon his or her  
oath deposes and says:

1. That on ....., 2011, at ..... m., he or she placed in the  
United States Post Office, postage prepaid, certified mail, return receipt requested, an envelope  
addressed to Arizona Department of Revenue, Ninth Floor, 1600 West Monroe Street, Phoenix,  
Arizona 85007.

2. A copy of Report Relating to Issuance of Bonds for Arizona Department  
of Revenue under Section 35-501, Arizona Revised Statutes, As Amended, which was enclosed  
in said envelope is attached hereto as Exhibit A.

.....

SUBSCRIBED AND SWORN TO before me this ..... day of  
....., 2011.

.....

Notary Public

My Commission Expires:

.....





**Arizona Department of Revenue**  
**Report of Bond and Security Issuance**

Listing of Issuance Costs

Time of Issue: Town of Camp Verde, Arizona, Pledged Revenue Obligation,  
Series 2011

Date Closed: May 26, 2011

(A) Underwriter's compensation -	\$	0.00
(B) Bond Counsel fees -	\$	10,000.00
(C) Financial advisor fees -	\$	15,000.00
(D) Verification agent fees -	\$	0.00
(E) Placement agent fees -	\$	0.00
(F) Investment securities brokerage fees -	\$	0.00
(G) Registrar fees -	\$	0.00
(H) Trustee fees -	\$	0.00
(I) Credit enhancement fees -	\$	0.00
(J) Rating agency fees -	\$	0.00
(K) Printing costs -	\$	0.00
(L) Registration fees -	\$	0.00
(M) Transfer and recording fees -	\$	0.00
(N) Other - Miscellaneous -	\$	0.00

**Arizona Department of Revenue  
Report of Bond and Security Issuance**

Debt Service Schedule

Name of Issue: Town of Camp Verde, Arizona, Pledged Revenue Obligation,  
Series 2011

Date Closed: May 26, 2011

Attached

**Arizona Department of Revenue  
Report of Bond and Security Issuance**

Form 8038-G

Name of Issue: Town of Camp Verde, Arizona, Pledged Revenue Obligation,  
Series 2011

Date Closed: May 26, 2011

Attached

**Arizona Department of Revenue  
Report of Bond and Security Issuance**

Final Official Statement

Name of Issue: Town of Camp Verde, Arizona, Pledged Revenue Obligation,  
Series 2011

Date Closed: May 26, 2011

None

TOWN OF CAMP VERDE, ARIZONA  
\$1,005,000  
PLEDGED REVENUE OBLIGATION,  
SERIES 2011

---

COSTS OF ISSUANCE FUND  
ORDER FOR DISBURSEMENT NO. 1

---

Pursuant to Section 3.2 of the Trust Agreement, dated as of May 1, 2011 (the "Trust Agreement"), between U.S. Bank National Association (the "Trustee") and Town of Camp Verde, Arizona (the "Town"), the undersigned Town Representative hereby requests, authorizes and directs the Trustee, as custodian of the Costs of Issuance Fund established by the Trust Agreement, to pay to the Town or to the person(s) listed as payee(s) on the Schedule hereto, out of the monies deposited in said Costs of Issuance Fund, upon receipt of invoices, up to the aggregate sum shown on the Schedule hereto, to pay such person(s) or to reimburse the Town in full for the advances, payments and expenditures made by it. Said amounts are properly chargeable to the Costs of Issuance Fund.

This statement constitutes approval by the Mayor and Council for the disbursement hereby requested and authorized.

Dated: May 26, 2011

.....  
Mel Preston, Town Representative

ATTACHMENT:

Schedule - Payments from Cost of Issuance Fund



SCHEDULE

PAYMENTS FROM COSTS OF ISSUANCE FUND

Payee Name

Amount

Total:

\_\_\_\_\_  
\$ \_\_\_\_\_



**ITEM #10 - CORRECTED RESOLUTION 2011-843**

**CORRECTED TOWN CODE**

**SECTION 11-1-6**





RESOLUTION 2011-843

**A RESOLUTION OF THE MAYOR AND COMMON COUNCIL  
OF THE TOWN OF CAMP VERDE, YAVAPAI COUNTY, ARIZONA,  
DECLARING THE TOWN OF CAMP VERDE TOWN CODE,  
DATED MAY 18, 2011, TO BE A PUBLIC RECORD**

Whereas, A.R.S. Section 9-802 permits the enactment and publication by reference of a code or public record, including a statute, rule or regulation of the municipality, in the interest of economy, and

Whereas, the document entitled **The Town of Camp Verde Town Code**, dated May 18, 2011 is a lengthy re-codification or prior ordinances and resolutions enacted by the Town, together with additions and amendments, to be adopted by Ordinance ~~201108-A372-A355~~, and which would qualify for enactment by reference by law.

**NOW THEREFORE THE MAYOR AND THE COMMON COUNCIL OF THE TOWN OF CAMP VERDE HEREBY DECLARE THE TOWN OF CAMP VERDE TOWN CODE, ATTACHED HERETO AND INCORPORATED HEREIN, TO BE A PUBLIC RECORD PURSUANT TO A.R.S. SECTION 9-802, TO BE ENACTED BY ORDINANCE 2011-A372, AND ORDER THAT THREE (3) COPIES OF THE TOWN CODE, TOGETHER WITH ANY FUTURE AMENDMENTS OR ADDITIONS WHICH ARE ADOPTED, BE PERMANENTLY FILED IN THE OFFICE OF THE TOWN CLERK AND AVAILABLE FOR PUBLIC INSPECTION.**

PASSED, APPROVED AND ADOPTED by the Mayor and Common Council of the Town of Camp Verde, Yavapai County, Arizona, on May 18, 2011.

\_\_\_\_\_  
Bob Burnside, Mayor

Attest:

Approved as to form:

\_\_\_\_\_  
Deborah Barber, Town Clerk

\_\_\_\_\_  
Town Attorney

C. Any person loitering, driving, or parking a vehicle described in this section on property shall, upon request of any peace officer, display the written permission issued under the terms of this article.

D. It is the intent of this section to prevent the unauthorized use of vacant lots, parking lots, or other property, privately or publicly owned areas by persons for unauthorized or illegal purposes which could create a public nuisance or interfere with the comfortable enjoyment of life or property by the entire community or neighborhood or by a considerable number of persons.

E. No person charged with violating this section shall be convicted and such charge against him or her shall be dismissed if he or she subsequently produces in court the aforesaid written permission.

### Section 11-1-5 Noise

A. It is hereby declared to be public nuisance, and it is unlawful for any person, to play or permit to be played any music or musical instruments whether played by individuals, orchestra, radio phonograph, music box or other mechanical device or means, any shop operations or other activity in such a loud or unusual manner as to be offensive to the senses, or so as to disturb the slumber, peace and quiet, or otherwise interfere with the comfortable enjoyment of life or property of any person and is no less a nuisance because the extent of the annoyance inflicted is unequal.

B. It is unlawful to play, operate or use any device known as a sound truck, loud speaker or sound amplifier, radio or any instrument of any kind or character which emits loud and raucous noises and is attached to and upon any vehicle unless such person in charge of such vehicle shall have first applied to and received permission from the chief of police to operate any vehicle so equipped.

### Section 11-1-6 Parks - Alcohol Use (2000-A162) (2009-A367) (2009-A369)

**Definitions:** "Public Recreation Area" shall include a Town park, district or regional parks, riverfront parks, or areas so designated by the Town Council of the Town Hall complex, such as the adjoining sports fields, parking lots, or gymnasium, or other Town property.

**Prohibition on Alcohol Use.** It is unlawful for any person to consume, possess, give, or sell any alcoholic beverage within the boundaries of any public recreation area OR ON TOWN-OWNED PROPERTY within the Town limits, or in a public thoroughfare, except that persons may sell, purchase, or consume beer and/or wine by permit from the Town. THE COUNCIL MAY APPROVE NO MORE THAN THREE (3) ALCOHOL PERMITS ON TOWN PROPERTY IN A FISCAL YEAR. at the following events only: Fort Verde Days (beer only), CORN FESTIVAL Cawdad Festival (beer only), and Pecan, Wine & Antique Festival (wine only). ~~The permits will specify the area and other conditions of use.~~ A special event license from the Arizona Department of Liquor Control is required and procedures are outlined in the Town of Camp Verde Procedures and Operations Guide, Special Event Permitting Procedures and Handbook. THE PERMIT WILL SPECIFY THE AREA and other conditions of use.

- A) Proof of alcohol training from Arizona Department of Liquor Control is required as a condition of the permit.
- B) Signs will be posting stating that no one appearing to be intoxicated will be served
- C) "LAST CALL" promotions are strictly prohibited.

**Permit Procedures.** The Town Manager will establish permit procedures under this ordinance, except that the Town Council may by motion or resolution determine which events sponsored by the Town will have beer sold under a Town special event license.