1. March 22, 2016 - Town Council - Agenda

   Documents: 2016_03_22_CC_RG_AG.PDF

2. Town Council - Agenda Packet

   Documents: 2016_03_22_CC_RG_PK.PDF

Town of Chino Valley

MEETING NOTICE
TOWN COUNCIL

REGULAR MEETING
Tuesday, March 22, 2016
6:00 P.M.

Council Chambers
202 N. State Route 89
Chino Valley, Arizona

AGENDA

1. CALL TO ORDER, INVOCATION; PLEDGE OF ALLEGIANCE; ROLL CALL

2. INTRODUCTIONS, PRESENTATIONS, AND PROCLAMATIONS

3. CALL TO THE PUBLIC

Call to the Public is an opportunity for the public to address the Council concerning a subject that is not on the agenda. Public comment is encouraged. Individuals are limited to speak for three (3) minutes. The total time for Call to the Public may be up to 30 minutes per meeting. Council action taken as a result of public comment will be limited to directing staff to study the matter, scheduling the matter for further consideration and decision at a later date, or responding to criticism.

4. RESPONSE TO THE PUBLIC

Response to the Public is an opportunity for the Mayor to inform the public about how Town officials addressed matters raised during Call to the Public at a previous meeting.

a. Comment regarding offsite business signs on highway.

5. CURRENT EVENT SUMMARIES AND REPORTS

This item is for information only. The Mayor, any Councilmember, or Town Manager may present a brief summary or report of current events, or ask a staff member to provide the same. Presentation on information requested by the Mayor and Council will be made and questions answered. No action will be taken.

a. Status reports by Mayor and Council regarding current events.

b. Status report by Town Manager Robert Smith regarding Town accomplishments, and current or upcoming projects.

6. CONSENT AGENDA

All those items listed below are considered to be routine and may be enacted by one motion. Any Councilmember may request to remove an item from the Consent Agenda to be considered and discussed separately.

a. Consideration and possible action to approve Intergovernmental Agreement ("IGA") between Yavapai County and Town of Chino Valley to provide electronic law enforcement records management and maintenance services. Funds to come from Professional Services line in the FY 2016-2017 Police Department budget. (Chuck Wynn, Police Chief)

b. Consideration and possible action to approve the Agreement for Professional Consulting Services with CivilTec Engineering, Inc., for the preparation of engineering construction plans for the Old Home Manor Industrial Park project in an amount not to exceed $196,105.00. Funds to come from EDA grant and accounted for in the Grants Fund. (Michael Lopez, Acting Public Works Director/Town Engineer)

c. Consideration and possible action to amend the Planning and Zoning Commissioner Position Description & Selection Process. (Jami Lewis, Town Clerk)

d. Consideration and possible action to accept the February 17, 2016 study session meeting minutes. (Jami Lewis, Town Clerk)

e. Consideration and possible action to accept the February 23, 2016 regular meeting minutes. (Jami Lewis, Town Clerk)

7. ACTION ITEMS

The Council may vote to recess the public meeting and hold an Executive Session on any item on this agenda pursuant to A.R.S. § 38-431.03(A)(3) for the purpose of discussion or consultation for legal advice with the Town Attorney. Executive sessions are not open to the public and no action may be taken in executive session.

a. Consideration and possible action to adopt Resolution No. 16-1079, authorizing the refinancing of the May 1, 2007 Greater Arizona Development Authority (GADA) loan and the 2010 US Bank Series Pledged Excise Tax Revenue Obligations. (Joe Duffy, Finance Director)

Recommended Action: Adopt Resolution No. 16-1079, authorizing the refinancing of the May 1, 2007 GADA loan and the 2010 US Bank Series Pledged Excise Tax Revenue Obligations.

b. (i) Public Hearing regarding application from Tony Cordovana for a new Series 12 (Restaurant) Liquor License for Windmill House, located at 1460 W. Road 4 North, Chino Valley.
(ii) Consideration and possible action to recommend approval for a new Series 12 Liquor License for Windmill House. (Jami Lewis, Town Clerk)

Recommended Action:
(i) Hold Public Hearing.
(ii) Recommend approval for a new Series 12 Liquor License for Windmill House.

c. PUBLIC HEARING regarding Resolution No.16-1078, proposing an extension of the alternative expenditure limitation—home rule option. (Joe Duffy, Finance Director)

Recommended Action: Hold public hearing.

d. Consideration and possible action to adopt Resolution No. 16-1077, amending the Town's Consolidated Fee Schedule related to public records, business licenses, and liquor licenses. (Jami Lewis, Town Clerk)

Recommended Action: Adopt Resolution No. 16-1077, amending the Town's Consolidated Fee Schedule related to public records, business licenses, and liquor licenses.

e. Consideration and possible action to adopt Ordinance No. 16-812 amending the Unified Development Ordinance ("UDO") Chapter 1 Administration and Procedures, Section 1.9 Review and Approval Processes, Subsection 1.9.5 Citizen Review Process, changing requirements for Neighborhood Meetings for Conditional Use Permits, Zone Changes, and Planned Area Developments. (James Gardner, Associate Planner)

Recommended Action: Approve Unified Development Ordinance Section 1.9 Review and Approval Processes by adopting Ordinance No. 16-812.

f. Consideration and possible action to adopt Ordinance No. 16-813 amending Unified Development Ordinance ("UDO") Chapter 4 General Regulations, Section 4.22 Off-Street Parking and Loading, Subsection 4.22.5 Parking Standards for Non-Residential and Mixed Uses, Sub-subsection 4.22.5(E) Joint Use Parking for PAD, and Subsection 4.22.8 Determination of Required Parking, by deleting Sub-subsections (B) and (H) and renumbering the remaining subsections to conform, and amending the Table. (James Gardner, Associate Planner)

Recommended Action: Approve text amendments to Section 4.22 Off-Street Parking and Loading of the Unified Development Ordinance by adopting Ordinance No. 16-813.

g. Consideration and possible action to to amend Title V: Public Works, Chapter 50: General Provisions and Chapter 51 Water and Sewers, modifying mandatory connection fees, among other things. (Ruth Mayday, Development Services Director)

Recommended Action: Approve Ordinance 16-815 amending Title V (5) Public Works, Chapters 50 General Provisions, and Chapter 51 Water and Sewer systems, and deleting 50.56 Effluent Collection, Treatment, and Recharge Policy.

8. EXECUTIVE SESSION

Council may vote to recess the Regular Meeting and hold an executive session, which will not be open to the public, for the following purposes.

a. An executive session pursuant to A.R.S. § 38-431.03(A)(4) for discussion or consultation with the Town Attorney in order to consider its position and instruct the Town Attorney regarding the Town's position regarding a contract with the City of Prescott related to acquisition of Prescott Water facilities located within Chino Valley that is the subject of negotiations. (Robert Smith, Town Manager)

b. An Executive Session pursuant to A.R.S. Section 38-431.03(A)(3) and (4) for discussion or consultation for legal advice with the Town Attorney and in order to consider its position and instruct the Town Attorney regarding the Town's position regarding pending litigation and settlement discussions conducted in order to resolve litigation in the matter of Cortez v. Town of Chino Valley. (Robert Smith, Town Manager)

9. ACTION ITEMS RESUMED

After the Executive Session, Council will reconvene the Regular Meeting.

10. ADJOURNMENT

Dated this 17th day of March, 2016.

By: ***Jami C. Lewis, Town Clerk***

The Town of Chino Valley endeavors to make all public meetings accessible to persons with disabilities. Please call 636-2646 (voice) or 711 (Telecommunications Arizona Relay Service) 48 hours prior to the meeting to request a reasonable accommodation to participate in this meeting.

Supporting documentation and staff reports furnished to the Council with this agenda are available for review on the Town website at http://www.chinoaz.net/agendacenter and in the Public Library and Town Clerk's Office.

CERTIFICATION OF POSTING

The undersigned hereby certifies that a copy of this notice was duly posted at Chino Valley South Campus, Chino Valley Post Office, and Chino Valley North Campus in accordance with the statement filed by the Town Council with the Town Clerk.

Date:_____ Time:_____ By:_____

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Date:_____ Time:_____ By:_____

Jami C. Lewis, Town Clerk

TOWN OF CHINO VALLEY
COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting **Item No. 6. a.**

Meeting Date:	03/22/2016
Contact Person:	Chuck Wynn, Police Chief Phone: 928-636-2646 x-1258
Department:	Police
Item Type:	Consent
Estimated length of staff presentation:	None
Physical location of item:	N/A

AGENDA ITEM TITLE:

Consideration and possible action to approve Intergovernmental Agreement ("IGA") between Yavapai County and Town of Chino Valley to provide electronic law enforcement records management and maintenance services.

RECOMMENDED ACTION:

Approve IGA between Yavapai County and Town of Chino Valley to provide electronic law enforcement records management and maintenance services.

SITUATION AND ANALYSIS:

ssue Statement

1. Yavapai County has provided electronic law enforcement records management and maintenance services to the Town of Chino Valley under a prior intergovernmental agreement since July, 2009.
2. The prior IGA was executed by the County on July 21, 2009 and by the Town on July 7, 2009 and had a term that expired on June 30, 2010, but automatically renewed for successive one-year terms, unless otherwise terminated by the parties.
3. The prior IGA did not include any raises in cost to the Town of Chino Valley
4. Both Parties utilize Spillman software to manage various types of law enforcement data, find the mutual and cooperative efforts to be beneficial to both Parties, and desire to continue a similar information and systems management relationship.

Applicable "Policy"

N/A

Satisfaction of "Policy"

N/A

Summary of Issues and Staff Rationale

1. The County has provided Town of Chino Valley with law enforcement records management and maintenance since July, 2009, at a cost of $10,000 per year, with no increase in charges over the past 7

years.
2. The County has been absorbing approximately 3% increases in cost each year.
3. The County has not previously charged Town of Chino Valley for additional computer terminals installed in the records department.
4. The new IGA will include an increase of $5,000 beginning July 1, 2016, for the first year cost of $15,000.
5. The new IGA will include an increase of 3% per year beginning July 1, 2017.
6. This increase in cost will more accurately reflect the actual cost for Yavapai County to provide records management and maintenance services.
7. In addition to general records management, Town of Chino Valley this year began utilizing the Spillman system to manage and track evidence.

Findings of Fact
1. Purchasing our own law enforcement records management system would cost substantially more than continuing our partnership with Yavapai County. (Initially approximately $500,000)
2. It is beneficial to both agencies to share information on a shared records management system.
3. To purchase evidence tracking software separately would cost $8,000-$10,000, not counting hardware costs that the Town would need to provide proper storage and back-up.

Fiscal Impact

Fiscal Impact?: Yes
If Yes, Budget Code: 01-60-5212
Available: $15,000
Funding Source:
Funds will be included in the departments FY 2016/2017 budget.

Attachments

Records Mgmt IGA

INTERGOVERNMENTAL AGREEMENT BETWEEN YAVAPAI COUNTY AND THE TOWN OF CHINO VALLEY

This Intergovernmental Agreement ("Agreement" or "IGA") is entered into this ___ day of _____, 2016, by and between Yavapai County, a political subdivision of the State of Arizona ("County"), and the Town of Chino Valley, Arizona, an Arizona municipal corporation ("Town"). County and Town may be referred to individually and collectively as "Party" or "Parties".

Recitals:

1. Yavapai County ("the County") has provided electronic law enforcement records management and maintenance services to the Town of Chino Valley ("the Town") under a prior intergovernmental agreement (the "Prior IGA").

2. The Prior IGA was executed by the County on July 21, 2009 and by the Town on July 7, 2009 and had a term that expired on June 30, 2010, but automatically renewed for successive one-year terms, unless otherwise terminated by the Parties.

3. Both Parties utilize Spillman software to manage various types of law enforcement data, find the mutual and cooperative efforts to be beneficial to both Parties, and desire to continue a similar information and systems management relationship.

4. The Parties are authorized to enter into this IGA pursuant to A.R.S. § 11-952.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and consideration described herein, County and Town agree as follows:

1. Purpose: The purpose of this Agreement is to provide the terms and conditions pursuant to which the County will manage and maintain Town's law enforcement computerized data and systems.

2. Term and Renewal; Termination:

2.1 The Parties hereby agree that the Prior IGA shall terminate at the end of its current term, June 30, 2016, and shall not be further renewed.

2.2 This IGA shall be effective for a one-year term, from July 1, 2016 through June 30, 2017.

2.3 After the initial one-year term, this IGA shall automatically renew for up to two additional one-year terms unless written notice of intent not to renew is given by one Party to the other Party at least sixty (60) days prior to the expiration date of the then-current term. If either Party gives such written notice, the IGA shall terminate at the end of the then-current term. Each renewal term shall begin on July 1, and end on June 30 of the following year.

2.4 This Agreement may be terminated at any time prior to the expiration of the initial term or any renewal term by mutual written agreement of the Parties hereto. Any termination of this IGA shall not relieve either Party of responsibility for costs incurred prior to the effective date of the cancellation.

3. Responsibilities of the County:

3.1 The County shall manage and maintain the Town's law enforcement computerized data system, computer aided dispatch, and national crime and state crime information modules (collectively the "Computerized Law Enforcement Data and Systems"), all of which are within Spillman software.

3.2 The County shall act as system administrator for the Town's Computerized Law Enforcement Data and Systems and manage the security features of the Town's Computerized Law Enforcement Data and Systems in accordance with industry standards and to the satisfaction of the Town.

3.3 The County's administrative and management duties do not include minor changes, described in Section 5.2, below.

3.4 The County shall, to the extent permitted by law, share the County's Computerized Law Enforcement Data and Systems with the Town.

3.5 The County shall coordinate any Spillman software upgrades with the Town so that both parties will continue to use the same versions of the software.

3.6 The County shall be the Town's point of contact for any requests for any significant upgrades or changes to Spillman software that could result in system unavailability for periods of time longer than one hour and shall notify and inform the Town at least five days prior to any significant upgrades or changes.

4. Responsibilities of the Town.

4.1 The Town shall pay the costs for any and all equipment required to enable it to connect with the County network.

4.2 The Town shall be responsible for minor changes to the Computerized Law Enforcement Data and Systems such as reassignments, adding or removing employees and system privileges, and management of passworded files.

4.3 The Town shall maintain, in accordance with Arizona public records requirements and other applicable laws, all permanent files that the County forwards to the Town for permanent archival storage.

4.4 The Town shall, to the extent permitted by law, share its Computerized Law Enforcement Data and Systems with the County.

4.5 The Town shall coordinate with the County for any desired system changes, updates, upgrades or additional functionality of the Town's Computerized Law Enforcement Data and Systems. The Town shall direct all requests for such updates, upgrades or additional functionality to the County, and shall not directly contact any vendor(s) or service provider(s) without prior written notice to, and agreement by, the County.

5. Compensation:

5.1 In consideration of the services provided by the County, the Town shall, on or before July 1, 2016, pay the county the amount of $15,000.

5.2 In the event that this IGA automatically renews pursuant to Section 3.3, above, the consideration for each subsequent term shall be the amount paid in the previous term plus three percent of the amount paid in the previous term.

6. Notices:

All notices under this IGA shall be in writing and sent to the appropriate person. Notices shall be deemed properly given if sent by (1) personal delivery, (2) facsimile transmission, (3) first-class United States mail, postage prepaid, or (4) certified U.S. mail, postage prepaid, return receipt requested, addressed as follows:

Yavapai County Sheriff's Office
Attn: Support Services Commander
255 E. Gurley St.
Prescott, AZ 86301

Town of Chino Valley
Chief of Police
1950 Voss Drive, #301
Chino Valley, AZ 86323

Each Party may specify by notice to the other a different address for purposes of subsequent notices. Notice is effective on the date of actual receipt or three days after the date of mailing, whichever is earlier.

7. Indemnification:

Each Party (as "indemnitor") agrees to indemnify, defend, and hold harmless the other Party (as "indemnitee") from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as "Claims") arising out of bodily injury of any person (including death) or property damage to the extent that such Claims are caused by the act, omission, negligence, misconduct, or other fault of the indemnitor, its officers, officials, agents, employees, or volunteers. This indemnification shall survive the termination of this IGA.

8. Additional Agreements and Standard Provisions:

8.1 Arizona Law. This Agreement shall be interpreted and enforced pursuant to Arizona law.

8.2 Relationship of Parties. The Parties are independent of each other and neither Party shall be deemed to be the employee or agent of the other Party except as provided herein in Section 3, above.

8.3 Severability. If any provision(s) of this IGA is/are invalid, illegal, or unenforceable for any reason, all other provisions shall nevertheless remain in full force and effect. If any provision(s) is/are inapplicable to any person or circumstance, the same provision(s) shall nevertheless remain applicable to all other persons and circumstances.

8.4 Entire Agreement. This IGA represents the entire, integrated agreement between the Parties for the purposes set forth herein. The IGA may be amended only by written instrument signed by the Parties.

8.5 No Parole Evidence. This IGA is intended by the Parties as a final and complete expression of their agreement. No course of prior dealings between the Parties and no usage of the trade shall supplement or explain any terms used in this document.

8.6 No Waiver. No action or failure to act by the Parties constitutes a waiver of any right or duty under this IGA, nor does the action or failure to act constitute approval of or acquiescence in a breach of the IGA, unless the waiving Party memorializes the waiver or approval in writing and sign it.

8.7 Headings. Headings are for organizational purposes only and shall not be interpreted as having legal significance or meaning.

8.8 Mutual Drafting. The Parties acknowledge and agree that this IGA shall not be construed for or against a Party because part or all of it was drafted by a Party or a Party's attorney.

8.9 Cancellation. This IGA is subject to the cancellation provisions of A.R.S. § 38-511.

8.10 Compliance with Law. The Parties shall comply with all applicable laws, statutes, ordinances, codes, rules and regulations, and lawful orders of public authorities in performing this IGA, including but not limited to environmental laws.

8.11 Inspection and Testing. The parties agree to permit access, at reasonable times, to their facilities related to the purposes and responsibilities of the Parties as set forth in this Agreement.

8.12 Immigration Law Compliance. Both Parties hereby warrant that they will at all times during the term of this IGA comply with all federal immigration laws applicable to their employment of their employees, and with the requirements of A.R.S. §§ 23-214 and 41-4401 (together the "State and Federal Immigration Laws"). A breach of the foregoing warranty shall be deemed a material breach of the IGA, and the Parties shall have the right to terminate this IGA for such a breach, in addition to any other applicable remedies. The Parties retain the legal right to inspect the papers of each contractor, subcontractor or employee of either who performs work pursuant to this IGA to verify performance of the foregoing warranty of compliance with the State and Federal Immigration Laws.

8.13 Alternative Dispute Resolution. Pursuant to A.R.S. § 12-1518, disputes under this IGA may be resolved through the use of arbitration upon written agreement of the Parties.

8.14 Prohibition of Assignment of Rights and Responsibilities. Neither party to this IGA may assign its rights or responsibilities under this IGA without the written consent of the other party.

8.15 Execution in Parts. This IGA may be executed in two or more counterparts. Each counterpart will be deemed an original, and all counterparts shall form a single instrument.

8.16 Disposition of Property. All property purchased by a Party pursuant to that Party's respective duties pursuant to this IGA shall be returned to the purchasing Party upon termination of this Agreement for any reason.

APPROVALS

Yavapai County

_____

Jack R. Smith, Chairman Date

ATTEST:

_____

Barbara Fox-Thomas, Deputy Clerk Date

In accordance with A.R.S. §11-952, this IGA has been reviewed by the undersigned who has determined that it is in the appropriate form and is within the power and authority granted to Yavapai County

_____

Jack Fields, Deputy County Attorney Date

Town of Chino Valley

_____

Chris Marley, Mayor Date

ATTEST:

_____

Jami Lewis, Town Clerk Date

In accordance with A.R.S. §11-952, this IGA has been reviewed by the undersigned who has determined that it is in the appropriate form and is within the power and authority granted to the Town of Chino Valley

_____

Phyllis L. N. Smiley, Town Attorney Date

TOWN OF CHINO VALLEY
COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting **Item No. 6. b.**

Meeting Date:	03/22/2016
Contact Person:	Michael Lopez, Assistant Public Works Director/Town Engineer Phone: 928-636-2646 x-1226
Department:	Public Works
Item Type:	Action Item
Estimated length of staff presentation:	5 minutes
Physical location of item:	Old Home Manor Industrial Park

AGENDA ITEM TITLE:

Consideration and possible action to approve the Agreement for Professional Consulting Services with CivilTec Engineering, Inc., for the preparation of engineering construction plans for the Old Home Manor Industrial Park project in an amount not to exceed $196,105.00. Funds to come from EDA grant and accounted for in the Grants Fund.

RECOMMENDED ACTION:

Move to approve the Agreement for Professional Consulting Services with CivilTec Engineering, Inc. for the preparation of engineering construction plans for the Old Home Manor Industrial Park project in an amount not to exceed $196,105.00.

SITUATION AND ANALYSIS:

Issue Statement

The Town of Chino Valley has been pursuing the development of an industrial park located at Old Home Manor. Recently, the Town received a series of grants from various private, State, and Federal sources. This item will develop the necessary construction documents to prepare a bid ready set of construction plans that will meet the various requirements for each funding source. These construction plans cannot be prepared in-house because of the level of detail required by these grants far exceeds the capability of the current staff, given the current workload.

Applicable "Policy"

n/a

Satisfaction of "Policy"

The approval of this design contract will meet the obligations with the Arizona Commerce Authority (ACA) and Economic Development Administration (EDA) grants. One significant stipulation of this ACA grant was to begin the project before August 19, 2015, preserving the $250,000 grant funds that constitute the majority of the Town's match obligation to the EDA. The Town satisfied the ACA grant by council approving the Professional Service Agreement for this project on August 11, 2015. This agreement has since been terminated after it was determined by EDA that the Town's procurement

process for consultant engineering services was out of date. The Town has since satisfied the EDA procurement requirements, thus satisfying the obligations with the ACA grant.

Summary of Issues and Staff Rationale

Layering of funding is typical in economic development such as the OHM Industrial Park. Coordinating the various layers of funding can be tricky as deadlines do not always coincide with each other. Because Congress did not approve an appropriations bill timely, the 2014 bill ran out, leaving no funding for the December 2014 round; it was canceled and all applications were forwarded to the March 2015 round. This delayed the project three (3) months, which conflicts with the terms of the ACA Rural Economic Development Grant (REDG) that requires initiation of the project within six (6) months of signing the contract for the REDG with ACA. Staff then petitioned the ACA for an extension; the ACA extended the contract by 60 days, bringing us to the August 19, 2015 deadline. Staff will control the work of the engineering so that the significant portion of engineering will be performed upon final approval of funding by the EDA. The EDA will also have the final approval of construction plans. Any professional services contract can be canceled at any time for any reason. In the unlikely event that the EDA not fund this project, this professional services contract can be canceled.

On December 8, 2015, the professional service agreement with CivilTec Engineering Inc. was terminated after it was determined by EDA that the current procurement process for consulting engineering services was out of date. The Town re-advertised 'Request for Proposals', receiving two proposals. Town staff reviewed and scored each consultants proposal and determined that both consultants had met the minimum requirements to be considered for this project. The Town, with the EDA's approval selected CivilTec Engineering Inc.

Findings of Fact

n/a

Fiscal Impact

Fiscal Impact?: yes

If Yes, Budget Code: 07-70-5413

Available: 196,105

Funding Source:

Project will be paid for through the EDA grant and accounted for in the Grant Fund.

Attachments

CivilTec Professional Service Agreement

CivilTec Scope and Fee

EDA Approved Line Item Budget

AGREEMENT FOR PROFESSIONAL CONSULTING SERVICES

THIS Agreement is entered into as of this 22nd day of March, 2016, by and between the Town of Chino Valley, Arizona, a municipal corporation, hereinafter referred to as "Town" and CivilTec Engineering, Inc., hereinafter referred to as the "Consultant."

FOR THE PURPOSE of providing professional consulting services for the Town on the Development of engineering construction plans and specifications for the Old home Manor Industrial Park Development, hereinafter referred to as the "Project," Town and Consultant do hereby mutually agree to the following:

1. SERVICES AND RESPONSIBILITIES

1.1 Retention of the Consultant. In consideration of the mutual promises contained in this Agreement, Town engages the Consultant to render professional services set forth herein, in accordance with all the terms and conditions contained in this Agreement.

1.2 Scope of Services. The Consultant shall do, perform and carry out the services set forth in this Agreement, including all exhibits ("Services"). The specific scope of work for this Project is set forth in Exhibit A. The Consultant shall perform the Services consistent with the professional skill and care ordinarily provided by engineers practicing in the same or similar locality under the same or similar circumstances.

1.3 Responsibility of the Consultant.

1.3.1 Consultant hereby agrees that the documents and reports prepared by Consultant will fulfill the purposes of the Project, shall meet all applicable code requirements and shall comply with applicable laws and regulations. In addition, and not as a limitation on the foregoing, such documents and reports prepared by Consultant shall be prepared in accordance with professional Consulting standards, as applicable. Any review or approval of said documents and reports does not diminish these requirements.

1.3.2 Consultant shall tour the Project site and become familiar with existing conditions, including utilities, prior to commencing the Services and notify Town of any constraints associated with the Project site relevant to Consultant's Services.

1.3.3 Consultant shall procure and maintain during the course of this Agreement insurance coverage required by Section 4 of this Agreement.

1.3.4 Consultant shall designate Richard Shroads, P.E., as Project Manager and all communications shall be directed to him. Key Consultant Personnel are set forth in Exhibit B. "Key Personnel" includes the Consultant employee who will place his license number and signature on key documents and those employees who have significant responsibilities regarding the Services and Project. Prior to changing such designation Consultant shall first obtain the approval of Town.

1.3.5 Consultant's subcontracts are set forth in Exhibit B attached hereto and made a part hereof. Any modification to the list of subconsultants on Exhibit B, either by adding, deleting or changing subconsultants, shall require the written consent of Town.

1.3.6 Consultant shall obtain its own legal, insurance and financial advice regarding Consultant's legal, insurance and financial obligations under this Agreement.

1.3.7 Consultant shall coordinate its activities with Town's representative and submit its reports to Town's representative.

1.3.8 Consultant shall provide, pay for and insure under the requisite laws and regulations all labor, materials, equipment, and transportation, and other facilities and services necessary for the proper execution and completion of the Services. Consultant shall provide and pay for and insure for all equipment necessary for the Services.

1.3.9 Consultant shall obtain and pay for all business registrations, licenses, permits, governmental inspections and governmental fees necessary and customarily required for the proper execution and completion of Services. Consultant shall pay all applicable taxes. Consultant shall give all notices and comply with all laws, ordinances, rules, regulations and lawful orders of any public authority bearing on the performance of the Services.

1.4 Responsibility of Town.

1.4.1 Town shall cooperate with the Consultant by placing at his disposal all available information concerning the site of the Project. Town agrees to obtain its own legal, insurance and financial advice Town may require for the Project. Consultant shall be entitled to rely on the accuracy, adequacy and completeness of the information provided by the Town in the performance of the Services.

1.4.2 Town designates Michael Lopez, P.E., as its Project Representative. All communications to Town shall be through its Project Representative.

1.5 Contract Term. The term of this Agreement shall be from March 8, 2016 through November 1, 2017. All services identified herein shall be completed to the satisfaction of the Town no later than November 1, 2017.

2. COMPENSATION AND METHOD OF PAYMENT

2.1 Compensation. All compensation for complete and satisfactory completion of services rendered by Consultant, including its subconsultant(s), shall be set forth in Exhibit D and shall not exceed $196,105.00 unless agreed to in writing by the Town.

2.2 Method of Payment. Method of payment shall be set forth in Exhibit D. If payment is to be made monthly, Consultant shall prepare monthly invoices and progress reports which clearly indicate the progress to date and the amount of compensation due by virtue of that progress. All invoices shall be for services completed.

3. CHANGES TO THE SCOPE OF SERVICES

3.1 Change Orders. Town may, at any time, and by written change order, make changes in the services to be performed under this Agreement. A form of change order is attached hereto as Exhibit E. If such changes cause an increase or decrease in the Consultant's cost or time required for performance of any services under this Agreement, an equitable adjustment shall be made and the Agreement shall be modified in writing accordingly. Any claim of the Consultant for adjustment under this clause must be submitted in writing within thirty (30) days from the date of receipt by the Consultant of the notification of change. It is distinctly understood and agreed by the parties that no claim for extra services provided or materials furnished by Consultant will be allowed by Town except as provided herein; nor shall Consultant provide any services or furnish any materials not covered by this Agreement unless Town first approves in writing.

4. INSURANCE REPRESENTATIONS AND REQUIREMENTS

4.1 General. Consultant agrees to comply with all Town ordinances and state and federal laws and regulations. Without limiting any obligations or liabilities of Consultant, Consultant shall purchase and maintain, at its own expense, hereinafter stipulated minimum insurance with insurance companies duly licensed by the State of Arizona (admitted insurer) with an AM Best, Inc. rating of A-7 or above or an equivalent qualified unlicensed insurer by the State of Arizona (non-admitted insurer) with policies and forms satisfactory to Town. Failure to maintain insurance as specified may result in termination of this Agreement at Town's option.

4.2 No Representation of Coverage Adequacy. By requiring insurance herein, Town does not represent that coverage and limits will be adequate to protect Consultant. Town reserves the right to review any and all of the insurance policies and/or endorsements cited in this Agreement but has no obligation to do so. Failure to demand such evidence of full compliance with the insurance requirements set forth in this Agreement or failure to identify any insurance deficiency shall not relieve Consultant from, nor be construed or deemed a waiver of, its obligation to maintain the required insurance at all times during the performance of this Agreement.

4.3 Additional Insured. All insurance coverage and self-insured retention or deductible portions, except Workers Compensation insurance and Professional Liability insurance if applicable, shall name, to the fullest extent permitted by law for claims arising out of the performance of this Agreement, Town, its representatives, officers, directors, officials and employees as Additional Insured as specified under the respective coverage sections of this Agreement.

4.4 Coverage Term. All insurance required herein shall be maintained in full force and effect until all Services required to be performed under the terms of this Agreement is satisfactorily performed, completed and formally accepted by Town, unless specified otherwise in this Agreement. Insurance required herein shall not expire, be canceled, or materially changed without thirty (30) days prior written notice to Town.

4.5 Primary Insurance. Consultant's insurance shall be primary insurance as respects performance of subject contract and in the protection of Town as an Additional Insured.

4.6 Claims Made. In the event any insurance policies required by this Agreement are written on a "claims made" basis, coverage shall extend, either by keeping coverage in force or purchasing an extended reporting option, for three (3) years past completion and acceptance of the Services evidenced by submission of annual Certificates of Insurance citing applicable coverage is in force and contains the provisions as required herein for the three year period.

4.7 Waiver. All policies, including Workers' Compensation Insurance, shall contain a waiver of rights of recovery (subrogation) against Town, its agents, representative, officials, directors, officers, and employees for any claims arising out of the Services of Consultant. Consultant shall arrange to have such subrogation waivers incorporated into each policy via formal written endorsement thereto.

4.8 Policy Deductibles and or Self Insured Retentions. The policies set forth in these requirements may provide coverage which contains deductibles or self-insured retention amounts. Such deductibles or self-insured retention shall not be applicable with respect to the policy limits provided to Town. Consultant shall be solely responsible for any such deductible or self-insured retention amount.

4.9 Use of Subconsultants. If any Services under this Agreement are subcontracted in any way, Consultant shall execute written agreement with Subconsultant containing the same Indemnification Clause and Insurance Requirements set forth herein protecting Town and Consultant. Consultant shall be responsible for executing the agreement with Subconsultant and obtaining Certificates of Insurance verifying the insurance requirements.

4.10 Evidence of Insurance. Prior to commencing any Services under this Agreement, Consultant shall furnish Town with Certificate(s) of Insurance, or formal endorsements as required by this Agreement, issued by Consultant's Insurer(s) as evidence that policies are placed with acceptable insurers as specified herein and provide the required coverage's, conditions, and limits of coverage specified in this Agreement and that such coverage and provisions are in full force and effect. Acceptance and reliance by Town on a Certificate of Insurance shall not waive or alter in any way the insurance requirements or obligations of this Agreement. Such Certificate(s) shall identify the Agreement and be sent to Town. If any of the above cited policies expire during the life of this Agreement, it shall be Consultant's responsibility to forward renewal Certificates within ten (10) days after the renewal date containing all the aforementioned insurance provisions. Certificates shall specifically cite the following provisions:

4.10.1 Town, its agents, representatives, officers, directors, officials and employees is an Additional Insured as follows:

a. Commercial General Liability-Under ISO Form CG 20 10 11 85 or equivalent.

b. Auto Liability-Under ISO Form CA 20 48 or equivalent.

c. Excess Liability-Follow Form to underlying insurance.

4.10.2 Consultant's insurance shall be primary insurance as respects performance of this Agreement.

4.10.3 Certificate shall cite a thirty (30) day advance notice cancellation provision. If ACORD Certificate of Insurance form is used, the phrases in the cancellation provision "endeavor to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives" shall be deleted. Certificate forms other than ACORD form shall have similar restrictive language deleted.

4.11 Required Coverage:

4.11.1 Commercial General Liability: Consultant shall maintain "occurrence" from Commercial Liability Insurance with an unimpaired limit of not less than $1,000,000 for each occurrence, $2,000,000 Products and Completed Operations Annual Aggregate, and a $2,000,000 General Aggregate Limit. The policy shall cover liability arising from premises, operations, independent Consultants, products-completed operations, personal injury and advertising injury. Coverage under the policy will be at least as broad as Insurance Services Office, Inc. policy form CG 00 010 93 or equivalent thereof, including but not limited to, separation of insured clause. To the fullest extent allowed by law, for claims arising out of the performance of this Agreement, Town, its agents, representative, officers, directors, officials and employees shall be cited as an Additional Insured Endorsement form CG 20 10 11 85 or equivalent, which shall read "Who is an Insured (Section II) is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of "your work" for that insured by or for you". If any Excess insurance is utilized to fulfill the requirements of this paragraph, such Excess insurance shall be "follow form" equal or broader in coverage scope than underlying insurance.

4.11.2 Professional Liability: Consultant shall maintain Professional Liability insurance covering errors and omissions arising out of the Services performed by Consultant, or anyone employed by Consultant, or anyone for whose acts, mistakes, errors and omissions Consultant is legally liable, with an unimpaired liability insurance limit of $1,000,000 each claim and $1,000,000 all claims.

4.11.3 Vehicle Liability: Consultant shall maintain Business Automobile Liability Insurance with a limit of $1,000,000 each occurrence and $2,000,000 aggregate; and minimum coverage of $500,000 per occurrence/aggregate for property damage on Consultant's owned, hired, and non-owned vehicles assigned to or used in the performance of the Consultant's Services under this Agreement. Coverage will be at least as broad as Insurance Services Office, Inc., coverage code "1" any auto policy form CA 00 01 12 93 or equivalent thereof. To the fullest extent allowed by law, for claims arising out of performance of this Agreement, Town, its agents, representative, officers, directors, officials and employees shall be cited as an Additional Insured under the Insurance Service Offices, Inc. Business Auto Policy Designated Insured Endorsement form CA 20 48 or equivalent. If any Excess insurance is utilized to fulfill the requirements of this paragraph, such Excess insurance shall be "follow form" equal or broader in coverage scope than underlying insurance. Such policies shall contain a severability of interest provision, and shall not contain a sunset provision or commutation clause, or any provision which would serve to limit third party action over claims.

4.11.4 Products and Completed Operations Insurance : Consultant shall maintain Products and Completed Operations Insurance with a minimum coverage of $1,000,000 per occurrence and $2,000,000 aggregate.

4.11.5 Fire and Extended Coverage Insurance: Consultant shall maintain Fire and Extended Coverage Insurance with an endorsement for vandalism and malicious mischief in Consultant's name and also in the name of Town in an amount of at least 100% of the amount to be paid by Town to Consultant pursuant to this Agreement.

4.11.6 Workers' Compensation Insurance: Consultant shall maintain Workers' Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of Consultant's employees engaged in the performance Services under this Agreement and shall also maintain Employer Liability Insurance of not less than $500,000 for each accident, $500,000 disease for each employee and $1,000,000 disease policy limit.

5. INDEMNIFICATION

5.1 To the fullest extent permitted by law, Consultant shall indemnify and hold harmless Town, its officers, officials and employees from and against all liabilities, damages, losses and expenses (including reasonable attorney fees and court costs), caused by, arising out of, or resulting from the negligence, recklessness or intentional wrongful conduct of the Consultant, its subconsultants, employees or any other persons used by Consultant or its subconsultants (hereinafter collectively "Consultant") related to the Services in the performance of this Agreement. Consultant's duty to indemnify and hold harmless Town, its officers, officials and employees shall arise in connection with any claim, damage, loss or expense that is attributable to bodily injury, sickness, disease, death, or injury to, impairment, or destruction of property including loss of use of resulting therefrom, caused by Consultant's negligence, recklessness or intentional wrongful conduct in the performance of this Agreement and the negligence, recklessness or intentional wrongful conduct of any person employed by Consultant or used by Consultant in the performance of this Agreement.

5.2 If any claim, action or proceeding is brought against Town by reason of any event that is the subject of this Agreement and or described herein, upon demand made by Town, Consultant shall reasonably cooperate with Town in the Town's defense of those issues related to Consultant's Services. Town shall likewise cooperate with all reasonable efforts in the handling and defense of such claim. Included in the foregoing, Town may engage its own attorney to defend or assist in its defense.

5.3 Insurance provisions set forth in this Agreement are separate and independent from the indemnity provisions of this paragraph and shall not be construed in any way to limit the scope and magnitude of the indemnity provisions. The indemnity provisions of this paragraph shall not be construed in any way to limit the scope and magnitude and applicability of the insurance provisions.

6. TERMINATION OF THIS AGREEMENT

6.1 Termination. Town may, by written notice to the Consultant, terminate this Agreement in whole or in part with ten (10) days' notice, either for Town's convenience or because of the failure of the Consultant to fulfill his contract obligations. Upon receipt of such notice and payment of all fees and expenses due to Consultant for Services performed through the date of termination, Consultant shall: (1) immediately discontinue all services affected (unless the notice directs otherwise), and (2) deliver to Town copies of all data, drawings, reports, estimates, summaries, and such other information and materials by Consultant in performing this Agreement, whether completed or in process, subject to the terms of this Agreement regarding document ownership. This Agreement may be terminated in whole or in part by Consultant in the event of substantial failure by Town to fulfill its obligations.

6.2 Payment to Consultant upon Termination. If the Agreement is terminated, Town shall pay Consultant for the services rendered prior thereto in accordance with percent completion at the time work is suspended minus previous payments.

7. ASSURANCES

7.1 Solicitations for Subconsultants, Including Procurements of Materials and Equipment. In all solicitations either by competitive bidding or negotiation made by Consultant for Services to be performed under a subcontract, including procurements of materials or leases of equipment, each potential subconsultant or supplier shall be notified by Consultant of Consultant's obligations under this Agreement and any regulations relative to nondiscrimination on the grounds of race, color or national origin.

7.2 Examination of Records. Consultant agrees that duly authorized representatives of Town shall, until the expiration of three (3) years after final payment under this Agreement, have access to and the right to examine any directly pertinent books, documents, papers, and records of Consultant involving transactions related to this Agreement. Such examination of records shall be upon reasonable notice to Consultant of intent to examine, and done within normal business hours at the mutual convenience of Town and Consultant.

7.3 Ownership of Document and Other Data. The Town acknowledges the Consultant's construction documents, including electronic files, as instruments of professional service. Nevertheless, the construction documents prepared under this Agreement shall become the property of the Town upon payment in full of all monies due to the Consultant, or, in the event of termination, payment in full of all monies due to the Consultant at the date of termination. The Town shall not reuse or make any modification to the construction documents, nor use the documents for any other purpose other than for the stated project herein, without the prior written authorization of the Consultant. The Town agrees, to the fullest extent permitted by law, to indemnify and hold harmless the Consultant, its officers, directors, employees and subconsultants (collectively, Consultant) against any damages, liabilities or costs, including reasonable attorneys' fees and defense costs, arising from or allegedly arising from or in any way connected with the unauthorized use, reuse or modification of the construction documents by the Town or any person or entity that acquires or obtains the construction documents from or through the Town without the written authorization of the Consultant. Any verification or adaptation of the documents by Consultant for other purposes than contemplated herein will entitle Consultant to further compensation as agreed upon between the parties.

7.4 Litigation. Should litigation be necessary to enforce any term or provision of this Agreement, or to collect any damages claimed or portion of the amount payable under this Agreement, that all litigation and collection expenses, witness fees, court costs, and reasonable attorneys' fees incurred shall be paid to the prevailing party, as provided for by law.

7.5 Independent Consultant. This Contract does not create an employee/employer relationship between the parties. It is the parties' intention that Consultant will be an independent Consultant and not Town's employee for all purposes, including, but not limited to, the application of the Fair Labor Standards Act, Federal Insurance Contribution Act, the Social Security Act, the Federal Unemployment Tax Act, the Internal Revenue Code, the Immigration and Naturalization Act, Arizona revenue and taxation laws, Arizona Workers' Compensation Law, and Arizona Unemployment Insurance Law. Consultant agrees that it is a separate and independent enterprise from Town, that it has a full opportunity to find other business, that it has made its own investment in its business, and that it will utilize a high level of skill necessary to perform the work. This Contract shall not be construed as creating any joint employment relationship between Consultant and Town, and Town will not be liable for any obligation incurred by Consultant, including but not limited to unpaid minimum wages and/or overtime premiums. [FOR SOLE PROPRIETORS ONLY: Consultant shall execute the Sole Proprietor's Waiver of Workers' Compensation Benefits attached hereto and incorporated by reference.

7.6 Immigration Law Compliance Warranty. As required by A.R.S. § 41-4401, Consultant hereby warrants its compliance with all federal immigration laws and regulations that relate to its employees and A.R.S. § 23-214(A). Consultant further warrants that after hiring an employee, Consultant verifies the employment eligibility of the employee through the E-Verify program. If Consultant uses any subconsultants in performance of the Services, subconsultants shall warrant their compliance with all federal immigration laws and regulations that relate to its employees and A.R.S. § 23-214(A), and subconsultants shall further warrant that after hiring an employee, such subconsultant verifies the employment eligibility of the employee through the E-Verify program. A breach of this warranty shall be deemed a material breach of the Agreement that is subject to penalties up to and including termination of the Agreement. Town at its option may terminate the Agreement after the third violation. Consultant shall not be deemed in material breach of this Agreement if the Consultant and/or subconsultants establish compliance with the employment verification provisions of Sections 274A and 274B of the federal Immigration and Nationality Act and the E-Verify requirements contained in A.R.S. § 23-214(A). Town retains the legal right to inspect the papers of any Consultant or subconsultant employee who works on the Agreement to ensure that the Consultant or subconsultant is complying with the warranty. Any inspection will be conducted after reasonable notice and at reasonable times. If state law is amended, the parties may modify this paragraph consistent with state law.

7.7 Equal Treatment of Workers. Consultant shall keep fully informed of all federal and state laws, county and local ordinances, regulations, codes and all orders and decrees of bodies or tribunals having any jurisdiction or authority, which in any way affect the conduct of the Services. Consultant shall at all times observe and comply with all such applicable laws, ordinances, regulations, codes, orders and decrees; this includes, but is not limited to laws and regulations ensuring equal treatment for all employees and against unfair employment practices, including the Occupational Safety and Health Administration ("OSHA") and the Fair Labor Standards Act ("FLSA"). Consultant shall protect and indemnify Town and its representatives

against any claim or liability arising from or based on the violation of such, whether by Consultant or its employees.

7.8 Exclusive Use of Services - Confidentiality. The services agreed to be provided by Consultant within this Agreement are for the exclusive use of Town and Consultant shall not engage in conflict of interest nor appropriate Town work product or information for the benefit of any third parties without Town consent.

7.9 Sole Agreement. There are no understandings or agreements except as herein expressly stated, and as may be subsequently agreed to in writing by both parties as modifications or change orders to this Agreement.

7.10 Caption. Paragraph captions are for convenience only and are not to be construed as a part of this Agreement; and in no way do they define or limit the Agreement.

7.11 Time is of the Essence. The timely completion of the Project is of critical importance to the economic circumstances of Town.

7.12 Notices. Any notice to be given under this Agreement shall be in writing, shall be deemed to have been given when personally served or when mailed by certified or registered mail, addressed as follows:

TOWN:	CONSULTANT:
Town Manager	Mr. Richard Shroads, P.E.
Town of Chino Valley	Civil Tec Engineering, Inc.
202 North State Route 89	2050 Willow Creek Road
Chino Valley, Arizona 86323	Prescott, AZ 85301

The address may be changed from time to time by either party by serving notices as provided above.

7.13 Controlling Law. This Agreement is to be governed by the laws of the State of Arizona.

7.14 Corporate Protection. It is intended by the parties to this Agreement that the Consultant's services in connection with the Project shall not subject the Consultant's individual employees, officers or directors to any personal legal exposure for the risks associated with this Project. Therefore, and notwithstanding anything to the contrary contained herein, the Town agrees that as the Town’s sole and exclusive remedy, any claim, demand or suit shall be directed and/or asserted only against the Consultant, Lyon Engineering & Surveying, Inc., an Arizona corporation, and not against any of the Consultant's individual employees, officers or directors.

8. SUSPENSION OF WORK

8.1 Order to Suspend. Town may order the Consultant, in writing, to suspend all or any part of the Services for such period of time as he may determine to be appropriate for the convenience of Town. Town shall immediately pay Consultant all fees and expenses for Services performed through the date of suspension.

8.2 Adjustment to Contract Fee. If the performance of all or any part of the Services is, for any unreasonable period of time, suspended or delayed by an act of Town in the administration of this Agreement, or by its failure to act within the time specified in this Agreement (or if no time is specified, within a reasonable time), an adjustment shall be made for any increase in cost of performance of this Agreement necessarily caused by such unreasonable suspension or modified in writing accordingly. However, no adjustment shall be made under this clause for any suspension or delay to the extent (1) that performance was suspended or delayed for any other cause, including the fault or negligence of Consultant, or (2) for which an equitable adjustment is provided for or excluded under any other provision of this Agreement. If the suspension continues for more than ninety (90) days, Consultant may choose to terminate the contract without penalty.

9. INTERESTS AND BENEFITS

9.1 Interest of Consultant. Consultant covenants that he presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement. Consultant further covenants that in the performance of this Agreement, no person having any such interest shall be employed.

9.2 Interest of Town Members and Others. No officer, member or employee of Town and no member of its governing body, who exercises any functions or responsibilities in the review or approval of the undertaking or carrying out of the services to be performed under this Agreement, shall participate in any decision relating to this Agreement which affects his personal interest or have any personal or pecuniary interest, direct or indirect, in this Agreement or the process thereof.

9.3 Notice Regarding A.R.S. § 38-511. This Agreement is subject to cancellation under Section 38-511, Arizona Revised Statutes.

10. ASSIGNABILITY

Consultant shall not assign any interest in this Agreement, and shall not transfer any interest in the same without the prior written consent of Town thereto; provided, however, that claims for money due or to become due to Consultant from Town under this Agreement may be assigned to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to Town.

IN WITNESS WHEREOF, Town and Consultant have executed this Agreement as of the date first written.

TOWN OF CHINO VALLEY

By: _____
Chris Marley, Mayor

ATTEST:

By: _____
Jami Lewis, Town Clerk

APPROVED AS TO FORM:

By: _____
Curtis, Goodwin, Sullivan,
Udall & Schwab, P.L.C.
Town Attorneys

CONSULTANT

By: _____
Its: _____

EXHIBIT A
SCOPE OF WORK

EXHIBIT B
CONSULTANT'S KEY PERSONNEL AND SUBCONSULTANTS

KEY PERSONNEL:
Rick Shroads
Chris Duza
Jeff Fanning

SUBCONSULTANTS:
None

EXHIBIT C
SCHEDULE OF SERVICES

EXHIBIT D
PAYMENT SCHEDULE

A. Compensation

1. The consideration of payment to Consultant, as provided herein shall be in full compensation for all of Consultant's work incurred in the performance hereof, including offices, travel, per diem or any other direct or indirect expenses incident to providing the services.

2. Attached hereto as Exhibit D-1 is the Consultant's hours and fee estimate for the Project. Consultant's fee shall not exceed the amounts:

Description	Amount

B. Method of Payment

Invoices shall be on a form and in the format provided by Town and are to be submitted in triplicate to Town via Town's authorized representative. Payment shall be made within thirty (30) days of the date of the invoice. If payment in full is not received by the Consultant within forty-five (45) calendar days of the due date, invoices shall bear interest at one-and-one-half (1.5) percent (or the maximum rate allowable by law, whichever is less) of the PAST DUE amount per month, which shall be calculated from the invoice due date. Payment thereafter shall first be applied to accrued interest and then to the unpaid principal.

If the Town objects to any portion of an invoice, the Town shall so notify the Consultant in writing within five (5) calendar days of receipt of the invoice. The Town shall identify in writing the specific cause of the disagreement and the amount in dispute and shall pay that portion of the invoice not in dispute in accordance with the other payment terms of this Agreement. Interest as stated above shall be paid by the Town on all disputed invoice amounts that are subsequently resolved in the Consultant's favor and shall be calculated on the unpaid balance from the due date of the invoice.

C. Reimbursable Costs

Consultant will be reimbursed for expenses up to a maximum amount of $_____. The items allowable for reimbursement are as follows:

1. Cost of transportation. (Mileage associated with Project, but not to/from Project site at____ cents per mile**.** Any out of state travel must receive prior approval of Town.)

2. Costs of printing, as required by the contract.

3. Cost of long distance telephone, postage, UPS, Federal Express, etc.

4. Costs of faxes at $____ per page.

5. Cost of other items as required, with prior approval from Town.

All reimbursable costs must be submitted with monthly bill.

EXHIBIT E
CHANGE ORDER

CHANGE ORDER NO. _____

Distribution:	TOWN	[ ]
	CONSULTANT	[ ]
	OTHER	[ ]

PROJECT: _____ DATE:
OWNER: Town of Chino Valley
CONSULTANT:
AGREEMENT DATED:

CHANGES: The Agreement is changed as follows:

Not valid until signed by both Town and Consultant.
Signature of Consultant indicates acceptance.

The original compensation was _____

Net change by previously authorized Change Orders_____

The compensation prior to this Change Order was _____

The compensation will be increased by this Change Order in the amount of
_____

The new compensation under the Agreement including this Change Order will be
_____

The Contract Time will increase by _____

ACCEPTANCE STATUS:

_____	_____
Consultant	Town of Chino Valley
By _____	By _____
Date _____	Date _____

March 10, 2016

Town of Chino Valley
Attn: Mr. Michael Lopez, PE
Public Works Director
1982 Voss Drive
Chino Valley, AZ 86323

Subject: Professional Engineering and Surveying Services for the Extension of Road 4 North and Jerome Junction and Water and Sewer System Improvements near Gavin Court and the Peavine Trail.

Dear Mr. Lopez:

Civiltec Engineering, Inc. is pleased to provide you with the following Scope of Services for the aforementioned project.

Project Understanding

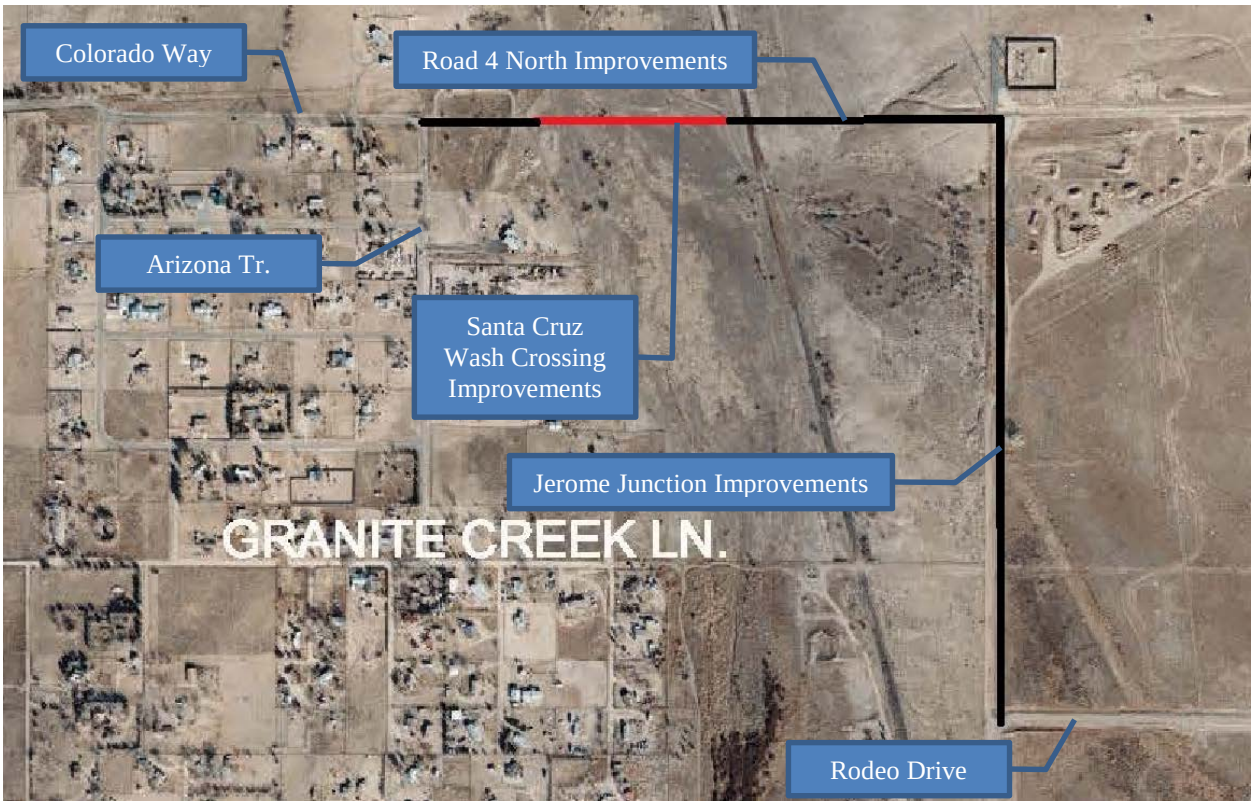
There are 4 major components to this project:

1. Roadway Improvements

Road 4 North will be extended from Arizona Trail to Jerome Junction (approximately 2,400 linear feet). Jerome Junction will be extended from Road 4 North to Rodeo Drive (approximately 2,500 linear feet).

2. Santa Cruz Wash Crossing

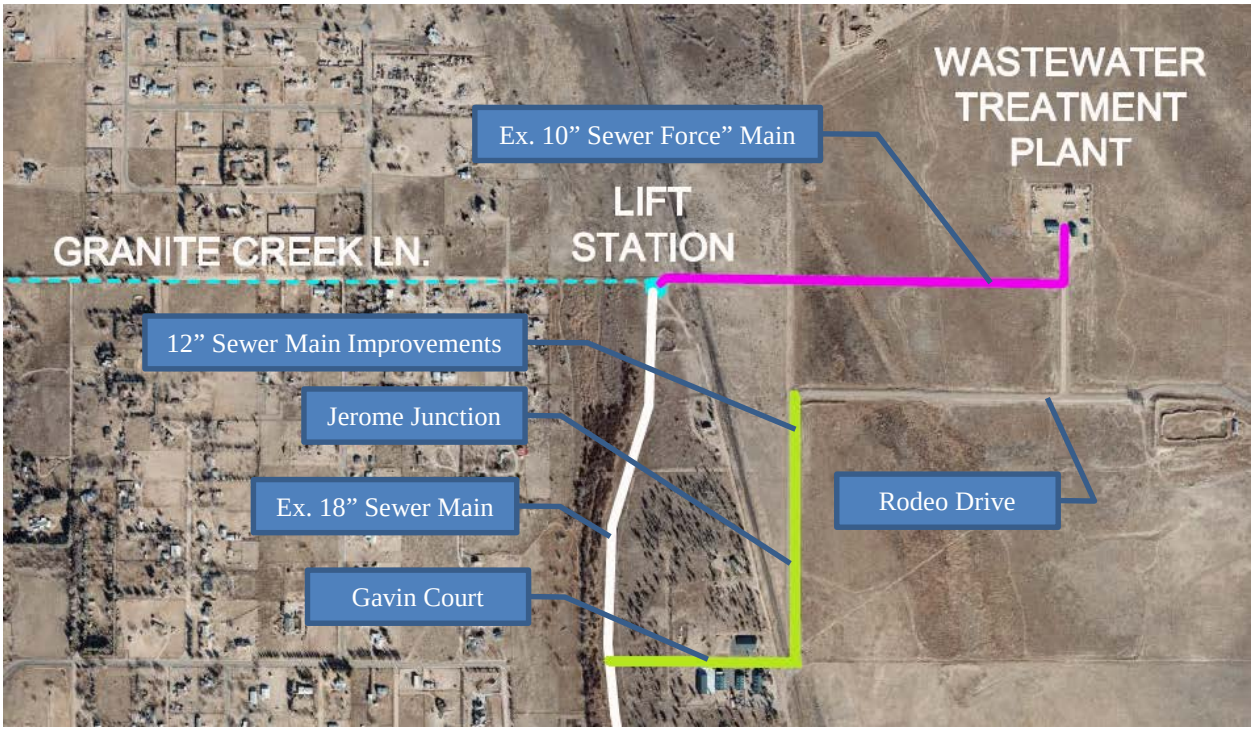
Santa Cruz Wash will cross Road 4 North between Arizona Trail and the Peavine Trail. A new 100 year event drainage structure (concrete box culverts) will be constructed at this location. A CLOMR/LOMR will be completed for the new crossing.


Colorado Way
Road 4 North Improvements
Arizona Tr.
Santa Cruz
Wash Crossing
Improvements
Jerome Junction Improvements
GRANITE CREEK LN.
Rodeo Drive

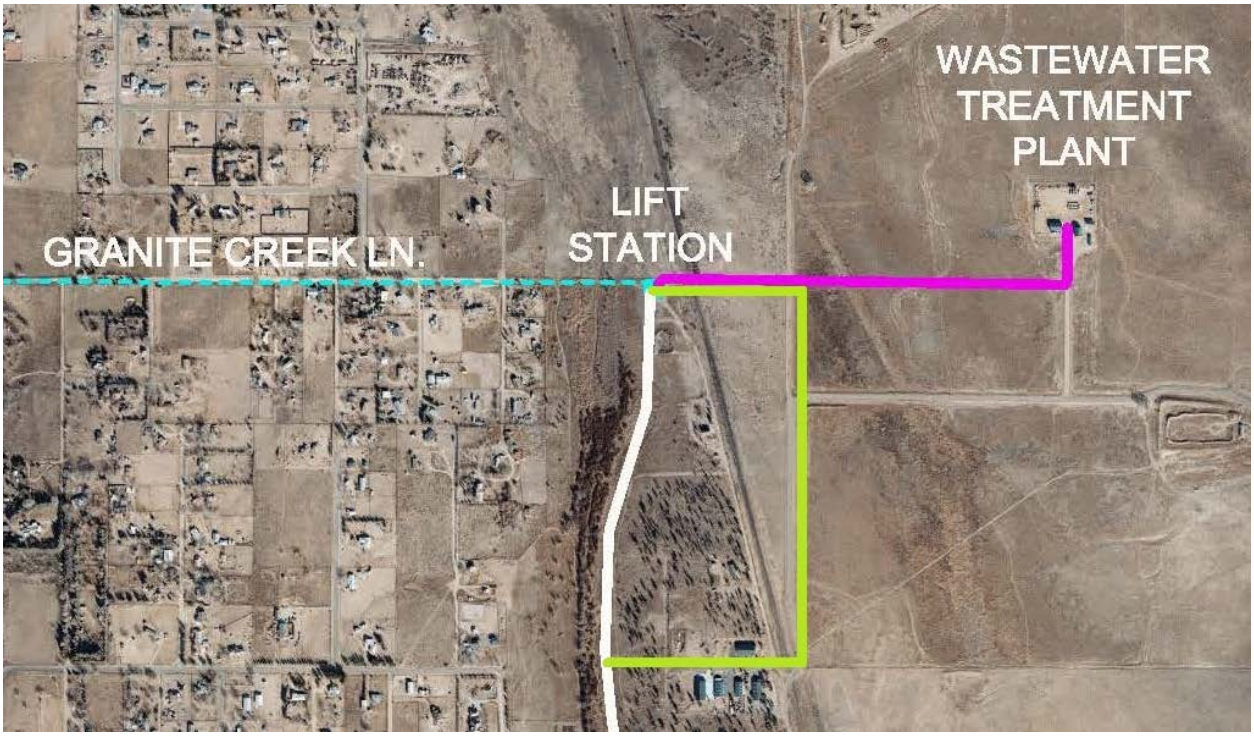
3. Sewer Main Improvements

A new 12” sewer main line will be constructed in the vicinity of Gavin Court and Rodeo Drive. There are 2 options for the sewer main line in this area.

Option 1; a new 12” sewer main line will be constructed from the existing 18” main line along Santa Cruz Wash, along Gavin Court to Jerome Junction (approximately 1,100 linear feet). A new 12” sewer main line will also be constructed along Jerome Junction from Gavin Court to Rodeo Drive (approximately 1,400 linear feet). In this option, the slope of the sewer main will be opposite of the existing ground slope for the majority of this alignment. The ground elevation at Rodeo Drive and Jerome Junction is approximately 4592. Assuming the line is 10 feet deep, the invert will be approximately 4582. We will need about 1,900 LF of line between Rodeo and the high point in the street about midway along Gavin. The minimum slope for a 12” line is 0.2% (1,900 x 0.002 = 3.8 feet, say 4). The high point on Gavin is at about 4605. So, the sewer will be approximately 27 feet deep at the high point (4582 – 4 = 4578….4605 – 4578 = 27 feet. The existing ground at the 18” line tie in point is approximately 4566. Assuming the sewer is about 10 feet deep at this location (4556), we should be able to tie into the existing line. The distance between the high point in Gavin and the existing 18” line is approximately 600 LF.

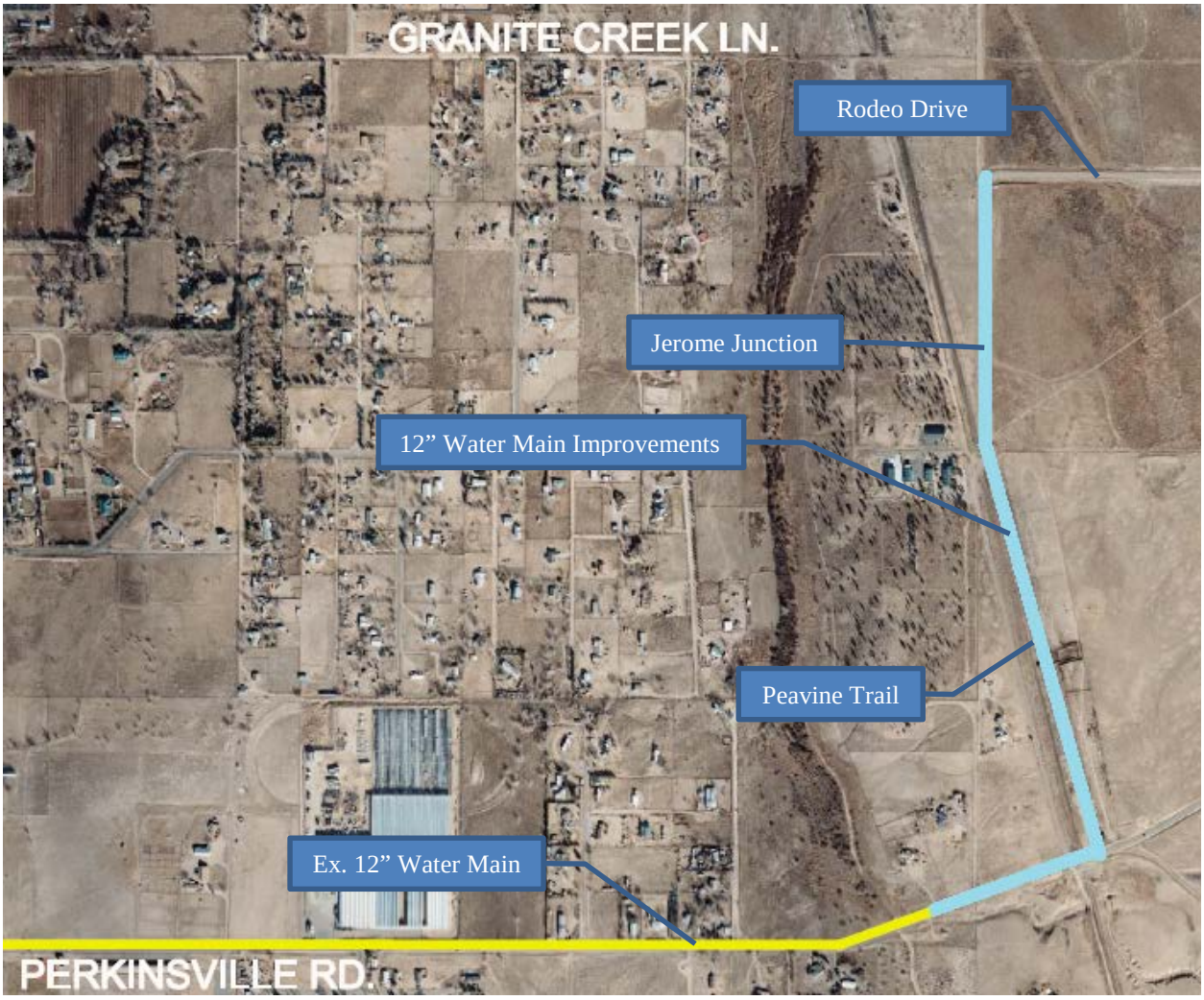


Option 2; A new 12” sewer main line will be constructed from the existing 18” main line in Santa Cruz Wash, along Gavin Court to Jerome Junction (approximately 1,100 linear feet). A new 12” sewer main line will also be constructed along Jerome Junction from Gavin Court to the existing 10” force main along Granite Creek Lane (approximately 2,100 linear feet), then paralleling the force main along Granite Creek Lane and tying into the existing 18” sewer main near the lift station (approximately 750 linear feet). This option eliminates the deep sewer along Gavin Court. The slope of the sewer main from the intersection of Gavin Court and Jerome Junction to the lift station will follow the existing ground slope.



4. Water Main Improvements

A new 12” water main line will be constructed from the end of the existing 12” main line at Perkinsville Road along the Peavine Trail to Jerome Junction (approximately 2,900 linear feet). A new 12” water main line will also be constructed along Jerome Junction from the Peavine Trail to Rodeo Drive (approximately 1,700 linear feet).



Scope of Services

Phase 1 – Design Services

Task 1 – Kickoff Meeting

Civiltec will schedule a Kickoff Meeting with the Town of Chino Valley to discuss the project. The meeting will be held at the Town's offices. We will review the project limits, approach, objectives, and schedule. Known environmental, geotechnical, land, and any other project constraints or concerns should be presented at this meeting. Up to 2 Civiltec staff members will attend this meeting.

Task 2 – Supplemental Design Field Survey

Civiltec will provide field survey along the proposed street, sewer, and water line alignments to supplement the existing topographic mapping and aerial imagery. We will detail relevant existing improvements within the project improvement areas.

Prior to the survey, we will call in a Blue Stake request in the project area. The survey will include all Blue Stake marking.

Task 3 – Base Map Preparation

All project plans will be developed using the Chino Valley 2009 aerial mapping and imagery. The existing mapping in this area is 1" = 100' with a 2' contour interval. The mapping will be supplemented with field survey.

Based on field survey, we will prepare a project base map showing existing utility locations, improvements, easements, and right of way.

Task 4 – Utility Research

This task will include the following research;

- Utility company facility maps for the project area
- As-built information for utilities
- GIS records of utility locations

Task 5 – Utility Company Coordination

Civiltec will provide utility coordination with each respective local utility company. We will coordinate utility relocations with the utility companies as necessary.

Task 6 – 60% Preliminary Construction Plans

Civiltec will prepare 60% Preliminary Construction Plans using AutoCAD Civil 3D Version 2014 format (plan and profile). The plans will be prepared at a horizontal scale of 1-inch = 40 feet (plan view) and a vertical scale of 1-inch = 4 feet (profile view). The 60% Preliminary Construction Plans will include the proposed road, water, and sewer alignments in plan and profile, title sheet, vicinity and location map, abbreviations, legend, utility contacts, survey control, easements, property lines, rights-of-way, typical sections, Santa Cruz Wash crossing preliminary details, and pertinent topographic survey data. The 60% Preliminary Construction Drawings will be provided to the Town of Chino Valley and the utility companies for review.

Task 7 – 60% Preliminary Special Provisions

Civiltec will prepare 60% Preliminary Special Provisions for the project. The Technical Specifications for the project will be the Maricopa Association of Governments (MAG) Specifications. Any modifications or revisions to these Technical Specifications will be reflected in the Preliminary Special Provisions. The 60% Preliminary Special Provisions will be provided to the Town of Chino Valley and the utility companies for review

Task 8 – 60% Preliminary Cost Estimate

Civiltec will prepare a 60% Preliminary Construction Cost Estimate based on the 60% preliminary design. The cost estimate will be provided to Town of Chino Valley for review.

Task 9 – 60% Design Review Meeting

Civiltec will schedule a 60% Design Review Meeting with the Town of Chino Valley. The meeting will be held at the Town's offices. Up to 2 Civiltec staff members will attend this meeting. Civiltec will provide meeting minutes for this meeting.

Task 10 – Gavin Court ROW/Easement Services

Civiltec will provide legal descriptions and exhibits for either the modification of the existing ingress and egress/public utility easements along Gavin Court to include the Town of Chino Valley or the conversion of the existing ingress and egress/public utility easements along Gavin Court to Town of Chino Valley right-of way. There are 8 existing properties associated with the easements.

Task 11 – 90% Pre Final Construction Plans

Civiltec will prepare 90% Pre Final Construction Plans. The 90% Pre Final Construction Plans will consider all 60% review comments and will include all

pre final horizontal and vertical design elements and project details. The 90% Pre Final Construction Plans will be provided to the Town of Chino Valley and the utility companies for review.

Task 12 – 90% Pre Final Special Provisions

Civiltec will prepare 90% Pre Final Special Provisions for the project. The Pre Final 90% Special Provisions will consider all 60% review comments and updates to the construction drawings from the 60% submittal. The 90% Pre Final Special Provisions will be provided to the Town of Chino Valley and the utility companies for review.

Task 13 – 90% Pre Final Cost Estimate

Civiltec will prepare a 90% Pre Final Construction Cost Estimate based on the 90% preliminary design. The cost estimate will be provided to the Town of Chino Valley for review.

Task 14 – 90% Pre Final Design Technical Memorandums

Civiltec will coordinate with the Town to obtain pertinent data and analyses to prepare 90% Pre Final Design Technical Memorandums for submittal to ADEQ for the approval to construct the water and sewer improvements. No hydraulic modeling will be required. All hydraulic data will be provided by the Town. The Preliminary Design Technical Memorandums will be provided to the Town of Chino Valley for review.

Task 15 – 90% Design Review Meeting

Civiltec will schedule a 90% Design Review Meeting with the Town of Chino Valley The meeting will be held at Town's offices. Up to 2 Civiltec staff members will attend this meeting. Civiltec will provide meeting minutes for this meeting.

Task 16 – 100% Final Construction Plans

Civiltec will prepare 100% Final Construction Plans. The 100% Final Construction Plans will consider all 90% review comments and will include all final horizontal and vertical design elements and project details. The 100% Final Construction Plans will be provided to the Town of Chino Valley and Town of Chino Valley and the utility companies.

Task 17 – 100% Final Special Provisions

Civiltec will prepare 100% Final Special Provisions for the project. The Final 100% Special Provisions will consider all 90% review comments and updates to

the construction plans from the 90% submittal. The 100% Final Special Provisions will be provided to Town of Chino valley and the utility companies.

Task 18 – 100% Final Cost Estimate

Civiltec will prepare a 100% Final Cost Estimate based on the 100% final design. The cost estimate will be provided to Town of Chino Valley.

Task 19 – 100% Final Design Technical Memorandums

Civiltec will incorporate all comments from the 90% Pre Final Design Technical Memorandums review and prepare the 100% Final Design Technical Memorandums for submittal to ADEQ for the approval to construct the water and sewer improvements.

Task 20 – Permitting

Civiltec will provide permitting assistance to obtain all necessary permits for the construction of the project. It is anticipated that the following permits will be needed;

- *ADEQ Approval to Construct*, Civiltec will complete the applications and coordinate with ADEQ and the Town of Chino Valley to obtain the permits for the sewer and water improvements.
- *CLOMR, C*iviltec will complete the application, hydraulic modeling, and exhibits to obtain a CLOMR for the Santa Cruz Wash crossing

All fees associated with the CLOMR submittal and ADEQ submittal will be provided by the Town of Chino Valley.

Task 21 – Geotechnical Report – Sub Consultant

Civiltec will utilize the services of a geotechnical engineering sub consultant. This task includes providing up to ten (10) geotechnical borings, lab work, geotechnical calculations, structural section recommendations for the water and sewer mains, box culverts, pavement, base, subgrade treatment, and other possible subgrade enhancement measures for the street improvements, and report all conducted by our sub-consultant ETC, Inc.

Civiltec will provide personnel during geotechnical field operations to observe the subsurface explorations (Federal Requirement).

Task 22 – Progress Reports (Federal Requirement)

Civiltec will prepare monthly progress reports for submittal to the Town summarizing the status and progress of the scope of work along with any required schedule updates and justifications for such updates.

Phase 2 – Post Design Services

Task 1 – As-Builts for LOMR

Upon completion of the construction phase of the project, Civiltec will provide hardcopy and electronic as-built drawings based on field survey data obtained after construction. Electronic versions of the as-built drawings will be provided in both a PDF and CAD format.

Task 2 – Permitting

Civiltec will provide permitting assistance to obtain all necessary permits after the construction of the project. It is anticipated that the following permits will be needed;

- *ADEQ Approval of Construction*, Civiltec will complete the applications and coordinate with ADEQ and the Town of Chino Valley to obtain the permits for the sewer and water improvements.
- *LOMR, C*iviltec will complete the application, and exhibits to obtain a LOMR for the Santa Cruz Wash crossing based on the CLOMR

All fees associated with the LOMR submittal and ADEQ submittal will be provided by the Town of Chino Valley.

Task 3 – Bidding Services (Federal Requirement)

This task will include the following…

- ✓ Preparation of the project bid tabulation sheet.
- ✓ Attendance at the pre-bid meeting to answer questions relating to the project or contract documents.
- ✓ Issue project clarifications, and addenda as needed.
- ✓ Review contractor bids for compliance with project bid qualification requirements.
- ✓ Review and prepare the tabulation of all bids.
- ✓ Make a recommendation as to award of the contract.

Task 4 – Field Construction Services (Federal Requirement)

The Town of Chino Valley will provide full-time construction management and observations. Civiltec will supplement the Town with part-time construction management and observation services during the construction of the project. It is assumed that the construction duration of the project will be 20 weeks.

Civiltec's services may include…

- ✓ Assist Town in keeping the Contractor aware of the inspection and testing requirements and the effect of these on the project schedule to help avoid delays and misunderstandings.
- ✓ Notify the Town, when if it is observed that construction work is unsatisfactory, faulty or defective, or does not conform to the construction contract documents, or does not meet the requirements of inspections, or approvals required to be made, or has been damaged prior to final payment.
- ✓ Advise Town when it is believed that work should be corrected or rejected, or should be uncovered for special testing, inspection, or approval.
- ✓ Provide daily reports and photographs of all relevant construction inspections for days when on site.
- ✓ Provide measurements for project quantities per Town request.
- ✓ Attend weekly scheduled construction progress meetings and assist with the Contractor's understanding of each aspect of the work and discuss project progress and issues.
- ✓ Assist the Town as requested with monthly quantities reviews based on the degree of completion of the work.
- ✓ Perform on-site walk through with the Town Resident Engineer and Contractor personnel and assist in developing the "punch list" of deficiencies and incomplete work that needs to be corrected and finished for final acceptance and release of retention.
- ✓ Upon the Contractor's completion of all "punch list" items, perform on-site walk through with Town and Contractor personnel to conduct a final inspection to assist in ensuring and verifying that all punch list items are complete.

Civiltec's fixed fee for the project based on the above scope of services is $196,105.00. A man hour breakdown per task is attached.

It is understood that the Town, EDA, the Comptroller General of the United States, the Inspector General of the Department of Commerce, or any of their duly authorized representatives shall have access to any documents, books, papers, and records of Civiltec which are directly pertinent to the specific grant program for this project for the purpose of making an audit, examination, excerpts, and transcriptions. Civiltec will maintain all project records for at least 3 years after the Town makes final payment to Civiltec and all pending matters are closed.

Thank you for the opportunity to work with the Town of Chino Valley. We are excited about this project and can begin work immediately.

Please contact me if you have any questions or concerns.

Sincerely,
CIVILTEC ENGINEERING, INC.

Chris Dusza, PE, CFM
Vice President

Chino Valley Rd. 4N, Jerome Junction, Water & Sewer Improvements											
Town of Chino Valley											
Man Hour and Fee Breakdown											
Date:	**10-Mar-16**										
	HOURS BY	**HOURS BY**	**HOURS BY**	**HOURS BY**	**HOURS BY**	**HOURS BY**	**HOURS BY**	**HOURS BY**	**HOURS BY**	**Subconsultant**	**TOTAL**
	PIC	**PM**	**PE**	**SE**	**D**	**DD**	**2MS**	**SLS**	**CO**		**COST**
RATE (AZ 2016)	**$ 188.00**	**$ 155.00**	**$ 140.00**	**$ 130.00**	**$ 120.00**	**$ 110.00**	**$ 165.00**	**$ 120.00**	**$ 105.00**	**Cost**	
Phase 1 Design Services											
Task 1 - Kickoff Meeting	3	3									$ 1,029.00
Task 2 - Supplemental Design Field Survey			4				40	6			$ 7,880.00
Task 3 - Base Map Preparation	2	4	12			32		32			$ 10,036.00
Task 4 - Utility Research		2				24					$ 2,950.00
Task 5 - Utility Company Coordination		2	20			20					$ 5,310.00
Task 6 - 60% Preliminary Construction Plans	16	32	90			90					$ 30,468.00
Task 7 - 60% Preliminary Special Provisions	4	12	24								$ 5,972.00
Task 8 - 60% Preliminary Cost Estimate	1	4	8								$ 1,928.00
Task 9 - 60% Design Review Meeting	6	6									$ 2,058.00
Task 10 - Gavin Court ROW/Easement Services	2	8						32			$ 5,456.00
Task 11 - 90% Pre Final Construction Plans	16	24	64			64					$ 22,728.00
Task 12 - 90% Pre Final Special Provisions	4	6	16								$ 3,922.00
Task 13 - 90% Pre Final Cost Estimate	1	4	8								$ 1,928.00
Task 14 - 90% Pre Final Design Technical Memorandum	4	8	24								$ 5,352.00
Task 15 - 90% Design Review Meeting	6	6									$ 2,058.00
Task 16 - 100% Final Construction Plans	8	20	40			40					$ 14,604.00
Task 17 - 100% Final Special Provisions	1	4	12								$ 2,488.00
Task 18 - 100% Final Cost Estimate	1	2	4								$ 1,058.00
Task 19 - 100% Final Design Technical Memorandum	2	4	10								$ 2,396.00
Task 20 - Permitting	20	24	104			32					$ 25,560.00
Task 21 - Geotechnical Engineering Sub Consultant						16				$9,000.00	$ 10,760.00
Task 22 - Progress Reports		16									$ 2,480.00
Task 2 - Post Design Services											
Task 1 - As-Builts for LOMR	1	4	8			12	8	2			$ 4,808.00
Task 2 - Permitting	2	2	40			40					$ 10,686.00
Task 3 - Bidding Services		10	16								$ 3,790.00
Task 4 - Field Construction Services									80		$ 8,400.00
HOURS	100	207	504	0	0	370	48	72	80	$9,000.00	1381
BUDGET	$ 18,800.00	$ 32,085.00	$ 70,560.00	$ -	$ -	$ 40,700.00	$ 7,920.00	$ 8,640.00	$ 8,400.00	$9,000.00	**$ 196,105.00**

Line Item Budget:

A. Under the terms of the Award, the total approved authorized budget is:

Federal Share (EDA Funds)	$1,600,074
Non-Federal Matching Share	$447,750
Total Project Cost	$2,047,824

B. Under the terms of this Award, the total approved line item budget is:

COST CLASSIFICATION	Proposed	Approved
Administrative and legal expenses	$204,782	$10,000
Land, structures, rights-of-way, etc.	$0	$0
Relocation expenses and payments	$0	$0
Architectural and engineering fees	$85,000	$140,000
Other architectural and engineering fees	$13,000	$0
Project inspection fees	$37,750	$40,000
Site work	$43,500	$0
Demolition and removal	$119,334	$0
Construction	$1,419,458	$1,700,000
Equipment	$0	$0
Contingencies	$125,000	$157,824
Total Project Costs	$2,047,824	$2,047,824

Explanation of Budget Changes:

Removal of "Admin & legal" except for a nominal amount.
Increase of "Construction" per construction cost estimate provided by the Applicant.
Increase of "Contingency" per construction cost estimate provided by the Applicant.
Increase of "Architectural and Engineering Fees" per industry standard.
Removal of "Site Work" and "Demolition and Removal" and added to "Construction".

10. **FEDERAL SHARE:** The EDA participation in total eligible project costs will be limited to the EDA grant amount or the EDA share of total allowable project costs, based on the area's grant rate eligibility at the time of award, whichever is less.

11. **MATCHING SHARE**: The Recipient agrees to provide the Recipient's non-Federal Matching Share contribution for eligible project expenses in proportion to the Federal share requested for such project expenses. (See 13 C.F.R. § 300.3) The Recipient also certifies that, in accepting the Financial Assistance Award, the Recipient's Matching Share of the project costs is committed and unencumbered, from authorized sources, and shall be available as needed for the project.

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TOWN OF CHINO VALLEY
COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting **Item No. 6. c.**

Meeting Date:	03/22/2016
Contact Person:	Jami Lewis, Town Clerk Phone: 928-636-2646 x-1208
Department:	Council
Item Type:	Consent
Estimated length of staff presentation:	None
Physical location of item:	N/A

AGENDA ITEM TITLE:

Consideration and possible action to amend the Planning and Zoning Commissioner Position Description & Selection Process.

RECOMMENDED ACTION:

Approve amendment to the Planning and Zoning Commissioner Position Description & Selection Process.

SITUATION AND ANALYSIS:

Issue Statement

In January 2015, the Council adopted a Job Description & Selection Process for prospective Planning and Zoning Commissioners that was drafted by the Council Appointments Subcommittee at Council's request. Provision #6 in the selection process guidelines was for the Appointments Subcommittee to do a performance review of an appointee after six months on the Commission. Vice-Mayor Croft, the Appointments Subcommittee Chair is requesting to remove Provision #6, as he does not believe the Appointments Subcommittee could adequately perform such a review when they do not interact with commissioners or monitor their activities.

Applicable "Policy"

- Town Code Sec. 30.071 - Gives Council the authority generally to create public bodies in general, determine their consistency and duties, and exist at the Council's pleasure.
- UDO Sec. 1.4,1 - Establishes the Commission and addresses appointment and removal of members.
- A.R.S. Sec. 9-461.02 - Provides the the Commission's creation be enacted by local ordinance and shall have at least five members.

Satisfaction of "Policy"

See reference to Town Code Sec. 30.071 above. Since Council adopted the guidelines, they needed to approve any changes.

Summary of Issues and Staff Rationale
N/A

Findings of Fact
N/A

Fiscal Impact

Fiscal Impact?: No
If Yes, Budget Code:
Available:
Funding Source:

Attachments

P&Z Position Description & Selection Process amendment

Town of Chino Valley, Arizona
PLANNING AND ZONING COMMISSIONER
POSITION DESCRIPTION & SELECTION PROCESS

PROPOSED AMENDMENTS
MARCH 22, 2016

(Deletions in ~~strikethrough~~)

The Planning and Zoning (P & Z) Commission is a key component of the Town of Chino Valley's on-going effort to effectively manage the use of property within the Town limits through planning and zoning activities. P & Z Commissioners, working closely with Town staff, ensure that state regulations and local ordinances are complied with as they review and recommend planning and zoning requests to the Town Council for final determination.

DESIRED QUALIFICATIONS

1. Reside within the town limits of the Town of Chino Valley, Arizona and be qualified to vote in Town elections.
2. Willing to serve on the P & Z Commission for a term of three (3) years.
3. Possess a working knowledge of, or be willing to study and learn about, municipal planning and zoning, real estate development, technical blueprints and drawings, and legal documents and procedures. Related experiences may be acceptable.
4. Able to read and write and orally communicate in the English language.
5. Able to attend commission meetings and informational investigations during and after normal working hours. The regular meeting of the Commission is at 6:00 pm on the first Tuesday of each month.
6. Past experience as a member of a volunteer committee or community-based organization.
7. Agree to an employee background check.
8. Agree to abide by the Town's Code of Ethics, Town Code Chapter 35, and all other rules and regulations of the Town.

REQUIRED TRAINING

1. Attend the Town of Chino Valley/Chino Valley Area Chamber of Commerce Citizen's Academy within twelve (12) months of appointment, if one is scheduled.

Town of Chino Valley, Arizona
PLANNING AND ZONING COMMISSIONER
POSITION DESCRIPTION & SELECTION PROCESS

2. Attend a legal briefing conducted by the Town Attorney outlining the roles, responsibilities and authority of P & Z Commissioners, including open meeting laws and conflict of interest, prior to the first meeting after appointment.

3. Attend technical briefings by Town staff prior to the first meeting after appointment to include pertinent Town ordinances, current work plans and zoning requests, the UDO, the General Plan, and other relevant Town codes, documents, and policies and procedures.

4. Attend a Town Council study session and Town Council regular meeting within sixty (60) days of appointment.

SELECTION PROCESS

1. Applicant submits a Town of Chino Valley Application for Public Body Appointment form, specifying appointment to the P & Z Commission.

2. The Town Clerk reviews the application for completeness and schedules a meeting of the Town Council Appointments Subcommittee.

3. The Appointments Subcommittee interviews the applicant and makes a recommendation to the Town Council.

4. At a regular meeting, the Town Council reviews the Appointments Subcommittee's recommendation and approves or disapproves the appointment. Before making the appointment, the Town Council may elect to interview the candidate.

5. The Town Clerk administers the Oath of Office and schedules the training for the prospective appointee.

~~6. Follow-up performance review.~~

Town of Chino Valley, Arizona
PLANNING AND ZONING COMMISSIONER
POSITION DESCRIPTION & SELECTION PROCESS

Rev. 2/23/15; Town Council Appointments Subcommittee

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TOWN OF CHINO VALLEY
COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting **Item No. 6. d.**

Meeting Date: 03/22/2016

Contact Person: Jami Lewis, Town Clerk
Phone: 928-636-2646 x-1208

Department: Town Clerk

Item Type: Consent

AGENDA ITEM TITLE:

Consideration and possible action to accept the February 17, 2016 study session meeting minutes. (Jami Lewis, Town Clerk)

RECOMMENDED ACTION:

Accept the February 17, 2016 study session meeting minutes.

Attachments

February 17, 2016 minutes

D R A F T

MINUTES OF THE STUDY SESSION
OF THE TOWN COUNCIL OF THE TOWN OF CHINO VALLEY

TUESDAY, FEBRUARY 17, 2016
1:00 P.M.

The Town Council of the Town of Chino Valley, Arizona, met for a Study Session in the Pro Force Tactical Law Enforcement Range Classroom, located at 2178 Sgt. Dee Barnes Way, Chino Valley, Arizona, on Tuesday, February 17, 2016.

Present:	Mayor Chris Marley; Vice-Mayor Darryl Croft; Councilmember Mike Best; Councilmember Susie Cuka; Councilmember Jack Miller; Councilmember Corey Mendoza; Councilmember Lon Turner
Staff Present:	Town Manager Robert Smith

1) CALL TO ORDER; ROLL CALL

Mayor Marley called the meeting to order at 1:09 p.m.

(Councilmember Lon Turner arrived late at 1:34 p.m.)

(Councilmember Mike Best left the meeting early at 3:00 p.m.)

2) Discussion regarding Town Council-Town Manager relations. (Mayor Marley)

Mayor Marley related that this session was to:

- Provide information to the new councilmembers about the Council-Manager form of government and how the councilmembers and town manager communicated with each other.
- Determine how the councilmembers could give the town manager unified direction.
- Determine how much information the councilmembers wanted from the manager and how soon they wanted it.

Council and staff discussed:

- Differences between Council's and town manager's responsibilities.
- Council communications per the Open Meeting Law.
- Email communications guidelines.
- Councilmembers giving personal opinions versus speaking on behalf of Council.
- Ways to keep Councilmembers from being blindsided during meetings.
- Process for putting an item on the agenda.
- Options for addressing agenda items.

Mr. Smith reviewed materials from ICMA about council-manager relations, including:

- Limitations placed on each side by law.
- His responsibilities per ICMA guidelines.
- Town Code provisions.
- Obtaining feedback from councilmembers.

Mayor Marley spoke about responsibilities that were somewhat unique to the mayor, as well as those that were common to the whole Council.

Council and staff discussed:

- Operations (town manager) versus policy-making (council).
- Council communications with staff members.

Mayor Marley recessed the meeting at 2:33 p.m. and reconvened it at 2:38 p.m.

Council and staff discussed:

- Councilmembers' roles as elected officials as well as participants in various community clubs and organizations.
- Responsibilities unique to the mayor and vice-mayor.
- When not to discuss town business.
- Councilmembers receiving equal reporting from staff and types of situations wherein Council wanted to receive information from the town manager.
- Staff members' chain of command.
- Human Resources (H.R.)-related processes currently used, when councilmembers should be informed of personnel issues, and H.R. issues needing to be reviewed.
- New personnel committee being established to review non-staffing H.R. issues, such as benefits and leave time policies.
- Staff recruitment and professional development issues.

Council preferences:

- Schedule study session to discuss the Town organization chart and Mr. Smith's plan for certain departments.
- All councilmembers getting the same information from the town manager.

3) ADJOURNMENT

The meeting adjourned at 4:00 p.m.

_____
Chris Marley, Mayor

ATTEST:

_____
Jami C. Lewis, Town Clerk

CERTIFICATION:

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the Town Council of the Town of Chino Valley, Arizona held on the 17th day of March, 2016. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 22nd day of March, 2016.

_____
Jami C. Lewis, Town Clerk

TOWN OF CHINO VALLEY
COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting **Item No. 6. e.**

Meeting Date: 03/22/2016

Contact Person: Jami Lewis, Town Clerk
Phone: 928-636-2646 x-1208

Department: Town Clerk

Item Type: Consent

AGENDA ITEM TITLE:

Consideration and possible action to accept the February 23, 2016 regular meeting minutes. (Jami Lewis, Town Clerk)

RECOMMENDED ACTION:

Accept the February 23, 2016 regular meeting minutes.

Attachments

February 23, 2016 minutes

D R A F T

MINUTES OF THE REGULAR MEETING OF THE TOWN COUNCIL OF THE TOWN OF CHINO VALLEY

TUESDAY, FEBRUARY 23, 2016
6:00 P.M.

The Town Council of the Town of Chino Valley, Arizona, met for a Regular Meeting in the Chino Valley Council Chambers, located at 202 N. State Route 89, Chino Valley, Arizona, on Tuesday, February 23, 2016.

Present: Mayor Chris Marley; Vice-Mayor Darryl Croft; Councilmember Mike Best; Councilmember Susie Cuka; Councilmember Jack Miller; Councilmember Corey Mendoza

Absent: Councilmember Lon Turner

Staff Present: Town Manager Robert Smith; Town Attorney Phyllis Smiley; Finance Director Joe Duffy; Police Chief Chuck Wynn; Police Officer Jody Villalobos; Acting Public Works Director/Town Engineer Michael Lopez; Utility/Recreation Supervisor Chris Bartels; Development Services Director Ruth Mayday; Town Clerk Assistant Amy Pyeatt-Lansa; Town Clerk Jami Lewis (recorder)

1) CALL TO ORDER, INVOCATION*; PLEDGE OF ALLEGIANCE; ROLL CALL

**An invocation will be given at the beginning of the meeting by a member of Council. Persons who do not wish to participate may remain in the lobby during the invocation and will be notified by Town staff when the invocation is finished. The Council will pause briefly to allow those in the lobby to enter before proceeding with the Pledge of Allegiance and the rest of the meeting.*

The invocation is solely the expression of the religious belief of the speaker and is not an endorsement of those beliefs by other Council members or by the Town of Chino Valley. Religion is a personal matter, independent of the function of government. The purpose of the invocation is to solemnize the legislative proceedings of the Council. It is not intended to advance, proselytize, disparage, or denigrate any other religion, belief, or non-belief or to coerce others to participate. No stigma or different treatment of persons who choose to participate or who choose not to participate will be tolerated.

Mayor Marley called the meeting to order at 6:03 p.m.

Councilmember Cuka gave the invocation; Mayor Marley led the Pledge of Allegiance.

2) INTRODUCTIONS, PRESENTATIONS, AND PROCLAMATIONS

a) Yavapai College Community Update, presented by Dr. Penny Wills, President. (Jami Lewis, Town Clerk)

Dr. Wills presented highlights from the Yavapai College Community Update and District Governing Board's Annual Report; and spoke about changes in education, accomplishments at the various campuses, the college's fiscal condition; and a new partnership between the Joint Technical Education District and the college's Career and Technical Education Center.

Karla Phillips, Chino Valley Campus Associate Dean, spoke about the status of the Chino Valley campus' agriculture, equine, and electrical technology programs.

b) Presentation of Government Finance Officers Association (GFOA) Budget Award for FY 2015/2016. (Mayor Marley)

Mayor Marley read a statement about the GFOA Budget Award and presented the award to Finance Director Duffy.

3) CALL TO THE PUBLIC

Call to the Public is an opportunity for the public to address the Council on any issue within the jurisdiction of the Council that is not on the agenda. Public comment is encouraged. Individuals are limited to speak for three (3) minutes. The total time for Call to the Public may be up to 30 minutes per meeting. Council action taken as a result of public comment will be limited to directing staff to study the matter, scheduling the matter for further consideration and decision at a later date, or responding to criticism.

Mayor Marley reviewed the meeting rules of decorum.

Lillian Morales, resident, spoke about constitutional and legal support for invocations.

Michael Bacon, resident, presented findings from a 2014 survey on why pastors did not speak out on politically controversial issues.

Al Gibbons, resident, spoke in support of the long-standing tradition of invocations in public places.

Lee Paul, resident, spoke in support of Council's defense of their constitutional rights.

4) RESPONSE TO THE PUBLIC

Response to the Public is an opportunity for the Mayor to inform the public about how Town officials addressed matters raised during Call to the Public at a previous meeting.

a) Comments pertaining to the Council Rules of Procedure regarding disturbances in meetings. (Mayor Marley)

Mayor Marley reported on the Town's meeting rules of decorum with regard to removing persons from a meeting.

b) Comments regarding pumpkin pot pie, the ideal Chino Valley product.

Mayor Marley commented on the product having a great future.

5) CURRENT EVENT SUMMARIES AND REPORTS

This item is for information only. The Mayor, any Councilmember, or Town Manager may present a brief summary or report of current events, or ask a staff member to provide the same. Presentation on information requested by the Mayor and Council will be made and questions answered. No action will be taken.

a) Status reports by Mayor and Council regarding current events.

Councilmember Best reported on a recent Central Yavapai Metropolitan Planning Organization meeting and the new timeframe for a signal at Road 1 North and State Route 89.

Vice-Mayor Croft reported on the upcoming Citizen's Academy starting on March 3.

b) Status report by Town Manager Robert Smith regarding Town accomplishments, and current or upcoming projects.

Mr. Smith reported on a recent Central Arizona Partnership meeting, which focused on regional economic development needs.

6) CONSENT AGENDA

All those items listed below are considered to be routine and may be enacted by one motion. Any Councilmember may request to remove an item from the Consent Agenda to be considered and discussed separately.

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Corey Mendoza to approve consent agenda item 6a.

Vote: 6 - 0 PASSED - Unanimously

a) Consideration and possible action to adopt Resolution 16-1076 authorizing the Chief of Police to apply for Governor's Office of Highway Safety (GOHS) grants for federal budget year 2017. (Chuck Wynn, Police Chief)

7) ACTION ITEMS

The Council may vote to recess the public meeting and hold an Executive Session on any item on this agenda pursuant to A.R.S. § 38-431.03(A)(3) for the purpose of discussion or consultation for legal advice with the Town Attorney. Executive sessions are not open to the public and no action may be taken in executive session.

a) Consideration and possible action to authorize the Mayor to sign a letter of support for Federal Senate Bill 1895 and House Bill 3345, related to the Downwinders Compensation Act of 2015. (Chris Marley, Mayor)

Recommended Action: Authorize the Mayor to sign the letter of support.

Sherrie Hanna showed a video about the downwinders program and spoke about two U.S. bills that had been proposed to correct flaws in the 1990 Radiation Exposure Compensation Act map boundaries.

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Mike Best to authorize the Mayor to sign the letter of support for Federal Senate Bill 1895 and House Bill 3345.

Vote: 6 - 0 PASSED - Unanimously

b) Consideration and possible action to approve a Protected Development Rights Plan (PDR Plan) for the property located at 2550 N. Road 1 East. (Ruth Mayday, Development Services Director)

Recommended Action: Approve PDR Plan 16-002 for the property located at 2550 N. Road 1 East, including the Landscaping Plan PDR 16-002, encompassing approximately 12.15 acres.

Ms. Mayday presented an overview of PDR Plans with regard to items 7b, 7c, 7d and 7e:

- A PDR Plan set forth a specific use in a specific area and protected that use from any future regulations for a specific period of time. The subject PDR Plans on this agenda related to medical marijuana growers and what the Town could or could not regulate.
- In January, Council adopted Ordinance 16-811, which changed MMJ cultivation regulations. Current MMJ establishments had 30 days from ordinance adoption to request a PDR Plan, otherwise, those uses would become legal non-conforming as of February 25, and they would no longer be able expand.
- PDR Plans did not grant or modify zoning; constitute a site plan, unless specifically approved as such; allow for variances without a public process; or require a public participation process.
- Phased plans were limited to five years with a two-year extension upon Council approval, and the Town could impose terms and conditions for approval.
- The statutory amendment procedure was limited to four specific situations, needed Council approval, and required a public process.
- Things to be considered in considered in the decision-making process were that medical marijuana (MMJ) growing was a legal use; there were possible impacts of Prop 207 on zoning changes; PDR Plans were probably the best tool to preserve these development rights; and Ordinance 16-811 will take effect on February 25.
- What the Town did not know that might affect this matter was market demand and capacity for MMJ; legalization of recreational use; and changes in federal or state administration.

Town Attorney Smiley advised that these existing uses will become legal non-conforming uses on February 25. If the properties had been diminished in value by the ordinance, the property owners could bring a Prop 207 claim against the Town; but nothing like that had happened yet.

Ms. Mayday then presented the PDR Plan for Chino Valley Farms:

- Phase 1 included a current cultivation greenhouse and vegetable beds to be converted to MMJ; Phases 2 and 3 included additional greenhouse facilities.
- The proposed landscaping plan with each phase was in compliance with the Unified Development Ordinance (UDO).
- Staff recommended approval with additional landscaping requirements as set forth in the proposed plan.

Mayor Marley suggested that staff not grant a Certificate of Occupancy for each phase until the landscaping was done. Ms. Mayday stated that standard practice was to not issue the Certificate until all conditions were met.

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Jack Miller to approve PDR Plan 16-002 for the property located at 2550 N. Road 1 East, including the Landscaping Plan PDR 16-002, encompassing approximately 12.15 acres, and before a certificate of occupancy is issued, landscaping must be finished.

Vote: 6 - 0 PASSED - Unanimously

c) Consideration and possible action to approve PDR16-005, a Protected Development Rights Plan (PDR Plan) for the property located at 602 W. Road 1 North, encompassing approximately 20 (19.76) acres. (Ruth Mayday, Development Services Director)

Recommended Action: Approve PDR Plan 16-005 with the additional landscaping requirements set forth in the Landscaping Requirements for PDR 16-005, for the property encompassing approximately 19.76 acres.

Ms. Mayday presented the PDR Plan for property owner Herm Federwisch, and Dr. Gina Berman, who intended to purchase the subject property.

- The proposed greenhouse was limited to the portion of property behind the existing Commercial Light (CL) properties.
- Dr. Berman proposed a great deal of landscaping and separation between the greenhouse and surrounding uses and suggested additional landscaping further out as a buffer from surrounding properties, using evergreen trees for screening, and moving screening 20 feet back from the fence for security purposes.

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Jack Miller to approve PDR Plan 16-005 with the additional landscaping requirements set forth in the Landscaping Requirements for PDR 16-005, for the property encompassing approximately 19.76 acres with the caveat that before a certificate of occupancy is issued, landscaping will be finished.

Vote: 6 - 0 PASSED - Unanimously

d) Consideration and possible action to approve PDR 16-004, preserving development rights and setting forth a plan of development of a 53-acre parcel located at the southeast corner of State Route 89 and 4 South as described herein and made a part herewith. (Ruth Mayday, Development Services Director)

Recommended Action: Approve PDR Plan 16-004 with the additional landscaping requirements set forth in the Landscaping Requirements for PDR 16-004, for the property located at the Northeast corner of State Route 89 and East Road 4 South, encompassing approximately 53 acres.

Ms. Mayday presented the PDR Plan for Green Global:

- The proposal included greenhouses on a small portion, accessory buildings for processing, hoop houses, septic, parking, and additional parking for Phases 3 and 4; as well as commercial and multi-family residential components.
- The commercial component would likely screen the bulk of the MMJ project. Per UDO regulations, screening would be required for the front portion of the property.

- Late this afternoon, the applicant submitted Supplement B, requesting to delay certain landscaping for two years, to allow time to complete a significant drainage project that will require a large amount of grading. They also proposed some additional landscaping. Should buildings along the west side go up first, they will serve as screening; otherwise, pine trees will serve as screening.

Tom Kack, attorney for the applicant, reported on:

- the plan cutting the MMJ use to the smallest possible size to limit future greenhouses;
- the property's terrain, drainage project, and tree screening locations;
- the need to delay screening until the grading was done; and
- the four development phases and locations of commercial uses and multi-family residential.

Some councilmembers expressed concern about the visual impact on this property and screening timeframes. Ms. Mayday and Mr. Lopez stated that:

- Staff supported Supplement B, as it provided a fallback for screening if the commercial development was not done in two years.
- Public Works' concern was that the drainage improvements were done before opening, and staff was satisfied with the engineering.

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Corey Mendoza to approve PDR Plan 16-004 for the property located at the northeast corner of State Route 89 and East Road 4 South, encompassing approximately 53 acres, plus the Supplemental Plan B.

Vote: 6 - 0 PASSED - Unanimously

e) Consideration and possible action to approve a Protected Development Rights Plan (PDR Plan) for the property located at 645 West Road 4 North. (Ruth Mayday, Development Services Director)

Recommended Action: Approve PDR Plan 16-003 for the property located at 645 West Road 4 North with the additional landscaping requirements as set forth in Landscaping Requirements PDR16-003 , encompassing approximately 12.4 acres.

Ms. Mayday presented the PDR Plan for Prescott Valley Growers:

- Phase 1 included an office and five greenhouses; Phase 2 included additional greenhouses as the demand warranted. Maximum build out for the greenhouses was 75,000 square feet.
- The PDR Plan was speculative, as the property owner had not identified a licensee or user for the greenhouses yet, but they desired to preserve the right to develop in that manner should a user arise.
- Currently, there was a nursery on the property and the PDR Plan was for the back half. The landscaping requirements were to be tied to development phases. The owner had agreed to the landscaping and additional screening.
- Staff recommended approval with the additional landscaping requirement as set forth in the landscaping plan.

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Jack Miller to approve PDR Plan 16-003 for the property located at 645 West Road 4 North with the additional landscaping requirements as set forth in Landscaping Requirements PDR16-003, encompassing approximately 12.4 acres, and certificate of occupancy not granted until landscaping is finished.

Vote: 6 - 0 PASSED - Unanimously

f) Consideration and possible action to adopt Communications Policy for the Town of Chino Valley. (Cecilia Grittman, Assistant Town Manager)

Recommended Action: Adopt the Town of Chino Valley's Communications Policy / Social Media Policy effective immediately.

Ms. Grittman presented:

- Perspectives on how other Councils were using their Town website and Facebook pages for communications.
- Statistics related to visits to the Town website, likes on Facebook, Council meetings and Facebook, computer versus smartphone visits, and resident versus non-resident use, hits on individual pages of the Town website.
- Changes to the proposed policy since its last appearance on an agenda.
- Fiscal and staffing impacts to update and monitor social media.

Mayor Marley brought to Council's attention the disclaimer in the policy relating to councilmember comments in a public setting or interview.

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Corey Mendoza to adopt the Town of Chino Valley's Communications Policy / Social Media Policy effective immediately.

Vote: 6 - 0 PASSED - Unanimously

Mayor Marley called for a 10 minute recess at 7:49 p.m. and reconvened the meeting at 7:57 p.m.

8) EXECUTIVE SESSION

Council may vote to recess the Regular Meeting and hold an executive session, which will not be open to the public, for the following purposes.

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Jack Miller to recess the regular meeting and hold the executive session at 7:59 p.m.

Vote: 6 - 0 PASSED - Unanimously

Mayor Marley reconvened the regular meeting at 9:07 p.m.

a) Consideration and possible action to recess into an executive session pursuant to A.R.S. § 38-431.03(A)(4) for discussion or consultation with the Town Attorney in order to consider its position and instruct the Town Attorney regarding the Town's position regarding a contract with Prescott Sportsmen's Club related to managing the Chino Valley Shooting Range that is the subject of negotiations.

b) **Consideration and possible action to recess into an executive session pursuant to ARS sections 38-431.03(A)(3) and 38-431.03(A)(4) for discussion or consultation for legal advice with the Town Attorney regarding the invocation and in order to consider the Town's position and instruct the Town Attorney in order to avoid or resolve contemplated litigation related to the Town Council's invocation. (Phyllis Smiley, Town Attorney)

9) ACTION ITEMS RESUMED

After the Executive Session, Council will reconvene the Regular Meeting.

10) ADJOURNMENT

MOVED by Councilmember Jack Miller, seconded by Councilmember Mike Best to adjourn the meeting at 9:08 p.m.

Vote: 6 - 0 PASSED - Unanimously

_____
Chris Marley, Mayor

ATTEST:

_____
Jami C. Lewis, Town Clerk

CERTIFICATION:

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Meeting of the Town Council of the Town of Chino Valley, Arizona held on the 23rd day of February, 2016. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 22nd day of March, 2016.

_____
Jami C. Lewis, Town Clerk

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TOWN OF CHINO VALLEY
COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting **Item No. 7. a.**

Meeting Date: 03/22/2016

Contact Person: Joe Duffy, Finance Director
Phone: 928-636-2646 x-1211

Department: Finance

Item Type: Action Item

Estimated length of staff presentation: 5 minutes

Physical location of item: N/A

AGENDA ITEM TITLE:

Consideration and possible action to adopt Resolution No. 16-1079, authorizing the refinancing of the May 1, 2007 Greater Arizona Development Authority (GADA) loan repayment agreement.

RECOMMENDED ACTION:

Adopt Resolution No. 16-1079, authorizing the refinancing of the May 1, 2007 GADA loan repayment agreement.

SITUATION AND ANALYSIS:

The Town of Chino Valley has an outstanding debt obligation that can be refunded in the current interest rate environment that will generate substantial interest savings for the Town.

Stifel, Nicolaus and Co., Inc. has prepared a report detailing the proposed savings. Staff presented this information to Council at the March 15, 2016 study session.

The interest rate on the GADA 2007A loan ranges from 4.25% to 5.0%. Staff estimates that both loans can be refinanced at the same remaining term at an interest rate of less than 2.25%. The total projected cash flow savings is estimated at $280,000, with a net present value savings of $252,000.

Fiscal Impact

Fiscal Impact?: Yes

If Yes, Budget Code:

Available:

Funding Source:

The Town anticipates saving $280,000 over the next 10 years. Net Present Value saving of $252,000.

Attachments

Stifel Proposal
Resolution 16-1079
Second Purchase Agreement
Escrow Trust Agreement
Second Trust Agreement
Policies and Procedures for Tax Advantage Obligations
Placement Agent Agreement

SOURCES AND USES OF FUNDS

Town of Chino Valley, Arizona
Excise Tax Revenue Refunding Obligation, Series 2016
[Refunds 2007A GADA Obligations]
[Same Amortization / Level Savings]

Dated Date	07/01/2016
Delivery Date	07/01/2016

Sources:	
Bond Proceeds:	
Par Amount	3,345,000.00
	3,345,000.00

Uses:	
Refunding Escrow Deposits:	
Cash Deposit	0.92
SLGS Purchases	3,275,335.00
	3,275,335.92
Delivery Date Expenses:	
Cost of Issuance	35,000.00
Placement Agent Fee	33,450.00
	68,450.00
Other Uses of Funds:	
Additional Proceeds	1,214.08
	3,345,000.00

STIFEL Public Finance

SUMMARY OF REFUNDING RESULTS

Town of Chino Valley, Arizona
Excise Tax Revenue Refunding Obligation, Series 2016
[Refunds 2007A GADA Obligations]
[Same Amortization / Level Savings]

Dated Date	07/01/2016
Delivery Date	07/01/2016
Arbitrage yield	2.250000%
Escrow yield	0.686761%
Value of Negative Arbitrage	49,852.83
Bond Par Amount	3,345,000.00
True Interest Cost	2.250000%
Net Interest Cost	2.250000%
Average Coupon	2.250000%
Average Life	5.670
Par amount of refunded bonds	3,145,000.00
Average coupon of refunded bonds	4.906968%
Average life of refunded bonds	5.881
PV of prior debt to 07/01/2016 @ 2.250000%	3,595,994.26
Net PV Savings	252,208.34
Percentage savings of refunded bonds	8.019343%
Percentage savings of refunding bonds	7.539861%

STIFEL Public Finance

SAVINGS

Town of Chino Valley, Arizona
Excise Tax Revenue Refunding Obligation, Series 2016
[Refunds 2007A GADA Obligations]
[Same Amortization / Level Savings]

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 07/01/2016 @ 2.2500000%
07/01/2017	407,606.26	380,262.50	27,343.76	27,164.19
07/01/2018	407,406.26	378,400.00	29,006.26	28,134.95
07/01/2019	404,156.26	376,425.00	27,731.26	26,287.20
07/01/2020	405,406.26	379,337.50	26,068.76	24,151.13
07/01/2021	405,906.26	377,025.00	28,881.26	26,095.44
07/01/2022	405,656.26	379,600.00	26,056.26	23,009.46
07/01/2023	404,656.26	376,950.00	27,706.26	23,870.99
07/01/2024	405,000.00	374,187.50	30,812.50	25,907.56
07/01/2025	402,500.00	376,312.50	26,187.50	21,508.61
07/01/2026	404,250.00	373,212.50	31,037.50	24,864.74
	4,052,543.82	3,771,712.50	280,831.32	250,994.26

Savings Summary

PV of savings from cash flow	250,994.26
Plus: Refunding funds on hand	1,214.08
Net PV Savings	252,208.34

STIFEL Public Finance

PRIOR BOND DEBT SERVICE

Town of Chino Valley, Arizona
Excise Tax Revenue Refunding Obligation, Series 2016
[Refunds 2007A GADA Obligations]
[Same Amortization / Level Savings]

Dated Date	07/01/2016
Delivery Date	07/01/2016

Period Ending	Principal	Coupon	Interest	Debt Service
07/01/2017	255,000	4.000%	152,606.26	407,606.26
07/01/2018	265,000	5.000%	142,406.26	407,406.26
07/01/2019	275,000	5.000%	129,156.26	404,156.26
07/01/2020	290,000	5.000%	115,406.26	405,406.26
07/01/2021	305,000	5.000%	100,906.26	405,906.26
07/01/2022	320,000	5.000%	85,656.26	405,656.26
07/01/2023	335,000	4.375%	69,656.26	404,656.26
07/01/2024	350,000	5.000%	55,000.00	405,000.00
07/01/2025	365,000	5.000%	37,500.00	402,500.00
07/01/2026	385,000	5.000%	19,250.00	404,250.00
	3,145,000		907,543.82	4,052,543.82

STIFEL Public Finance

BOND DEBT SERVICE

Town of Chino Valley, Arizona
Excise Tax Revenue Refunding Obligation, Series 2016
[Refunds 2007A GADA Obligations]
[Same Amortization / Level Savings]

Dated Date	07/01/2016
Delivery Date	07/01/2016

Period Ending	Principal	Coupon	Interest	Debt Service
07/01/2017	305,000	2.250%	75,262.50	380,262.50
07/01/2018	310,000	2.250%	68,400.00	378,400.00
07/01/2019	315,000	2.250%	61,425.00	376,425.00
07/01/2020	325,000	2.250%	54,337.50	379,337.50
07/01/2021	330,000	2.250%	47,025.00	377,025.00
07/01/2022	340,000	2.250%	39,600.00	379,600.00
07/01/2023	345,000	2.250%	31,950.00	376,950.00
07/01/2024	350,000	2.250%	24,187.50	374,187.50
07/01/2025	360,000	2.250%	16,312.50	376,312.50
07/01/2026	365,000	2.250%	8,212.50	373,212.50
	3,345,000		426,712.50	3,771,712.50

STIFEL Public Finance

BOND SUMMARY STATISTICS

Town of Chino Valley, Arizona
Excise Tax Revenue Refunding Obligation, Series 2016
[Refunds 2007A GADA Obligations]
[Same Amortization / Level Savings]

Dated Date	07/01/2016
Delivery Date	07/01/2016
First Coupon	01/01/2017
Last Maturity	07/01/2026
Arbitrage Yield	2.250000%
True Interest Cost (TIC)	2.250000%
Net Interest Cost (NIC)	2.250000%
All-In TIC	2.648144%
Average Coupon	2.250000%
Average Life (years)	5.670
Duration of Issue (years)	5.273
Par Amount	3,345,000.00
Bond Proceeds	3,345,000.00
Total Interest	426,712.50
Net Interest	426,712.50
Total Debt Service	3,771,712.50
Maximum Annual Debt Service	380,262.50
Average Annual Debt Service	377,171.25
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	Duration	PV of 1 bp change
Bond Component	3,345,000.00	100.000	2.250%	5.670	5.273	1,762.85
	3,345,000.00			5.670		1,762.85

	TIC	All-In TIC	Arbitrage Yield
Par Value	3,345,000.00	3,345,000.00	3,345,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-35,000.00	
- Other Amounts		-33,450.00	
Target Value	3,345,000.00	3,276,550.00	3,345,000.00
Target Date	07/01/2016	07/01/2016	07/01/2016
Yield	2.250000%	2.648144%	2.250000%

BOND PRICING

Town of Chino Valley, Arizona
Excise Tax Revenue Refunding Obligation, Series 2016
[Refunds 2007A GADA Obligations]
[Same Amortization / Level Savings]

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bond Component:					
	07/01/2017	305,000	2.250%	2.250%	100.000
	07/01/2018	310,000	2.250%	2.250%	100.000
	07/01/2019	315,000	2.250%	2.250%	100.000
	07/01/2020	325,000	2.250%	2.250%	100.000
	07/01/2021	330,000	2.250%	2.250%	100.000
	07/01/2022	340,000	2.250%	2.250%	100.000
	07/01/2023	345,000	2.250%	2.250%	100.000
	07/01/2024	350,000	2.250%	2.250%	100.000
	07/01/2025	360,000	2.250%	2.250%	100.000
	07/01/2026	365,000	2.250%	2.250%	100.000
		3,345,000			

Dated Date	07/01/2016	
Delivery Date	07/01/2016	
First Coupon	01/01/2017	
Par Amount	3,345,000.00	
Original Issue Discount		
Production	3,345,000.00	100.000000%
Underwriter's Discount		
Purchase Price	3,345,000.00	100.000000%
Accrued Interest		
Net Proceeds	3,345,000.00	

STIFEL Public Finance

SUMMARY OF BONDS REFUNDED

Town of Chino Valley, Arizona
Excise Tax Revenue Refunding Obligation, Series 2016
[Refunds 2007A GADA Obligations]
[Same Amortization / Level Savings]

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
GADA Excise Tax Revenue Bonds, Series 2007A, 2007A:					
SERIAL	07/01/2017	4.000%	255,000.00		
	07/01/2018	5.000%	265,000.00	07/01/2017	100.000
	07/01/2019	5.000%	275,000.00	07/01/2017	100.000
	07/01/2020	5.000%	290,000.00	07/01/2017	100.000
	07/01/2021	5.000%	305,000.00	07/01/2017	100.000
	07/01/2022	5.000%	320,000.00	07/01/2017	100.000
	07/01/2023	4.375%	335,000.00	07/01/2017	100.000
	07/01/2024	5.000%	350,000.00	07/01/2017	100.000
	07/01/2025	5.000%	365,000.00	07/01/2017	100.000
	07/01/2026	5.000%	385,000.00	07/01/2017	100.000
			3,145,000.00		

STIFEL Public Finance

ESCROW STATISTICS

Town of Chino Valley, Arizona
Excise Tax Revenue Refunding Obligation, Series 2016
[Refunds 2007A GADA Obligations]
[Same Amortization / Level Savings]

Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Global Proceeds Escrow:						
3,275,335.92	0.985	0.686761%	0.686761%	3,225,483.08	49,852.83	0.01
3,275,335.92				3,225,483.08	49,852.83	0.01

Delivery date	07/01/2016
Arbitrage yield	2.250000%
Composite Modified Duration	0.985

STIFEL Public Finance

ESCROW COST

Town of Chino Valley, Arizona
Excise Tax Revenue Refunding Obligation, Series 2016
[Refunds 2007A GADA Obligations]
[Same Amortization / Level Savings]

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
SLGS	01/01/2017	76,107	0.510%	76,107.00
SLGS	07/01/2017	3,199,228	0.690%	3,199,228.00
		3,275,335		3,275,335.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
07/01/2016	3,275,335	0.92	3,275,335.92	0.686761%
	3,275,335	0.92	3,275,335.92	

ESCROW DESCRIPTIONS

Town of Chino Valley, Arizona
Excise Tax Revenue Refunding Obligation, Series 2016
[Refunds 2007A GADA Obligations]
[Same Amortization / Level Savings]

	Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
Jul 1, 2016:							
	SLGS	Certificate	01/01/2017	01/01/2017	76,107	0.510%	0.510%
	SLGS	Certificate	07/01/2017	07/01/2017	3,199,228	0.690%	0.690%
					3,275,335		

SLGS Summary

SLGS Rates File	15MAR16
Total Certificates of Indebtedness	3,275,335.00

STIFEL Public Finance

ESCROW REQUIREMENTS

Town of Chino Valley, Arizona
Excise Tax Revenue Refunding Obligation, Series 2016
[Refunds 2007A GADA Obligations]
[Same Amortization / Level Savings]

Period Ending	Principal	Interest	Principal Redeemed	Total
01/01/2017		76,303.13		76,303.13
07/01/2017	255,000.00	76,303.13	2,890,000.00	3,221,303.13
	255,000.00	152,606.26	2,890,000.00	3,297,606.26

STIFEL Public Finance

ESCROW SUFFICIENCY

Town of Chino Valley, Arizona
Excise Tax Revenue Refunding Obligation, Series 2016
[Refunds 2007A GADA Obligations]
[Same Amortization / Level Savings]

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
07/01/2016		0.92	0.92	0.92
01/01/2017	76,303.13	76,302.67	-0.46	0.46
07/01/2017	3,221,303.13	3,221,302.67	-0.46	
	3,297,606.26	3,297,606.26	0.00	

STIFEL Public Finance

ESCROW CASH FLOW

Town of Chino Valley, Arizona
Excise Tax Revenue Refunding Obligation, Series 2016
[Refunds 2007A GADA Obligations]
[Same Amortization / Level Savings]

Date	Principal	Interest	Net Escrow Receipts	Present Value to 07/01/2016 @ 0.6867612%
01/01/2017	76,107.00	195.67	76,302.67	76,041.56
07/01/2017	3,199,228.00	22,074.67	3,221,302.67	3,199,293.44
	3,275,335.00	22,270.34	3,297,605.34	3,275,335.00

Escrow Cost Summary

Purchase date	07/01/2016
Purchase cost of securities	3,275,335.00
Target for yield calculation	3,275,335.00

STIFEL Public Finance

UNDERWRITER EXCLUSION DISCLOSURE

Town of Chino Valley, Arizona
Excise Tax Revenue Refunding Obligation, Series 2016
[Refunds 2007A GADA Obligations]
[Same Amortization / Level Savings]

Stifel, Nicolaus & Company, Incorporated ('Stifel') has been engaged or appointed to serve as an underwriter or placement agent with respect to a particular issuance of municipal securities to which the attached material relates and Stifel is providing all information and advice contained in the attached material in its capacity as underwriter or placement agent for that particular issuance. As outlined in the SEC's Municipal Advisor Rule, Stifel has not acted, and will not act, as your municipal advisor with respect to the issuance of the municipal securities that is the subject to the engagement.

Stifel is providing information and is declaring to the proposed municipal issuer and any obligated person that it has done so within the regulatory framework of MSRB Rule G-23 as an underwriter (by definition also including the role of placement agent) and not as a financial advisor, as defined therein, with respect to the referenced proposed issuance of municipal securities. The primary role of Stifel, as an underwriter, is to purchase securities for resale to investors in an arm's- length commercial transaction. Serving in the role of underwriter, Stifel has financial and other interests that differ from those of the issuer. The issuer should consult with its' own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate.

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RESOLUTION NO. 16-1079

RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF CHINO VALLEY, ARIZONA, A MUNICIPAL CORPORATION OF ARIZONA, APPROVING THE SALE AND EXECUTION AND DELIVERY OF PLEDGED REVENUE REFUNDING OBLIGATIONS TO PREPAY ALL OR A PORTION OF A LOAN REPAYMENT AGREEMENT, EVIDENCING ALL THE INTERESTS OF THE OWNER THEREOF IN A PURCHASE AGREEMENT; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH PURCHASE AGREEMENT, A TRUST AGREEMENT, A PLACEMENT AGENT AGREEMENT, AN ESCROW TRUST AGREEMENT AND OTHER NECESSARY DOCUMENTS; DELEGATING AUTHORITY TO THE MANAGER AND FINANCE DIRECTOR OF THE TOWN TO DETERMINE CERTAIN MATTERS AND TERMS WITH RESPECT TO THE FOREGOING; ADOPTING POST-ISSUANCE TAX COMPLIANCE PROCEDURES IN CONNECTION WITH ISSUANCE OF OBLIGATIONS OF THE TOWN; 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 Chino Valley, Arizona (the "Town"), have determined to prepay all or a portion of the amounts due pursuant to the Loan Repayment Agreement, dated as of May 1, 2007 (the "Loan Repayment Agreement"), between the Town and the Greater Arizona Development Authority, which financed a portion of the costs of acquiring land and a building, and the improvement of such building, for use as an administration building and Town Council chambers (the "Refinanced Projects"), by entering into a Second Purchase Agreement, to be dated as of the first day of the month of the dated date of the hereinafter described Obligations established as provided herein (the "Purchase Agreement"), with a bank authorized to exercise trust powers in the State of Arizona, appointed as provided hereby, as trustee (the "Trustee"), in its separate capacity as "Seller"; and

WHEREAS, in connection with the Purchase Agreement, the Mayor and Common Council of the Town have deemed it necessary and desirable to provide for the sale and execution and delivery of pledged revenue refunding obligations, provided for by this Resolution (the "Obligations"), pursuant to a Second Trust Agreement, to be dated as of the first day of the month of the dated date of the Obligations (the "Trust Agreement"), between the Trustee and the Town, evidencing all the interests of the owner of the Obligations in payments to be made by the Town to the Trustee pursuant to the Purchase Agreement; and

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

WHEREAS, pursuant to the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated thereunder (the "Regulations"), issuers of obligations, the interest on which is intended to be excludable from the gross income of the owners thereof for federal income tax purposes ("Tax-Exempt Obligations"), are required to establish policies and procedures to ensure compliance with the applicable provisions of the Code and the Regulations; and

WHEREAS, it is determined that procedures should be adopted in order to ensure that Tax-Exempt Obligations issued by the Town comply with the provisions of the Code and the Regulations (the "Procedures"); and

WHEREAS, the Mayor and Common Council of the Town will receive a proposal from Stifel, Nicolaus & Company, Incorporated, serving in the capacity of and designated as the placement agent (the "Placement Agent"), and not acting as a municipal advisor as defined in the "Registration of Municipal Advisors" rule promulgated by the United States Securities and Exchange Commission, and has determined that the Obligations should be placed by the Placement Agent with a purchaser (the "Purchaser") pursuant to the Strategic Alliance of Volume Expenditures (SAVE) Cooperative Response Proposal #C-007-1213; and

WHEREAS, the Placement Agent will submit such proposal to place the Obligations pursuant to the form of placement agent agreement presented to the Mayor and Common Council of the Town at the meeting at which this Resolution is being adopted, to be dated the date of placement of the Obligations (the "Placement Agent Agreement"), by and between the Town and the Placement Agent; and

WHEREAS, there have been presented to the Mayor and Common Council of the Town at the meeting at which this Resolution is being adopted (1) the proposed form of the Purchase Agreement; (2) the proposed form of the Trust Agreement; (3) the proposed form of the Placement Agent Agreement; (4) the Escrow Trust Agreement, to be dated as of the first day of the month of the dated date of the Obligations (the "Escrow Trust Agreement"), between the Trustee in its separate capacity as escrow trustee (the "Escrow Trustee"), and the Town, for the establishment of an escrow to pay a portion of the principal and interest with respect to the Loan Repayment Agreement and to prepay amounts due pursuant to the Loan Repayment Agreement and (5) the proposed form of the Procedures; and

WHEREAS, refinancing the costs of the Refinanced Projects pursuant to the Purchase Agreement is in furtherance of the purposes of the Town and is in the public interest;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COMMON COUNCIL OF THE TOWN OF CHINO VALLEY, ARIZONA, THAT:

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

(b) The Manager or the Finance Director of the Town are each authorized to determine on behalf of the Town the identity of the Trustee; the series name and designation of the Obligations; the date the Obligations are to be placed by the Placement Agent; the total aggregate principal amount of the Obligations which are to be executed and delivered

and whether the result of such determination will allow the Obligations to be "bank qualified" for purposes of the Code; the date the Obligations are to be dated; the dates on which interest on the Obligations is to be payable and the interest rates per annum the Obligations are to bear (but, except in the case of default or an event of taxability, not greater than three and one-quarter percent (3.25%)); the dates the Obligations are to mature but not later than July 1, 2026, the principal amounts to mature on such dates and the provisions for redemption thereof in advance of such dates; the portion of the Loan Repayment Agreement to be prepaid and the exercise of prepayment provisions with respect to the Loan Repayment Agreement, and the terms upon which the Obligations are to be sold (including determinations of price, original issue discount and premium and placement agent compensation); provided, however, that the foregoing determinations shall result in present value savings, net of costs of issuance, of not less than five percent (5.00%) of the portion of the Loan Repayment Agreement being prepaid.

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

Section 2. The form, terms and provisions of the Purchase Agreement, the Trust Agreement, the Placement Agent Agreement and the Escrow Trust Agreement, in substantially the forms of such documents (including the Obligations and other exhibits thereto) presented at the meeting of the Mayor and Common Council of the Town at which this Resolution is being adopted are approved, with such final provisions, insertions, deletions and changes as determined as provided hereinabove and shall be approved by the Mayor of the Town, any other member of the Council, and, in the case of the Placement Agent Agreement, the Manager or the Finance Director of the Town, the execution of each such document being conclusive evidence of such approval, and the Mayor of the Town or any other member of the Council and, in the case of the Placement Agent Agreement, the Manager or the Finance Director of the Town, or the Clerk of the Town, where applicable, are authorized and directed, for and on behalf of the Town, to execute and deliver and attest or approve the Purchase Agreement, the Trust Agreement, the Placement Agent Agreement and the Escrow Trust Agreement and to take all action to carry out and comply with the terms of such documents.

Section 3. The Procedures are hereby adopted to establish policies and procedures in connection with Tax-Exempt Obligations issued by the Town to ensure that all applicable post-issuance requirements of the Code and the Regulations needed to preserve the status of such Tax-Exempt Obligations are met. The right to use discretion as necessary and appropriate to make exceptions or request additional provisions with respect to the Procedures as may be determined is hereby reserved. The right to change the Procedures from time to time, without notice, is also reserved.

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

Section 5. The covenants and agreements contained in the Purchase Agreement as to the pledge of and the lien on the Excise Tax Revenues and the State Shared Revenues and the restriction on the issuance of further parity obligations secured by the Excise Tax Revenues and the 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 (including entering into any agreements for administrative or procedural requirements requested by the Purchaser), to cause the sale and execution and delivery of the Obligations and to evidence compliance with, or further the purposes of, all the terms and conditions 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 Obligations 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 Obligations to secure the best, available economic terms therefor, and an emergency is hereby declared to exist, and this Resolution will be in full force and effect from and after its passage by the Mayor and Common Council of the Town and it is hereby excepted from the referendum provisions of the Constitution and laws of the State of Arizona. After any of the Obligations are delivered by the Trustee to the Purchaser and upon receipt of payment therefor, this Resolution shall be and remain irrepealable until the Obligations 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 Chino Valley, Arizona, this 22nd day of March, 2016.

_____

Chris Marley, Mayor

ATTEST:

_____

Jami C. Lewis, Town Clerk

APPROVED AS TO FORM:

_____

Phyllis L. N. Smiley, Town Attorney

331673482.2-3/16/2016

CERTIFICATION

I hereby certify that the foregoing Resolution No. 16-1079 was duly passed and adopted by the Mayor and Common Council of the Town of Chino Valley, Arizona, at a regular meeting held on the 22nd day of March, 2016, and the vote was _____ ayes and _____ nays and _____ abstentions. _____ Council members were absent or excused.

_____
Jami C. Lewis, Town Clerk

DRAFT
03/09/16
03/16/16

SECOND PURCHASE AGREEMENT

by and between

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

and

THE TOWN OF CHINO VALLEY, ARIZONA,
as Purchaser

Dated as of _____ 1, 2016

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SECOND PURCHASE AGREEMENT

THIS SECOND PURCHASE AGREEMENT, dated as of _____ 1, 2016 (this "Agreement"), by and between **THE TOWN OF CHINO VALLEY, ARIZONA**, a municipal corporation under the laws of the State of Arizona ("Town"), as purchaser hereunder, and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association ("Trustee"), in its capacity as trustee under the Second Trust Agreement, dated as of even date herewith (the "Trust Agreement"), by and between Trustee and Town and seller hereunder,

W I T N E S S E T H:

WHEREAS, capitalized terms not defined herein shall have the meaning set forth in the Trust Agreement; and

WHEREAS, the Mayor and Council of Town have determined that it will be beneficial to the citizens of Town for Town to refinance a portion of the costs of the Refinanced Projects; and

WHEREAS, for the purpose of refinancing a portion of the costs of the Refinanced Projects, the Mayor and Council of Town requested, and Trustee sold and executed and delivered the Obligations, and Trustee has, as described in the Trust Agreement, caused a deposit to be made to the Costs of Issuance Fund and amounts to be paid to the Escrow Trustee; and

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

of places of public accommodation and commercial facilities if and to the extent such Act and regulations apply to the Refinanced Projects; and

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

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

Section 1. Term and Payments.

(a) In order to refinance the costs of the Refinanced Projects, Town hereby sells and conveys any interests it has in the Refinanced Projects to Trustee, without warranty, for the sum of $10.00 and other valuable consideration had and received. For the amounts payable pursuant hereto (including the Payments), Trustee in turn hereby sells and conveys back to Town, without warranty, and Town hereby purchases from Trustee, any interests Trustee has in the Refinanced Projects. (Town acknowledges that the right of Trustee to sell the Refinanced Projects arises out of the deposit for the benefit of Town with the Escrow Trustee and that Town is receiving good and valuable consideration from both such sales.)

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

(c) As the purchase price, Town shall pay the Payments to Trustee (The Interest Portion is interest for purposes of the Code.)

Town shall also pay to Trustee its fees and expenses in accordance with the provisions of the Trust Agreement.

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

This Agreement shall be deemed and construed to be a "*net purchase agreement*," and the Payments shall be an absolute net return to Trustee, free and clear of any expenses or charges whatsoever, except as otherwise specifically provided herein.

(d) The obligation of Town to pay the amounts described in paragraph (c) hereof (including the Payments) from the sources described herein and to comply with the other provisions hereof shall be absolute and unconditional and shall not be subject to any defense or any right of set-off, abatement, counterclaim, or recoupment arising out of any breach by Trustee of any obligation to Town or otherwise, or out of indebtedness or liability at any time owing to Town by Trustee. Until such time as all of the payments described in paragraph (c)

hereof (including the Payments) shall have been fully paid or provided for, Town (i) shall not suspend or discontinue the same, (ii) shall comply with the other provisions hereof and (iii) shall not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Refinanced Projects, the taking by *eminent domain* of title to or temporary use of any or all of the Refinanced Projects, commercial frustration of purpose, abandonment of the Refinanced Projects by Town, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Trust Agreement or this Agreement. Nothing contained in this Section shall be construed to release Trustee from the performance of any of the agreements on its part herein or in the Trust Agreement contained and in the event Trustee shall fail to perform any such agreements on its part, Town may institute such action against Trustee as Town may deem necessary to compel performance so long as such action does not abrogate the obligations of Town contained in the first sentence of this paragraph.

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

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

Section 2. <u>Pledge; Limited Obligations.</u>

(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, unless such pledge provided thereby has been released by the terms of the Parity Loan Agreements (WIFA), the Parity Loan Agreements (WIFA), the Parity Loan Agreement (GADA), the Parity Purchase Agreement (Trustee/Seller) 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, unless such pledge provided thereby has been released by the terms of the Parity Loan Agreements (WIFA), the Parity Loan Agreements (WIFA), the Parity Loan Agreement (GADA), the Parity Purchase Agreement (Trustee/Seller) and any Additional Revenue Obligations. The Parity Loan Agreement (GADA) and any Additional Revenue Obligations which are also Additional GADA/WIFA Loan Agreements may 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 Excise Tax Revenues 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, unless the pledge of Excise Tax Revenues and State Shared Revenues provided thereby has been released by the terms of the Parity Loan Agreements (WIFA), the Parity Loan Agreements (WIFA), the Parity Loan Agreement (GADA), the Parity Purchase Agreement (Trustee/Seller), this Agreement and any Additional Revenue Obligations, and the transfer of any such sum or sums to said fund as may be necessary to make up any such deficiency shall be in addition to the then-current transfers required to be made pursuant hereto.

Section 4. **Parity Lien Obligations**. Additional Revenue Obligations may be incurred but only if Excise Tax Revenues plus State Shared Revenues, when combined mathematically for such purpose only, in the most recently completed fiscal year of Town, shall have amounted to at least two (2) times the highest combined interest and principal requirements for any succeeding fiscal year of Town of, unless the pledge of Excise Tax Revenues and State Shared Revenues provided thereby has been released by the terms of the Parity Loan Agreements (WIFA), the Parity Loan Agreements (WIFA), the Parity Loan Agreement (GADA), the Parity Purchase Agreement (Trustee/Seller), this Agreement and any Additional Revenue Obligations; provided, however, that until the release of the pledge of, and lien on, Excise Tax Revenues and State Shared Revenues pursuant to the Parity Loan Agreements (WIFA), if such amount would

be less than six (6) times, then Town shall not incur Additional Revenue Obligations without the prior written consent of WIFA.

Section 5. <u>Town Control over Revenue Collection</u>.

(a) 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, unless the pledge of Excise Tax Revenues and State Shared Revenues provided thereby has been released by the terms of the Parity Loan Agreements (WIFA), the Parity Loan Agreements (WIFA), the Parity Loan Agreement (GADA), the Parity Purchase Agreement (Trustee/Seller), 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, unless the pledge of Excise Tax Revenues and State Shared Revenues provided thereby has been released by the terms of the Parity Loan Agreements (WIFA), the Parity Loan Agreements (WIFA), the Parity Loan Agreement (GADA), the Parity Purchase Agreement (Trustee/Seller), 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.

(b) Prior to release of the pledge of, and lien on, Excise Tax Revenues and State Shared Revenues, Town shall maintain Available Revenues (as such term is defined in the Parity Loan Agreements (WIFA)) in each fiscal year in an amount equal to or greater than the sum of: (i) one hundred twenty percent (120%) of the debt service or comparable payments due in such fiscal year on the Parity Loan Agreements (WIFA) and any Additional Parity Obligations (as such term is defined in the Parity Loan Agreements (WIFA)), plus (ii) one hundred percent (100%) of the aggregate amounts payable in such fiscal year and secured by a lien that is subordinate to the Parity Loan Agreements (WIFA) and such Additional Parity Obligations, plus (iii) one hundred percent (100%) of any additional amounts required to maintain or fund necessary fund balances under the resolutions or agreements of Town relating to the Parity Loan Agreements (WIFA) and such Additional Parity Obligations. If Available Revenues for any such preceding fiscal year shall not equal such amount or if at any time it appears that the current receipts will not be sufficient to meet such payment requirements, Town shall, to the extent permitted by applicable law, either impose new exactions of the type from which the Excise Tax Revenues come or increase the rates for the exactions of the type from which Excise Tax Revenues come currently imposed or increase rates, fees and charges for services supplied by the wastewater utility system of Town in order that Available Revenues will be sufficient to meet all such requirements.

(c) The State Shared Revenue Fund and the Excise Tax Revenue Fund established by the Prior Lease Agreement (MPC) are hereby expanded to provide for the purposes of this Agreement and, after paying therefrom amounts for the purposes described in the Parity Loan Agreements (WIFA), the Parity Loan Agreement (GADA), the Parity Purchase Agreement (Trustee/Seller) and herein, such Funds may be reduced to zero, including by transferring any such balance to the General Fund of Town.

Section 6. Certain Matters with Respect to Refinanced Projects.

(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 Refinanced Projects for any particular purpose or the conformity of the Refinanced Projects 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. 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 of the Refinanced Projects. Trustee shall have no liability to Town for any failure of any contractor to perform any contract or other undertaking with respect to the Refinanced Projects in any respect. Trustee shall have no obligation to obtain or insure compliance with any required permits or approval procedures with respect to the Refinanced Projects. In the event of any defect in any item of the Refinanced Projects or other claim with respect to the Refinanced Projects, recourse of Town shall be against the contractors, manufacturers, suppliers, etc. of the Refinanced Projects 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 Refinanced Projects made or entered into by Trustee and by any contractor, manufacturers, suppliers, etc. of the Refinanced Projects. 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 with the same force and effect as Trustee could do if the foregoing assignment had not been made. Trustee is entering into this Agreement solely as Trustee, shall not be personally liable hereunder and shall be afforded the same rights, protections, immunities and indemnities acting hereunder as afforded to it as Trustee under the Trust Agreement. Notwithstanding anything to the contrary herein, at no time shall Trustee be listed in the chain of title to the Refinanced Projects. Provisions governing the rights, immunities and protections of Trustee under the Trust Agreement are herein incorporated by reference into this Agreement as though fully set forth herein.

(b) Trustee hereby irrevocably appoints Town as its sole and exclusive agent to act for and on behalf of Trustee in refinancing a portion of the costs of the Refinanced Projects. As such agent, Town shall have full authority to do all things necessary to bring about such refinancing. 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 Refinanced Projects, without suit, trouble or hindrance from Trustee. Town hereby grants and conveys to Trustee, and all persons claiming by, through or under Trustee, including its successors and assigns under the Trust Agreement and the Owners for whom it acts, a nonexclusive easement upon, in and to the Refinanced Projects for the purpose of permitting the Refinanced Projects to be maintained upon the premises.

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

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

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

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

(c) by depositing with a Depository Trustee, in trust for such purpose, any Defeasance Obligations which are noncallable, in such amount as shall be certified to Trustee and Town, by a national firm of certified public accountants acceptable to 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 Obligations, each installment of interest which shall thereafter be payable as a part of the subsequent Payments shall be reduced, taking into account the interest rate or rates on the Obligations remaining outstanding after the partial payment of redemption of Obligations 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 such outstanding Obligations when due.**]**

Section 8. **Term of Agreement**. This Agreement shall not terminate so long as any payments are due and owing pursuant to the Obligations. Subject to Section 7 hereof, upon full payment or provision for payment and in consideration of the timely payment of all of the amounts described in Section 1(c) hereof (including the Payments) and provided that Town has performed all the covenants and agreements required by Town to be performed, this

Agreement shall cease and expire. The obligations of Town under this Agreement, including, without limitation, its obligation to pay the Payments, shall survive any action brought as provided in the next Section hereof, and Town shall continue to pay the Payments and perform all other obligations provided in this Agreement; provided, however, that Town shall be credited with any amount received by Trustee pursuant to actions brought under the next Section hereof.

Section 9. <u>Default; Remedies Upon Default</u>.

(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, unless the pledge of Excise Tax Revenues and State Shared Revenues has been released by the terms of the Parity Loan Agreements (WIFA), the Parity Loan Agreements (WIFA), the Parity Loan Agreement (GADA), the Parity Purchase Agreement (Trustee/Seller) 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 Subsection 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, unless the pledge of Excise Tax Revenues and State Shared Revenues provided thereby has been released by the terms of the Parity Loan Agreements (WIFA), the Parity Loan Agreements (WIFA), the Parity Loan Agreement (GADA), the Parity Purchase Agreement (Trustee/Seller) 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, unless the pledge of Excise Tax Revenues and State Shared Revenues provided thereby has been released by the terms of the Parity Loan Agreements (WIFA), the Parity Loan Agreements (WIFA), the Parity Loan Agreement (GADA), the Parity Purchase Agreement (Trustee/Seller) 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 any of the Obligations remain outstanding; however, Town may exercise any other remedy available at law or in equity to require Trustee to remedy such default so long as such remedy does not interfere with or endanger the payments required to be made to Trustee under the Trust Agreement.

Section 10. <u>Assignment.</u>

(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 of Town in and to this Agreement and all payments of any kind due or which become due to Trustee hereunder are sold, pledged, assigned and transferred pursuant to the Trust Agreement.

Section 11. <u>Federal Tax Law Provisions</u>.

(a) (i) As described in further detail in the Tax Certificate, no direction for the making of any investment or other use of the proceeds of any of the Obligations or of the Refinanced Projects shall be made, permitted from being made or omitted from being made which would cause the Obligations to be "arbitrage bonds" as that term is defined in section 148 (or any successor provision thereto) of the Code or "private activity bonds" as that term is defined in section 141 (or any successor provision thereto) of the Code, and the requirements of such sections and related regulations of the Code shall be complied with throughout the term of the Obligations. Particularly, Town shall be the owner of the Refinanced Projects 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 Refinanced Projects 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 Refinanced Projects). Also, the payment of principal and interest with respect to the Obligations shall not be guaranteed (in whole or in part) by the United States or any agency or instrumentality of the United States. The proceeds of the Obligations, or amounts treated as proceeds of the Obligations, shall not be invested (directly or indirectly) in federally insured deposits or accounts, except to the extent such proceeds may be so invested for an initial temporary period until needed for the purpose for which the Obligations are being executed and delivered, may be so used in making investments in a *bona fide* debt service fund or may be invested in obligations issued by the United States Treasury. Town shall comply with the procedures and covenants contained in any arbitrage rebate provision or separate agreement executed in connection with the execution and delivery of the Obligations (initially those in subsection (b)) for so long as compliance is necessary in order to maintain the exclusion from gross income for federal income tax purposes of the Interest Portion. In consideration of the purchase and acceptance of the Obligations by the owners from time to time thereof and of retaining such exclusion and as authorized by Title 35, Chapter 3, Article 7, Arizona Revised Statutes, Town shall, and the appropriate officials of Town are hereby directed, to take all action required to retain such exclusion or to refrain from taking any action prohibited by the Code which would adversely affect in any respect such exclusion.

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

(B) If for any reason any requirement hereunder is not complied with, Town shall take all necessary and desirable steps, as determined by Town, to correct such noncompliance within a reasonable period of time after such noncompliance is discovered or should have been discovered with the exercise of reasonable diligence and Town

shall pay any required interest or penalty under hereinafter described Regulations section 1.148-3(h) with respect to the Code.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(B) the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

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

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

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

(C) At least three reasonably competitive providers (i.e., having an established industry reputation as a competitive provider of the type of investments being purchased) are solicited for bids. At least three bids must be received from providers that have no material financial interest in the Obligations (e.g., a lead underwriter within 15 days of

the issue date of the Obligations or a financial advisor with respect to the investment) and at least one of such three bids must be from a reasonably competitive provider. If Town uses an agent to conduct the bidding, the agent may not bid.

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

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

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

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

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

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

(c) Trustee has no duty or obligations under this Section 11 and has no duty to monitor compliance by Town with this Section 11.

Section 12. <u>Covenant as to Conflict of Interest; Other Statutory Restrictions</u>.

(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.

Section 13. <u>Miscellaneous.</u>

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

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

(c) The recitals set forth at the beginning of this Agreement are incorporated in this Agreement by this reference. This Agreement constitutes the entire agreement between the parties and shall not be modified, waived, discharged, terminated, amended, supplemented, altered or changed in any respect except by a written document signed by both Trustee and Town, subject to the restrictions with regard thereto provided by the Trust Agreement.

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

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

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

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

[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the first day of _____, 2016.

Trustee:

U.S. BANK NATIONAL ASSOCIATION, as seller

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

Town:

TOWN OF CHINO VALLEY, ARIZONA, a municipal corporation under the laws of the State of Arizona, as purchaser

By.....
Mayor

ATTEST:

By.....
Town Clerk

331670610.2-3/16/2016

SCHEDULE

Payment Date	Principal	Interest	Total Payment

DRAFT
03/16/16

ESCROW TRUST AGREEMENT

by and between

TOWN OF CHINO VALLEY, ARIZONA,

and

[U.S. BANK NATIONAL ASSOCIATION],
as Escrow Trustee

Dated as of _____ 1, 2016

ESCROW TRUST AGREEMENT

THIS ESCROW TRUST AGREEMENT, dated as of _____ 1, 2016, by and between **THE TOWN OF CHINO VALLEY, ARIZONA** (the "Town"), and **U.S. BANK NATIONAL ASSOCIATION**, a banking entity organized and existing under the laws of the United States of America and authorized to exercise trust powers under the laws of the State of Arizona, as escrow trustee (the "Trustee"),

W I T N E S S E T H:

WHEREAS, the Mayor and Council of the Town determined that it would be beneficial to its citizens to finance the costs of acquiring land and a building, and the improvement of such building, for use as an administration building and Town Council chambers (the "Project"); and

WHEREAS, in order to finance the costs of the Project, the Mayor and Council of the Town deemed it necessary and desirable to borrow $5,015,000 from the Greater Arizona Development Authority, a body corporate and politic constituting a governmental instrumentality duly organized and existing within the State of Arizona under the Constitution and laws of the State of Arizona ("GADA"); and

WHEREAS, in connection therewith, the Town and GADA entered into a Loan Repayment Agreement, dated as of May 1, 2007 (the "Loan Agreement"); and

WHEREAS, in order to obtain the funds with which it made the loan pursuant to the Loan Agreement, GADA issued and sold its Infrastructure Revenue Bonds, Series 2007A (the "GADA Bonds");

WHEREAS, pursuant to Section 2(h) of the Loan Agreement, any installment of principal due from the Town with respect to the GADA Bonds maturing on or after August 1, 2018, may be prepaid by the Town at any time on or after August 1, 2017, at a prepayment price equal to the principal amount being prepaid (in integral multiples of $5,000), together with accrued interest to the prepayment date of the corresponding GADA Bonds; and

WHEREAS, pursuant to Section 9 of the Loan Agreement, the Town may provide for the payment of any principal and interest with respect to the Loan Agreement by depositing in trust for such purpose, any United States Obligations which are noncallable, in such amount as shall be certified to GADA and the Town, by a national firm of certified public accountants acceptable to both GADA and the Town, as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit with GADA 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; and

WHEREAS, cash and certain obligations described herein have been deposited with the Trustee to pay a portion of the remaining amounts due pursuant to the Loan Agreement (the "Obligation Being Prepaid");

WHEREAS, the Mayor and Council of the Town authorized this Escrow Trust Agreement with the Trustee with respect to the safekeeping and handling of the moneys and securities to be held in trust for the payment of the Obligation Being Prepaid; and

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

Section 1. On _____, 2016 (the "Delivery Date"), the Town deposited, or caused to be deposited, cash in the amount of $_____ (the "Initial Cash Deposit") and the securities described in Exhibit "A" hereto (or additional funds sufficient to permit the Trustee to purchase such securities on the Delivery Date), all of which are direct obligations of the United States (the "Securities"), to be held by the Trustee in a special and separate trust fund, designated as the "Town of Chino Valley, Arizona/GADA (2007) Trust Fund" (the "Trust Fund"). As determined in the Verification Report of [Grant Thornton LLP] regarding the Obligation Being Prepaid (the "Report"), the principal amount of the Securities, together with the scheduled interest thereon and the Initial Cash Deposit, are sufficient to assure that the funds available in the Trust Fund shall be sufficient to pay promptly the principal of and interest with respect to the Obligation Being Prepaid.

Section 2. (A) The Trustee shall, at all times, hold the Securities and the Initial Cash Deposit in the Trust Fund for the account of the Town and for the benefit of the obligees of the Obligation Being Prepaid and shall maintain the Trust Fund wholly segregated from other funds and securities on deposit with the Trustee, shall never commingle the Securities and other moneys with other funds or securities of the Trust Fund and shall never at any time use, loan or borrow the same in any way, so that sufficient funds always shall be available to pay the interest and principal requirements with respect to the Obligation Being Prepaid as the same accrue and become due and payable from time to time as set forth in the Report (collectively, the "Payment Schedules").

(B) The Trustee shall reinvest cash balances held in the Trust Fund, to the extent not required for the payment of the principal of and interest with respect to the Obligation Being Prepaid, in United States Treasury Certificates of Indebtedness, State and Local Government Series ("SLGs"), at a zero percent (0.0%) interest rate, maturing on the semiannual debt service payment date for the Obligation Being Prepaid (the "Restricted Reinvestment Obligations"), provided that amounts which may not be so invested shall be held in cash and shall not be invested. (The Initial Cash Deposit shall be held in the Trust Fund in cash and shall not be invested.) Such investments shall be made only to the extent permitted by, and shall be made in accordance with, the applicable statutes, rules and regulations governing such investments issued by the Bureau of Fiscal Service. Such rules and regulations currently require that a subscription for purchase of the investment be submitted at least fifteen (15) (or, for subscriptions of less than $10,000,000 five (5)) but no more than sixty (60) days prior to the date of investment. If the Department of the Treasury (or the Bureau of Fiscal Service) of the United States suspends the sale of SLGs causing the Trustee to be unable to purchase SLGs, then the Trustee will take the following actions: On the date the Trustee would have purchased SLGs had the Trustee been able to do so, the Trustee shall purchase non-callable and non-prepayable

obligations issued or guaranteed as to full and timely payment by the United States of America ("Government Obligations") maturing no more than ninety (90) days after the date of purchase ("Alternate Investments"). The purchase price of the Alternate Investment shall be as close as possible to the principal amount of the SLGs that would have been purchased on such date if they had been available for purchase and shall in no event be more than the amount payable at such maturity on such investment. The Trustee shall purchase each Alternate Investment at a price no higher than the fair market value of the Alternate Investment and shall maintain records demonstrating compliance with this requirement. On the maturity of each Alternate Investment, the Trustee shall pay the difference between the total of the receipts on the Alternate Investment and the purchase price of the Alternate Investment to the Town with a notice to the Town that such amount must be paid to the Internal Revenue Service pursuant to Internal Revenue Service Revenue Procedure 95-47. The Town agrees that, promptly upon the Town's receipt of notice from the Escrow Trustee, the Town will contact nationally recognized bond counsel to review the purchase of Alternate Investments and to prepare the necessary forms to be filed relating to such payment. If the Alternate Investment matures more than twenty-nine (29) days prior to the next succeeding interest payment date with respect to the Obligation Being Prepaid on which such proceeds will be needed to pay principal of and premium, if any, and interest on the Obligation Being Prepaid, the Trustee shall treat such amounts as an invested balance available for reinvestment and shall take all reasonable steps to invest such amounts in SLGs (or additional Alternate Investments as provided in this Section). The Trustee shall hold balances not so invested in accordance with Section 4 hereof.

(C) The Trustee may sell or redeem the Securities in advance of their maturity dates and invest the proceeds of such sale or redemption or other moneys credited to the Trust Fund in connection with such sale or redemption in other non-callable obligations issued or guaranteed by the United States of America (the "Substitute Securities") only upon receipt of written instructions from the Town to do so and receipt by the parties hereto and the Town of (1) an opinion in form and substance satisfactory to them from a nationally recognized bond counsel to the effect that such action will not affect adversely the status of the interest on the Obligation Being Prepaid for federal income tax purposes and will not affect adversely the right of the Town to issue obligations the interest on which is excludable from gross income for federal income tax purposes and (2) a report from a nationally recognized accountant or firm of accountants verifying the accuracy of the arithmetic computations of the adequacy of the proceeds from the liquidation together with any other moneys and the maturing principal of and interest on the Substitute Securities to be credited to the Trust Fund, to pay when due the interest with respect to the Obligation Being Prepaid and the principal of the Obligation Being Prepaid as they become due at maturity. Upon any such sale or redemption of investments and reinvestment, any amounts not needed in the Trust Fund to provide for payments with respect to the Obligation Being Prepaid, as shown by such accountant's report, may be withdrawn from the Trust Fund at the direction of the Town and applied for the benefit of the Town in accordance with applicable law.

Section 3. The debt service with respect to the Obligation Being Prepaid shall be paid from the Trust Fund from the following sources in the order listed below:

(A) The Initial Cash Deposit.

(B) Cash receipts from the Securities, the Restricted Reinvestment Obligations, the Alternate Investments or the Substitute Securities.

Amounts available from such sources shall be applied consistently with the Payment Schedules.

Section 4. Any moneys credited to the Trust Fund which are not invested in the Securities, the Restricted Reinvestment Obligations, the Alternate Investments or the Substitute Securities as provided herein shall be held as a demand deposit and shall be secured in the same manner as deposits of public moneys.

Section 5. (A) The Trustee shall make timely payments from the Trust Fund to GADA for purposes of amounts due with respect to the Loan Agreement, in the amounts and on the dates necessary to permit the payment when due of the principal of and interest with respect to the Obligation Being Prepaid as the same become due and payable as set forth in the Payment Schedules.

(B) The Trustee shall cause the notice of intent to prepay the Obligation Being Prepaid, in substantially the form shown as Exhibit "B" hereto to be given to GADA and the GADA Trustee (as defined in the Loan Agreement) at least forty-five (45) days prior to the date of prepayment.

Section 6. If at any time or times there are insufficient funds on hand in the Trust Fund for the payment of the principal of and interest with respect to the Obligation Being Prepaid as the same become due, the Trustee shall promptly notify the Town of such deficiency by telephone and by registered or overnight mail, postage prepaid.

Section 7. On or before June 1 and December 1, the Trustee shall submit to the Town a report covering all moneys the Trustee has received and all payments the Trustee has made under the provisions hereof during the six-month period ending on the preceding May 15 or November 15. Each such report also shall list all investments and moneys on deposit with the Trustee as of the date of the report.

Section 8. (A) The Trustee shall be entitled to a fee of $_____ for the services provided hereunder by it, the receipt of which it hereby acknowledges.

(B) The Trustee hereby waives and releases any claim which it otherwise would have, as a lien or otherwise, against the Trust Fund for any payment and shall seek such amounts from the Town only for the payment of fees of the Trustee for all other services in connection with services of the Trustee hereunder.

Section 9. When all amounts payable with respect to the Obligation Being Prepaid have become due and the Trustee has on deposit all moneys necessary for the payment of such amounts, and in any event on the business day succeeding the date the Obligation Being Prepaid is paid, the Trustee shall transfer to the Town all moneys and investments credited to the Trust Fund in excess of the amounts payable with respect to the Obligation Being Prepaid.

Section 10. This Escrow Trust Agreement shall not be revoked and shall not be amended in any manner which may adversely affect the rights herein sought to be protected until the provisions of this Escrow Trust Agreement have been fully carried out.

Section 11. The Trustee shall be under no obligation to inquire into or be otherwise responsible for the performance or nonperformance by the Town of any of its obligations or to protect any of the rights of the Town under any of the proceedings with respect to the Obligation Being Prepaid. The Trustee shall not be liable for any act done or step taken or omitted by it or for any mistake of fact or law or for anything which it may do or refrain from doing except for its negligence or its default in the performance of any obligation imposed upon it under the terms of this Escrow Trust Agreement. The Trustee shall not be liable or responsible for any loss resulting from any investment made pursuant to this Escrow Trust Agreement in compliance with the provisions hereof.

Section 12. The Town shall have the right to audit the records and accounts of the Trustee insofar as they pertain to the trust created hereunder.

Section 13. (A) Except as provided elsewhere herein, neither this Escrow Trust Agreement nor the Trust Fund may be assigned by the Trustee without the prior written consent of the Town, which consent, however, shall not be withheld unreasonably. If the Trustee is required by law to divest itself of its interest in its trust department or if the Trustee sells or otherwise assigns all or substantially all of its trust or corporate trust business, then the trust established by this Escrow Trust Agreement shall be continued by the Trustee's successor in interest without further consent of the Town being required.

(B) Notwithstanding the foregoing subsection, any trust company or national banking association into which the Trustee or its successor may be converted, merged or with which it may be consolidated, or to which it may sell or transfer all or substantially all of its corporate trust business as a whole shall be the successor of the Trustee with the same rights, powers, duties and obligations and subject to the same restrictions, limitations and liabilities as its predecessor, all without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 14. If any section, paragraph, subdivision, sentence, clause or phrase hereof shall for any reason be held illegal or unenforceable, such decision shall not affect the validity of the remaining portions hereof. The parties hereby declare that they would have executed this Escrow Trust Agreement and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof, irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases hereof may be held to be illegal, invalid or unenforceable. If any provision hereof contains any ambiguity which may be construed as either valid or invalid, the valid construction shall be adopted. In construing this Escrow Trust Agreement, it should be noted that the parties intend that the Obligation Being Prepaid to be an obligation the interest on which is excludable from gross income under section 103(a) of the Internal Revenue Code of 1986, as amended, and the provisions hereof should be construed to permit that result.

Section 15. Notice shall be sufficient hereunder, if it is contained in a writing sent to the Town at Town of Chino Valley, Arizona, 1010 West Palomino P.O. Box 406, Chino Valley, Arizona 86323, Attention: Town Manager, and to the Trustee at 101 North First Avenue, Suite 1600, Phoenix, Arizona 85003, Attention: Global Corporate Trust Services, or any other address which may be designated from time to time by any party in writing delivered to the Town or the Trustee, as applicable.

Section 16. This Escrow Trust Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Arizona. This Escrow Trust Agreement expresses the entire understanding and all agreements of the parties hereto with each other with respect to the subject matter hereof and no party hereto has made or shall be bound by any agreement or any representation to any other party which is not expressly set forth in this Escrow Trust Agreement.

Section 17. (A) To the extent applicable by provision of law, the Trustee acknowledges that this Escrow Trust Agreement is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, the provisions of which are incorporated herein and which provides that the Town may within three years after its execution cancel any contract (including this Escrow Trust Agreement) without penalty or further obligation made by the Town if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the Town is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract.

(B) To the extent applicable under Section 41-4401, Arizona Revised Statutes, the Trustee shall comply with all federal immigration laws and regulations that relate to its employees and its compliance with the "e-verify" requirements under Section 23-214(A), Arizona Revised Statutes, as amended. The breach by the Trustee of the foregoing shall be deemed a material breach of this Escrow Trust Agreement and may result in the termination of the services of the Trustee by the Town. 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 foregoing. The Trustee shall keep such papers and records open for random inspection during normal business hours by the Town. 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.

Section 18. This Escrow Trust Agreement may be executed in several counterparts, each of which shall be an original, but all of which together shall constitute but one instrument.

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

TOWN OF CHINO VALLEY, ARIZONA

By.....
Mayor

ATTEST

.....
Clerk

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By.....
Authorized Officer

ACKNOWLEDGED BY:

U.S. BANK NATIONAL ASSOCIATION,
as Trustee with respect to the Obligation
Being Prepaid

By.....
Authorized Representative

and

GREATER ARIZONA DEVELOPMENT
AUTHORITY

By.....

Printed Name: .....

Title:.....

EXHIBIT A

TRUST FUND SECURITIES

Type (SLGS)	Maturity Date	Par Amount	Coupon

EXHIBIT B

NOTICE OF INTENT TO PREPAY
AND PROVIDING FOR PAYMENT

TOWN OF CHINO VALLEY, ARIZONA
LOAN REPAYMENT AGREEMENT
WITH GREATER ARIZONA DEVELOPMENT AUTHORITY,
DATED AS OF MAY 1, 2007

Installment of Principal Being Prepaid (July 1)	Principal Amounts Outstanding	Principal Amounts to be Prepaid	Date of Prepayment (July 1)

TO: U.S. BANK NATIONAL ASSOCIATION
GREATER ARIZONA DEVELOPMENT AUTHORITY

Notice is hereby given that the payment of the above-described principal installments of the above described loan have been provided for pursuant to Section 9 of the Loan Repayment Agreement, dated as of May 1, 2007, by and between the Town of Chino Valley, Arizona (the "Town") and the Greater Arizona Development Authority ("GADA") by the deposit with U.S. Bank National Association in trust for such purpose, of cash and United States Obligations which are non-callable, in such amount as had been certified to GADA and the Town by a national firm of certified public accountants acceptable to both GADA and the Town, as being fully sufficient, together with interest to accrue thereon, to make, or cause to be made, the payments on the dates and in the amounts (plus interest accrued thereon to the prepayment date) as set forth above.

Date: ....., 2017

TOWN OF CHINO VALLEY, ARIZONA

DRAFT
03/09/16
03/16/16

SECOND TRUST AGREEMENT

by and between

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

and

THE TOWN OF CHINO VALLEY, ARIZONA,
as Purchaser

Dated as of _____ 1, 2016

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* * *

SECOND TRUST AGREEMENT

THIS SECOND TRUST AGREEMENT, dated as of _____ 1, 2016 (together with any duly authorized, executed and delivered supplement hereto, 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 CHINO VALLEY, ARIZONA**, a municipal corporation under the laws of the State of Arizona (the "Town");

W I T N E S S E T H:

WHEREAS, the Mayor and Council of Town have determined that it will be beneficial to the citizens of the Town for the Town to refinance a portion of the costs of acquiring land and a building, and the improvement of such building, for use as an administration building and Town Council chambers (the "Refinanced Projects"); and

WHEREAS, for the purpose of refinancing a portion of the costs of the Refinanced Projects, the Mayor and Council of the Town requested, and Trustee sold and executed and delivered, the Obligations (as such term and all other terms not otherwise defined hereinabove are hereinafter defined), and the Trustee has, as described herein, caused a deposit to be made the Costs of Issuance Fund and amounts to be paid to the Escrow Trustee; and

WHEREAS, the Town and the Trustee will enter into this Trust Agreement to facilitate the administration of the refinancing of the costs of the Refinanced Projects 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 of 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 Refinanced Projects comply with all applicable environmental laws, rules and regulations (including, without limitation, all federal, state and local laws) and with Title III of the Americans with Disabilities Act and the regulations issued thereunder by the United States Department of Justice concerning accessibility of places of public accommodation and commercial facilities if and to the extent such Act and regulations apply to the Refinanced Projects;

NOW, THEREFORE, in consideration for the Obligations executed, delivered and Outstanding under this Trust Agreement; the acceptance by the Trustee of the trusts created herein; the purchase and acceptance of the Obligations by the Owners, and to secure the payment of principal of and interest on (to the extent provided herein) the Obligations, the rights of the Owners of the Obligations and the performance and the observance of the covenants and conditions contained in the Obligations, the Purchase Agreement and herein, and the performance and the observance of all of the covenants and conditions contained therein, the 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) bring actions and proceedings thereunder or for the enforcement of such rights, and (iii) do any and all other things which the Seller is or may become entitled to do thereunder;

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

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

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

IN TRUST, however, for the equal and proportionate benefit and security of the Owners from time to time of the Obligations, none of the Obligations being entitled to priority or distinction one over the other in the application of the Excise Tax Revenues and the State Shared Revenues pledged by the Purchase Agreement to the Payments, regardless of the delivery of any

of the Obligations prior to the delivery of any other of the Obligations, or regardless of the time or times the Obligations mature or are subject to redemption prior to maturity, all of the Obligations being co-equal as to the pledge of and lien on the Excise Tax Revenues and the State Shared Revenues pledged for the Payments thereof and sharing ratably, without preference, priority or distinction, as to the source or method of payment from the Excise Tax Revenues or the State Shared Revenues or security therefor and conditioned, however, that if the Town shall well and truly pay or cause to be paid fully and promptly when due all indebtedness, liabilities, obligations and sums at any time secured hereby, including interest and attorneys' fees, and shall promptly, faithfully and strictly keep, perform and observe or cause to be kept, performed and observed all of its covenants, warranties and agreements contained herein, this Trust Agreement shall be and become void and of no further force and effect; otherwise, the same shall remain in full force and effect, and upon the trust and subject to the covenants and conditions 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.

"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, consummated after the Parity Loan Agreements (WIFA).

"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 Agreements (WIFA), the Parity Loan Agreement (GADA), the Parity Purchase Agreement (Trustee/Seller) and the Purchase Agreement.

"Authorized Denomination" means $1,000,000 of principal and integral multiples of $5,000 of principal in excess thereof; provided that, as a result of redemption, an Obligation may be in a denomination of less than $1,000,000 of principal.

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

"Bond Yield" means the discount rate that produces a present value equal to the Issue Price of all unconditionally payable payments of principal, interest and fees for

qualified guarantees within the meaning of Regulations section 1.148-4(f) and amounts reasonably expected to be paid as fees for qualified guarantees in connection with the Obligations as determined under Regulations section 1.148-4(b), recomputed if required by Regulations section 1.148-4(b)(4) or 4(h)(3). The present value of all such payments shall be computed as of the date of issue of the Obligations and using semiannual compounding on the basis of a 360-day year.

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

"Closing Date" means _____, 2016.

"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.

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

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

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

"Defeasance Obligations" means, to the extent permitted by law, (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries") or (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, or any combination thereof.

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

"Depository Trustee" means any bank or trust company, which may include the Trustee, designated by the Town, with a combined capital and surplus of at least Fifty

Million Dollars ($50,000,000) and subject to supervision or examination by federal or State of Arizona authority.

"Designated Office" means the office designated as such by the Trustee in writing to the Town. The initial Designated Office shall be the Corporate Trust Office.

"electronically" or "electronic method" 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).

"Escrow Trust Agreement" means the Escrow Trust Agreement, dated as of _____ 1, 2016, by and between U.S. Bank National Association, as trustee, and the Town.

"Escrow Trustee" means U.S. Bank National Association, in its capacity as escrow trustee pursuant to the Escrow Trust Agreement.

"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.

"Gross Proceeds" means:

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

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

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

(iv) replacement proceeds of the Obligations within the meaning of Regulations section 1.148-1(c). Replacement proceeds include amounts reasonably expected to be used directly or indirectly to pay debt service on the Obligations, pledged amounts where there is reasonable assurance that such amounts will be available to pay principal or interest on the Obligations in the event the Town or the Trustee encounters financial difficulties and other replacement proceeds within the meaning of Regulations section

1.148-1(c)(4). Whether an amount is Gross Proceeds is determined without regard to whether the amount is held in any fund or account established under this Trust Agreement.

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

"Interest Payment Date" means each February 1 and August 1, while any Obligations are Outstanding provided that, pursuant to Section 9.6, if any such day is not a Business Day, any payment due on such date may be made on the next Business Day, without additional interest and with the same force and effect as if made on the specified date for such payment.

"Interest Portion" means the amounts of each of the Payments in the column in the Schedule attached to the Purchase Agreement designated "Interest," denominated as and comprising interest pursuant to the Purchase Agreement and received by any Owner.

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

"Issue Price" means the price determined as provided in Regulations section 1.148-1(b), initially $____,000.

"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.

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

"Notification" shall have the meaning provided in Section 10.3.

"Obligations" means the Pledged Revenue Refunding Obligations, Series 2016, executed and delivered pursuant hereto.

"Outstanding" refers to Obligations issued in accordance with this Trust Agreement, excluding: (i) Obligations which have become due and for the payment of which moneys have been duly provided to the Trustee and (ii) Obligations for which there have been irrevocably set aside with a Depository Trustee sufficient moneys or obligations permitted hereby and by the Purchase Agreement bearing interest at such rates and with such maturities as will provide sufficient funds to pay the principal of and premium, if any, and interest on such Obligations, provided, however, that if any such Obligations are to be redeemed prior to maturity,

the Town shall have taken all action necessary to redeem such Obligations and notice of such redemption shall have been duly mailed in accordance with the proceedings under which such Obligations were issued or irrevocable instructions so to give such notice shall have been given to the Trustee.

"Owner" or any similar term, when used with respect to an Obligation means _____, or the entities described in Section 2.9.

"Parity Loan Agreement (GADA)" means the Loan Repayment Agreement, dated as of May 1, 2007, by and between the Town and GADA.

"Parity Loan Agreements (WIFA)" means the Loan Agreement, dated as of January 12, 2007, by and between the Town and WIFA, the Loan Agreement, dated as of January 12, 2008, by and between the Town and WIFA, the Loan Agreement, dated as of December 30, 2014, by and between the Town and WIFA, the Loan Agreement (910167-16), dated as of November 23, 2015, by and between the Town and WIFA and the Loan Agreement (910168-16), dated as of November 23, 2015, by and between the Town and WIFA.

"Parity Purchase Agreement (Trustee/Seller)" means the First Purchase Agreement, dated as of December 1, 2010, by and between the Town and U.S. Bank National Association, as seller.

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

"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 investment permitted by Section 35-323, Arizona Revised Statutes or any other applicable law.

"Prior Lease Agreement (MPC)" means the Series 2004 Town Lease, dated as of November 1, 2004, between the Town, as lessee, and the Town of Chino Valley, Arizona, Municipal Property Corporation, as lessor.

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

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

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

"Regulations" means 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.

"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.

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

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

"State" means the State of Arizona.

"State 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 41-2257(L) and (M) and 41-2258(I), (J) and (K), and 49-1225(F) and (G) and 49-1245(F) and (G), Arizona Revised Statutes, as applicable.

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

"Tax Certificate" means the Certificate Relating To Federal Tax Matters, dated the Closing Date, of the Town with respect to the Obligations.

"Town Representative" means the Town Manager, the Town Finance Director or any other person authorized by the Town Manager or the Mayor and Council 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 OBLIGATIONS

Section 2.1. Authorization of the Obligations. The Trustee is hereby authorized and directed to execute and deliver to the Owners, the Obligations, in the total principal amount of $_____,000, evidencing proportionate ownership interests in the Purchase Agreement and the Payments. In no event shall the Obligations be deemed liabilities, debts or obligations of the Trustee.

Section 2.2. Date; Interest Accrual. Each Obligation shall be dated the Closing Date, and interest 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 Outstanding Obligations.

Section 2.3. Maturities and Interest Rates. The Obligations shall be in Authorized Denominations and mature on August 1, 20__, in the principal amount of $____,000, and interest with respect thereto shall be computed at the rate of _____% per annum from the Closing Date (on the basis of a 360-day year composed of twelve (12) months of thirty (30) days each).

Section 2.4. Interest on Obligations. Interest on the Obligations shall be payable semiannually on February 1 and August 1 of each year commencing _____ 1, 20__, to and including the date of maturity or prior redemption of the Obligations. Except for the initial period, said interest shall represent the portion of the Payments designated as interest and coming due during the six-month period preceding each Interest Payment Date with respect to the Obligations. The proportionate share of the portion of the Payments designated as interest with respect to any Obligation shall be computed by multiplying the portion of Payments designated as principal remaining with respect to such Obligation by the _____% (on the basis of a 360-day year composed of twelve (12) months of thirty (30) days each), except that the first portion of the Payments designated as interest shall be for interest from the Closing Date to _____ 1, 20__.

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

Section 2.6. Execution. The Obligations shall be executed by and in the name of the Trustee by the manual signature of an authorized representative of the Trustee. If any representative whose signature appears on any Obligation ceases to be such representative before the Closing Date, such signature shall nevertheless be as effective as if the representative had remained in office until the Closing Date. Any Obligation may be executed on behalf of the Trustee by such person as at the actual date of the execution of such Obligation shall be the proper authorized representative of the Trustee although at the nominal date of such Obligation

such person shall not have been such authorized representative of the Trustee. No Obligation shall be valid or become obligatory for any purpose or shall be entitled to any security or benefit under this Trust Agreement unless and until executed and delivered by the Trustee. The execution by the Trustee of any Obligation shall be conclusive evidence that the Obligation so executed has been duly authorized and delivered hereunder and is entitled to the security and benefit of this Trust Agreement.

Section 2.7. Reserved to Preserve Section Numbering.

Section 2.8. Application of Proceeds. The proceeds received by the Trustee from the sale of the Obligations shall forthwith be applied by the Trustee as follows, in the following order of priority:

(1) $_____ shall be transferred to the Escrow Trustee for the credit of the "Trust Fund" established pursuant to the Escrow Trust Agreement; and

(2) The balance shall be deposited in the Costs of Issuance Fund.

Section 2.9. Transfer and Exchange.

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

(b) Obligations may be exchanged at the Designated Office for a like aggregate principal amount of Obligations of Authorized Denomination; provided, however that there shall never be more than five Obligations Outstanding at any time. In connection with any such exchange or transfer of Obligations, the Owner requesting such exchange or transfer shall, as a condition precedent to the exercise of the privilege of making such exchange or transfer, remit to the Trustee an amount sufficient to pay any tax or other governmental charge required to be paid, other than one imposed by the Town (which will not be payable by the Trustee), or any fee or expense of the Trustee or the Town with respect to such exchange or transfer.

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

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

Section 2.11. Payment.

(a) Payment of interest due with respect to any Obligation on any Interest Payment Date shall be made to the persons appearing on the registration books for the Obligations maintained by the Trustee as the Owners thereof as of the Regular Record Date immediately preceding such Interest Payment Date.

(b) The principal and redemption price, if any, with respect to the Obligations shall be payable in lawful money of the United States of America.

(c) Interest and principal payable to the Owners (except interest and principal due on _____ 1, 20__) shall be paid by wire transfer in immediately available funds to an account in the United States of America as directed on the Regular Record Date by the Owners specifying the account address without surrender of the Obligations except as set forth below. The notice may provide that it shall remain in effect for subsequent payments until otherwise requested in a subsequent written notice. Interest and principal payable to the Owners on _____ 1, 20__, shall be paid upon presentation of the Obligations at the Corporate Trust Office.

(d) Any interest on any Obligation which is payable on, but is not punctually paid or duly provided for on, any Interest Payment Date ("Defaulted Interest") shall forthwith cease to be payable to the Owners on the relevant Regular Record Date solely by virtue

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

(e) In the event the Obligations are not presented for payment at maturity, if moneys sufficient to pay the principal and interest related to the Obligations have been deposited pursuant hereto for such payment, all liability to the Owners thereof for the payment thereof will forthwith cease and be completely discharged, and thereupon it will be the duty of the Trustee to hold such moneys as provided herein, without liability for interest thereon, for the benefit of the Owners, who will thereafter be restricted exclusively to such moneys, for any claim of whatever nature on his part hereunder or on, or with respect to the Obligations.

Section 2.12. Execution of Documents and Proof of Ownership.

(a) Any request, direction, consent, revocation of consent or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Obligation Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Obligations. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of Obligations shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if made in the following manner:

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

corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

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

(b) Nothing contained in this Article II shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which the Trustee may deem sufficient. Any request or consent of the Owner of any Obligation shall bind every future Owner of the same Obligation in respect of anything done or suffered to be done by the Trustee in pursuance of such request or consent. The fact of ownership of the Obligations by any person and the amount, the maturity date and the number of such Obligations and the date of such person's holding the same shall be provided on the registration books maintained pursuant to Section 2.13.

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

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

Section 3.1. Reserved to Preserve Section Numbering.

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 Chino Valley Series 2015 Costs of Issuance Fund" (herein referred to as the "Costs of Issuance Fund"), shall keep such fund separate and apart from all other funds and moneys held by it and shall administer such fund as provided in this Trust Agreement.

(b) Amounts in the Costs of Issuance Fund shall be disbursed for Delivery Costs. Disbursements from the Costs of Issuance Fund shall be made by the Trustee upon receipt of a requisition for disbursement (on which the Trustee is entitled to rely) executed or approved by the Town Representative. Each such certificate shall set forth the amounts to be disbursed for payment, or reimbursement of previous payments, of Delivery Costs and the person or persons to whom said amounts are to be disbursed. The Trustee has no duty or obligation to confirm that such disbursements constitute Delivery Costs.

(c) On the earlier of _____ 1, 20__, or when all Delivery Costs associated with the Obligations have been paid (as shown by a certificate of a Town

Representative, if requested by the Trustee), the Trustee shall transfer any amounts remaining in the Costs of Issuance Fund to the Payment Fund and the Costs of Issuance Fund shall be closed.

ARTICLE IV
REDEMPTION OF OBLIGATIONS

Section 4.1. Redemption Provisions.

(a) **[**The Obligations are not subject to optional redemption prior to August 1, 20__. The Obligations are subject to optional redemption from prepayments made at the option of the Town pursuant to Section 7 of the Purchase Agreement, in whole but not in part on any date, on or after August 1, 20__, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, but without premium.**]**

(b) The Obligations shall be redeemed on August 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
20__	$____,000
20__	$____,000
20__	$____,000

Section 4.2. Selection of Obligations for Redemption. The Town shall, at least forty-five (45) days prior to the redemption date, notify the Trustee of such redemption date of the Obligations.

Section 4.3. Notice of Redemption; Effect.

(a) The Trustee shall cause notice of any optional redemption of Obligations hereunder, other than redemption at maturity, to be mailed to the Owners of all of the Obligations to be redeemed at the addresses appearing in the registration books kept for such purpose pursuant to Section 2.13. Each such notice shall (1) be sent no more than 60 nor less than 30 calendar days prior to the redemption date, (2) specify with respect to the Obligations being redeemed their redemption date and their redemption price, (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 on the redemption date the Obligations to be redeemed will be payable at the Designated Office, that from that date interest will cease to accrue. No defect affecting any Obligation, whether in the notice of redemption or the delivery thereof (including any failure to mail such notice), shall affect the validity of the redemption proceedings for any other Obligations.

(b) If at the time of giving of notice of an optional redemption of Obligations, there has not been deposited with the Trustee moneys or Defeasance Obligations sufficient to redeem all Obligations subject to such redemption and the requirements of (d) 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 such Obligations shall not be redeemed unless such moneys or Defeasance Obligations are so deposited and such requirements in (d) below are met.

(c) Notice having been provided in the manner provided in (b) above, the Obligations shall become due and payable on the redemption date, and upon presentation and surrender thereof at the place or places specified in that notice, shall be paid at the redemption price, plus interest accrued to the redemption date.

(d) If the money or Defeasance Obligations for the redemption of all of the Obligations, 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 Obligations 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 Obligations 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.

(e) All moneys deposited in the Payment Fund and held by the Trustee for the redemption of particular Obligations shall be held in trust for the account of the Owners thereof and shall be paid when due.

ARTICLE V
PAYMENT FUND

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

Section 5.2. Establishment and Application of Payment Fund.

(a) The Trustee shall establish a special trust fund designated as the "Town of Chino Valley Series 2016 Payment Fund" (herein referred to as the "Payment Fund"). So long as the Obligations are Outstanding, the Town shall have no beneficial right or interest in the Payment Fund or the moneys deposited therein, except only as provided in this Trust Agreement, and such moneys shall be used and applied by the Trustee as hereinafter set forth.

(b) Not less than ten (10) Business Days prior to each Interest Payment Date, the Trustee shall notify the Town of the amount required to be paid, after taking into account amounts which will be transferred to the Payment Fund in accordance herewith, on or before such Interest Payment Date, so that a sufficient amount will then be on deposit for both principal and interest with respect to the Obligation. All amounts received by the Trustee as

Payments pursuant to the Purchase Agreement or as transfers pursuant hereto shall be deposited in the Payment Fund.

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

Section 5.3. Reserved to Preserve Section Numbering.

Section 5.4. Transfers of Investment Earnings to Payment Fund. Except as otherwise directed by the Town, the Trustee shall, on or before the next Interest Payment Date occurring on August 1, transfer any income or profit on the investment of moneys in the funds hereunder to the Payment Fund.

Section 5.5. Surplus. Any surplus remaining in any of the funds created hereunder, after redemption and payment or provision for redemption and payment of all Obligations, 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 Owners of the Obligations and for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Trust Agreement and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the Town or any Owners.

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. The Town Representative shall direct such investment in specific Permitted Investments. The Town Representative shall be solely responsible for ascertaining that all proposed investments and reinvestments are Permitted Investments and that they comply with federal, state and local laws, regulations and ordinances governing investment of such funds and for providing appropriate notice to the Trustee for the reinvestment of any maturing investment. 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 Obligations, or any of them, being considered "arbitrage bonds" within the meaning of section 148 of the Code, the Town Representative may issue to the Trustee a written certificate to such effect (along with appropriate instructions), in which event the Trustee will take such action as is instructed so to restrict or limit the yield on such investment in accordance with the specific instructions contained in such certificate.

Section 6.7. Other Tax Covenants. In consideration of the acceptance and execution of the Purchase Agreement by the Trustee and the purchase by the Owners and in consideration of retaining the exclusion of the portion of each Payment denominated as and comprising interest pursuant to the Purchase Agreement and received by the Owners for federal income tax purposes, the Town shall, from time to time, neither take nor fail to take any action, which action or failure to act is within its power and authority and would result in such portion of each such Payment becoming subject to inclusion in gross income for federal income tax purposes under either laws existing on the date of execution of the Purchase Agreement or such laws as they may be modified or amended or tax laws later adopted. The Town shall comply

with such requirement(s) and will take any such action(s) as are necessary to prevent such portion of each such Payment from becoming subject to inclusion in gross income for federal income tax purposes. Such requirements may include but are not limited to making further specific covenants; making truthful certifications and representations and giving necessary assurances; complying with all representations, covenants and assurances contained in certificates or agreements required by any Special Counsel's Opinion; to pay to the United States of America any required amounts representing rebates of arbitrage profits relating to the Obligations; filing forms, statements and supporting documents as may be required under the federal tax laws; limiting the term of and yield on investments made with moneys held pursuant to this Trust Agreement and limiting the use of the proceeds of the Obligations and property refinanced thereby.

ARTICLE VII
THE TRUSTEE

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

Section 7.2. Liability of Trustee; Standard of Care. Except with respect to its authority and power generally and authorization to execute this Trust Agreement, the recitals of facts, covenants and agreements herein, in the Purchase Agreement and in the Obligations shall be taken as statements, covenants and agreements of the Town, and the Trustee assumes no responsibility for the correctness of the same, or makes any representations as to the validity hereof or sufficiency of this Trust Agreement, the Purchase Agreement or the Obligations or shall incur any responsibility in respect hereof or thereof, other than in connection with the duties or obligations herein or in the Obligations assigned to or imposed upon it. 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 its own affairs.

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 Owners unless the Obligations 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 Trustee may acquire and dispose of other bonds or evidence of indebtedness of the Town with the same rights it would have if it were not the Trustee and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners of Obligations, whether or not such committee shall represent the Owners of Obligations.

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

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

with the funds and accounts established hereunder, except only for its own willful misconduct or negligence.

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

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

(h) The Trustee makes no representation or warranty, express or implied, as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the Town of the Refinanced Projects. 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 Refinanced Projects.

(i) Notwithstanding any provision in this Trust Agreement or the Purchase Agreement to the contrary, the Trustee shall not be required to take notice or be deemed to have notice of an Event of Default, except an Event of Default under Section 9(a)(i)(A) of the Purchase Agreement, unless a Responsible Officer of the Trustee has actual notice thereof or is specifically notified in writing of such default by the Town or the Owners of the Obligations.

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

(k) The Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason

of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

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

(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 Obligations as they become due, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or ordinance related to the protection of the environment or hazardous substances and except liability which is adjudicated, to have resulted from its negligence or willful default in connection with any action so taken.

(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 Owners of the Obligations relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Trust Agreement.

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

Section 7.6. Removal and Resignation of Trustee.

(a) The Town (but only if no Event of Default has occurred and is continuing) or the Owners of the Obligations, at any time upon thirty (30) days' prior written notice, and for any reason, may remove the Trustee and any successor thereto, but any such successor shall be a bank or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars ($50,000,000) and subject to supervision or examination by federal or State authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or the requirements of any supervising or examining

authority above referred to, then, for the purposes of this Section, the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(b) The Trustee may at any time resign by giving written notice to the Town. Upon receiving such notice of resignation, the Town shall promptly appoint a successor trustee by an instrument in writing; provided, however, that in the event that the Town does not appoint a successor trustee within thirty (30) days following receipt of such notice of resignation or its giving notice of removal, the retiring Trustee may petition the appropriate court having jurisdiction to appoint a successor trustee. Any resignation or removal of the Trustee and appointment of a successor trustee shall become effective upon acceptance of appointment by the successor trustee. The Trustee and the Town shall execute any documents reasonably required to effect the transfer of rights and obligations of the Trustee to the successor trustee subject, however, to the terms and conditions herein set forth, including, without limitation, the right of the predecessor Trustee to be paid and reimbursed in full for its reasonable charges and expenses (including reasonable fees and expenses of its counsel) and the indemnification under Sections 7.4 and 10.3. Upon such acceptance, the successor trustee shall mail notice thereof to the Owners of the Obligations at their addresses set forth on the registration books for the Obligations maintained pursuant to Section 2.13.

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

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

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

ARTICLE VIII
MODIFICATION OR AMENDMENT OF AGREEMENTS

Section 8.1. Amendments Permitted.

(a) This Trust Agreement and the rights and obligations of the Owners of the Obligations and the Purchase Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental or amending agreement which shall become effective when the written consent of the Owners of a majority of the principal amount of Obligations Outstanding shall have been filed with the Trustee. No such

modification or amendment shall (1) extend or have the effect of extending the fixed maturity of any Obligation or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon the redemption thereof, without the express consent of the Owner of such Obligation, or (2) reduce or have the effect of reducing the percentage of Obligations required for the affirmative vote or written consent to an amendment or modification of this Trust Agreement or the Purchase Agreement, or (3) modify any of the rights or obligations of the Trustee without its written assent thereto. Any such supplemental or amending agreement shall become effective as provided in Section 8.2.

(b) This Trust Agreement and the rights and obligations of the Owners of the Obligations, and the Purchase Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental or amending agreement, without the consent of any such Owner, but only (1) 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, (2) to secure additional revenues or provide additional security or reserves for payment of the Obligations, (3) 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, (4) to provide for the appointment of a successor trustee pursuant to the terms hereof, (5) to preserve the exclusion of the interest on the Obligations from gross income for purposes of federal or State income taxes and to preserve the power of the Town to continue to issue bonds or other obligations the interest on which is likewise exempt from federal and State income taxes, (6) to cure, correct or supplement any ambiguous or defective provision contained herein or therein or (7) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which shall not materially adversely affect the interests of the Owners of the Obligations as evidenced by a Special Counsel's Opinion delivered by the Town to the Trustee. Any such supplemental or amending agreement shall become effective upon execution and delivery by the parties hereto or thereto as the case may be. The Trustee may rely upon a Special Counsel's Opinion as conclusive evidence that any such supplemental or amending agreement complies with this Section.

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

(a) This Trust Agreement and the Purchase Agreement may be amended by supplemental or amending agreement as provided in this Section in the event the consent of the Owners of the Obligations is required pursuant to Section 8.1. A copy of such supplemental or amending agreement, together with a request to the Owners of a majority of the principal amount of Obligations Outstanding for their consent thereto, shall be mailed by the Trustee to the Owners of the Obligations, but failure to mail copies of such supplemental or amending agreement and request shall not affect the validity of the supplemental or amending agreement when assented to as provided in this Section 8.2.

(b) Such supplemental or amending agreement shall not become effective unless there shall be filed with the Trustee the written consent of the Owners of a

majority of the principal amount of Obligations Outstanding and a notice shall have been mailed as hereinafter in this Section provided. The consent of the Owners of the Obligations shall be effective only if accompanied by proof of ownership of the Obligations, which proof shall be such as is permitted by Section 2.12. Any such consent shall be binding upon the Owners and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owners or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

(c) After the Owners of a majority of the principal amount of Obligations Outstanding shall have filed their consent to such supplemental or amending agreement, the Trustee shall mail a notice to the Owners of the Obligations in the manner hereinbefore provided in this Section for the mailing of such supplemental or amending agreement of the notice of adoption thereof, stating in substance that such supplemental or amending agreement has been consented to by the Owners of a majority of the principal amount of Obligations Outstanding and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers required by this Section to be filed with the Trustee, shall be conclusive proof of the matters therein stated. Such supplemental or amending agreement shall become effective upon the mailing of such last-mentioned notice, and such supplemental or amending agreement shall be deemed conclusively binding upon the parties hereto and the Owners of all Obligations 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. Reserved to Preserve Section Numbering.

Section 8.4. Effect of Supplemental Trust Agreement. From and after the time any supplemental or amending agreement becomes effective pursuant to this Article VIII, this Trust Agreement or the Purchase Agreement, as the case may be, shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Obligations Outstanding, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any supplemental or amending agreement shall be deemed to be part of the terms and conditions of this Trust Agreement or the Purchase Agreement, as the case may be, for any and all purposes.

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

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

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

ARTICLE IX
COVENANTS, NOTICES

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

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

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

Section 9.4. Further Assurances. The Trustee (at the reasonable request of the Town) and the Town shall make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Trust Agreement and the Purchase Agreement and for the better assuring and confirming unto the 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 Excise Tax Revenues and the State Shared Revenues when due in accordance with the Purchase Agreement and the performance of the other covenants and agreements of the Town contained in the Purchase Agreement and herein, the Town shall have no pecuniary obligation or liability to any of the other parties or to the Owners with respect to this Trust Agreement or the terms, execution, delivery or transfer of the Obligations or the distribution of Payments to the Owners by the Trustee.

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

Section 10.3. Indemnification of the Trustee.

(a) To the extent permitted by law, the Town shall indemnify and save the Trustee and its officers, directors, agents and employees, harmless for, from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of: (1) the use, maintenance, condition or management of, or from any work or thing done on, the Refinanced Projects 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 Refinanced Projects 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 Refinanced Projects; (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 Refinanced Projects; (5) the acquisition of the Refinanced Projects or any interest therein; (6) the actions of any other party, including but not limited to the operation or use of the Refinanced Projects or interest therein by the Town; (7) the ownership of the Refinanced Projects or interest therein or (8) the exercise and performance by the Trustee of its powers and duties hereunder, under the Purchase Agreement or the Obligations or in connection with any document or transaction contemplated herewith or therewith. No indemnification will be made under this Section or elsewhere in this Trust Agreement for willful misconduct, negligence or breach of duty under this Trust Agreement by the Trustee, or by its officers, agents, employees, successors or assigns. As security for the payment of amounts due under Section 7.5 and this Section, the Trustee shall be secured under

this Trust Agreement by a lien prior to the Obligations. 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 Obligations or resignation or removal of the Trustee or the termination of this Trust Agreement.

(b) Promptly after determining that any event or condition which requires or may require indemnification by the Town hereunder exists or may exist, or after receipt of notice of the commencement of any action in respect of which indemnity may be sought hereunder, the Trustee shall notify the Town in writing of such circumstances or action (the "Notification"). Failure to give such notification shall not affect the right of the Trustee to receive the indemnification provided for herewith. Upon giving of the Notification, the Trustee shall cooperate fully with the Town in order that the Town may defend, compromise or settle any such matters or actions which may result in payment by the Town hereunder. The Town shall give the Trustee notice of its election within fifteen (15) days after receiving the Notification whether the Town, at its sole cost and expense, shall represent and defend the Trustee in any claim or action which may result in a request for indemnification hereunder; provided, however, the Trustee may retain its own counsel and still be indemnified against the cost of employing counsel and all other reasonable expenses despite an assumption of the defense by the Town if the Trustee believes in good faith that there are defenses available to it which are adverse to or in conflict with those available to the Town and which the Trustee believes in good faith cannot be effectively asserted by common counsel. The Trustee always has the right to employ separate legal counsel, but, subject to the preceding sentence, the fees and expenses of its separate legal counsel must be paid by the Trustee unless the Town and the Trustee have mutually agreed to the employment of the Trustee's separate legal counsel. 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, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, the Trustee shall be absolutely protected in relying thereon.

ARTICLE XI
EVENTS OF DEFAULT AND REMEDIES OF OBLIGATION OWNERS

Section 11.1. Seller's Rights Held in Trust. As provided herein, the Trustee holds in trust hereunder all of the Seller's rights in and to the Purchase Agreement, including

without limitation all of the Seller's rights to exercise such rights and remedies conferred on the Seller pursuant to the Purchase Agreement as may be necessary or convenient to enforce payment of the Payments and any other amounts required to be deposited in the Payment Fund and enforcement of the pledge of the Excise Tax Revenues and the State Shared Revenues for the payment of the Obligations.

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

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

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

Second, to the payment of the whole amount then owing and unpaid with respect to the Obligations and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Obligations, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Section 11.4. Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority of principal amount of Obligations Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners of Obligations by a suit in equity or action at law for the specific performance of any covenant or agreement contained herein.

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

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

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

(a) The Owners 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) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (2) the Owners of a majority of the principal amount of the Obligations Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (3) said Owners shall have tendered to the Trustee indemnity satisfactory to it against the costs, expenses, and liabilities to be incurred in compliance with such request and (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

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

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

ARTICLE XII
MISCELLANEOUS

Section 12.1. Defeasance.

(a) If and when the Obligations 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 such Obligations Outstanding, as and when the same become due and payable;

(2) By depositing with a Depository Trustee, in trust for such purpose, at or before 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 Obligations Outstanding, including all principal, interest and redemption premium, if any; or

(3) By depositing with a Depository Trustee, in trust for such purpose, Defeasance Obligations which are noncallable in such amount as shall be certified to the Trustee and the Town in a report by an independent firm of nationally recognized certified public accountants acceptable to the Trustee and the Town, as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit in the Payment Fund together with the interest to accrue thereon, to pay and discharge or cause to be paid and discharged such Obligations (including 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 any Obligations shall not have been surrendered for payment, all obligations of the Trustee and the Town with respect to such Outstanding Obligations shall cease and terminate, except only the obligation of the Trustee to pay or cause to be paid, from funds deposited pursuant to subsections (2) or (3) of this Section and paid to the Trustee by the Depository Trustee, to the Owners of the Obligations not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to subsections (2) or (3), the Obligations shall continue to represent direct and proportionate interests of the Owners thereof in such funds.

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

(c) The Obligations may be paid and discharged as provided in this Section; provided however, that if any such Obligation or 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 to be irrevocable as to the date upon which such Obligation is to be redeemed and as to the giving of notice of such redemption; and provided further, that if any such Obligation will not mature within sixty (60) days of the deposit

referred to in subsections (2) or (3) of this Section, the Trustee shall give notice of such deposit by first class mail to the Owners.

(d) No Obligations 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 the Obligation is thereby made includable in gross income for federal income tax purposes. The Trustee, the Depository Trustee and the Town may rely upon a Special Counsel's Opinion to the effect that the provisions of this subsection will not be breached by so providing for the payment of any Obligations.

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

If to the Town: Town of Chino Valley, Arizona
1020 West Palomino
P.O. Box 406
Chino Valley, Arizona 86323
Attention: Town Manager

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

Section 12.3. Incorporation of State Statutes.

(a) As required by the provisions of Section 38-511, Arizona Revised Statutes, 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 or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice is received by all other parties to the contract unless the notice specifies a later time. The Trustee covenants not to employ as an employee, an agent or, with respect to the subject matter of this Trust Agreement, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or creating this Trust Agreement on behalf of the Town within three years from the execution of this Trust Agreement, unless a waiver of Section 38-511, Arizona Revised Statutes, 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 41-4401, 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.

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 Obligations, the Trustee may destroy such Obligations and deliver a certificate of such destruction to the Town instead.

Section 12.8. Headings. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Trust Agreement. All references herein to "Articles", "Sections", and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Trust Agreement; and the words "herein", "hereof", "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 12.9. Parties Interested Herein. Nothing in this Trust Agreement or the Obligations, expressed or implied, is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Town, the Trustee and the 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 Owners of the Obligations.

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

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

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 CHINO VALLEY, ARIZONA

By.....
Mayor

ATTEST:

.....
Town Clerk

331670818.1-3/16/2016

EXHIBIT

(Form of Obligation)

Number: R-..... Principal Amount: $.....

PLEDGED REVENUE REFUNDING OBLIGATION, SERIES 2016
Evidencing the Interest of the Owner
Hereof in Payments to be Made by

THE TOWN OF CHINO VALLEY, ARIZONA

to

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Interest Rate:	Maturity Date:	Dated Date:
.....%	August 1, 20....	_____, 2016

REGISTERED OWNER: .....

PRINCIPAL AMOUNT: ..... DOLLARS

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns, as the registered owner of this Pledged Revenue Refunding Obligation, Series 2016 (this "Obligation") is the owner of all of the interests in the rights to receive certain "Payments" under and defined in that certain Second Purchase Agreement, dated as of _____ 1, 2016 (the "Purchase Agreement"), by and between U.S. Bank National Association (the "Trustee"), and the Town of Chino Valley, 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 Second Trust Agreement, dated as of _____ 1, 2016 (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 hereof and to receive semiannually on February 1 and August 1 of each year commencing _____ 1, 20__ (the "Interest Payment Dates"), until payment in full of said portion of principal or redemption prior thereto, the portion 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.

Principal and interest represented by this Obligations are payable in lawful money of the United States of America as provided in the Trust Agreement and the other amounts due with respect hereto. The records of the Trustee prevail in the event of discrepancy as to payment.

The Trustee has no obligation or liability to the registered owner 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 on March 22, 2016. 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 and to be secured on a parity with, the security for the Payments and to certain limitations on such security), to all of the provisions of which Purchase Agreement and Trust Agreement the registered owner of this Obligation, by acceptance hereof, assents and agrees. (To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement and the Purchase Agreement may be amended by the parties thereto with the written consent of the owners of a majority of the obligations of which this Obligation is one (the "Obligations"), and may be amended without such consent under certain circumstances but in no event such that the interests of the owners of the Obligations are adversely affected, provided that no such amendment shall impair the right of any owner to receive in any case such owner's proportionate share of any Payment thereof in accordance with this Obligation.)

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

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

This Obligation is executed and delivered only in fully registered, physically certificated form and shall not be transferable or exchangeable, except as provided in the Trust Agreement.

This Obligation may be exchanged for Obligations in authorized denominations.

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

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

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

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.

This Obligation is subject to redemption, in whole but not in part on any date on or after August 1, 20__, at a redemption price equal to the principal amount of this Obligation to be redeemed, together with accrued interest to the date fixed for redemption but without premium.

This Obligation shall be redeemed on August 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

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 to the registered owner at its address provided to the Trustee. 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 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 Obligations are subject to redemption and if on the redemption date moneys for the redemption thereof are held by the Trustee and those other conditions are met, thereafter those Obligations 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. The failure to receive any notice of redemption, or any defect in such notice in respect of any Obligation, shall not affect the validity of redemption of any Obligation.

It is hereby certified, recited and declared that all conditions, acts and things required by the Constitution and laws of the State of Arizona to happen to be done, to exist and to be performed precedent to and in the execution and delivery of this Obligation have happened, have been done, do exist and have been performed in regular and due form and time as required by law.

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

DRAFT
03/16/16

WRITTEN POLICIES AND PROCEDURES FOR TAX-ADVANTAGED OBLIGATIONS

The Town of Chino Valley, Arizona (the "Issuer"), has issued and may in the future issue tax-exempt obligations (including, without limitation, bonds, notes, loans, leases and certificates) (together, "tax-advantaged obligations") that are subject to certain requirements under the Internal Revenue Code of 1986, as amended (the "Code").

The Issuer has established the policies and procedures contained herein (the "Procedures") as of March 22, 2016, in order to ensure that the Issuer complies with the requirements of the Code that are applicable to its tax-advantaged obligations. The Procedures, coupled with requirements contained in the arbitrage and tax certificate or other operative documents (the "Tax Certificate") executed at the time of issuance of the tax-advantaged obligations, are intended to constitute written procedures for ongoing compliance with the federal tax requirements applicable to the tax-advantaged obligations and for timely identification and remediation of violations of such requirements.

A. GENERAL MATTERS.

1. Responsible Officer. The [_____] of the Issuer will have overall responsibility for ensuring that the ongoing requirements described in the Procedures are met with respect to tax-advantaged obligations (the "Responsible Officer").

2. Establishment of Procedures. The Procedures will be included with other written procedures of the Issuer.

3. Identify Additional Responsible Employees. The Responsible Officer shall identify any additional persons who will be responsible for each section of the Procedures, notify the current holder of that office of the responsibilities, and provide that person a copy of the Procedures. (For each section of the Procedures, this may be the Responsible Officer or another person who is assigned the particular responsibility.)

    a. Upon employee or officer transitions, new personnel should be advised of responsibilities under the Procedures and ensure they understand the importance of the Procedures.

    b. If employee or officer positions are restructured or eliminated, responsibilities should be reassigned as necessary to ensure that all Procedures have been appropriately assigned.

4. Training Required. The Responsible Officer and other responsible persons shall receive appropriate training that includes the review of and familiarity with the contents of the Procedures, review of the requirements contained in the Code applicable to each tax-advantaged obligation, identification of all tax-advantaged

obligations that must be monitored, identification of all facilities (or portions thereof) financed with proceeds of tax-advantaged obligations, familiarity with the requirements contained in the Tax Certificate or other operative documents contained in the transcript, and familiarity with the procedures that must be taken in order to correct noncompliance with the requirements of the Code in a timely manner.

5. Periodic Review. The Responsible Officer or other responsible person shall periodically review compliance with the Procedures and with the terms of the Tax Certificate to determine whether any violations have occurred so that such violations can be timely remedied through the "remedial action" regulations or the Voluntary Closing Agreement Program available through the Internal Revenue Service ("IRS") (or successor guidance). Such periodic review shall occur at least annually.

6. Change in Terms. If any changes to the terms of the tax-advantaged obligations are contemplated, bond counsel should be consulted. Such modifications could jeopardize the status of tax-advantaged obligations.

B. IRS INFORMATION RETURN FILING. The Responsible Officer will confirm that bond counsel has filed the applicable information reports (such as Form 8038-G) for such issue with the IRS on a timely basis, and maintain copies of such form including evidence of timely filing as part of the transcript of the issue. The Responsible Officer shall file the IRS From 8038-T relating to the payment of rebate or yield reduction payments in a timely manner as discussed in Section G.12. below. The Responsible Officer shall also monitor the extent to which the Issuer is eligible to receive a refund of prior rebate payments and provide for the timely filing for such refunds using an IRS Form 8038-R.

C. USE OF PROCEEDS. The Responsible Officer or other responsible person shall:

1. Consistent Accounting Procedures. Maintain or confirm maintenance of clear and consistent accounting procedures for tracking the investment and expenditures of proceeds, including investment earnings on proceeds.

2. Reimbursement Allocations at Closing. At or shortly after closing of an issue, ensure that any allocations for reimbursement expenditures comply with the Tax Certificate.

3. Timely Expenditure of Proceeds. Monitor that sale proceeds and investment earnings on sale proceeds of tax-advantaged obligations are spent in a timely fashion consistent with the requirements of the Tax Certificate.

4. Requisitions. Utilize or confirm the utilization of requisitions to draw down proceeds, and ensure that each requisition contains (or has attached to it) detailed information in order to establish when and how proceeds were spent; review requisitions carefully before submission to ensure proper use of proceeds to minimize the need for reallocations.

5. Final Allocation. Ensure that a final allocation of proceeds (including investment earnings) to qualifying expenditures is made if proceeds are to be allocated to project expenditures on a basis other than "direct tracing" (direct tracing means treating the proceeds as spent as shown in the accounting records for draws and project expenditures). An allocation other than on the basis of "direct tracing" is often made to reduce the private business use of bond proceeds that would otherwise result from "direct tracing" of proceeds to project expenditures. *This allocation must be made within 18 months after the later of the date the expenditure was made or the date the project was placed in service, but not later than five years and 60 days after the date the tax-advantaged obligations are issued (or 60 days after the issue is retired, if earlier).* Bond counsel can assist with the final allocation of proceeds to project costs. Maintain a copy of the final allocation in the records for the tax-advantaged obligation.

6. Maintenance and Retention of Records Relating to Proceeds. Maintain or confirm the maintenance of careful records of all project and other costs (e.g., costs of issuance, credit enhancement and capitalized interest) and uses (e.g., deposits to a reserve fund) for which proceeds were spent or used. These records should be maintained separately for each issue of tax-advantaged obligations for the period indicated under Section H. below.

D. MONITORING PRIVATE BUSINESS USE. The Responsible Officer or other responsible person shall:

1. Identify Financed Facilities. Identify or "map" which outstanding issues financed which facilities and in what amounts.

2. Review of Contracts with Private Persons. Review all of the following contracts or arrangements with non-governmental persons or organizations or the federal government (collectively referred to as "private persons") with respect to the financed facilities which could result in private business use of the facilities:

   a. Sales of financed facilities;

   b. Leases of financed facilities;

   c. Management or service contracts relating to financed facilities;

   d. Research contracts under which a private person sponsors research in financed facilities; and

   e. Any other contracts involving "special legal entitlements" (such as naming rights or exclusive provider arrangements) granted to a private person with respect to financed facilities.

3. Bond Counsel Review of New Contracts or Amendments. Before amending an existing agreement with a private person or entering into any new lease, management, service, or research agreement with a private person, consult bond

counsel to review such amendment or agreement to determine whether it results in private business use.

4. Establish Procedures to Ensure Proper Use and Ownership. Establish procedures to ensure that financed facilities are not used for private use without written approval of the Responsible Officer or other responsible person.

5. Analyze Use. Analyze any private business use of financed facilities and, for each issue of tax-advantaged obligations, determine whether the 10 percent limit on private business use (5 percent in the case of "unrelated or disproportionate" private business use) is exceeded, and contact bond counsel or other tax advisors if either of these limits appears to be exceeded.

6. Remediation if Limits Exceeded. If it appears that private business use limits are exceeded, immediately consult with bond counsel to determine if a remedial action is required with respect to nonqualified tax-advantaged obligations of the issue or if the IRS should be contacted under its Voluntary Closing Agreement Program. If tax-advantaged obligations are required to be redeemed or defeased in order to comply with remedial action rules, such redemption or defeasance must occur within 90 days of the date a deliberate action is taken that results in a violation of the private business use limits.

7. Maintenance and Retention of Records Relating to Private Use. Retain copies of all of the above contracts or arrangements (or, if no written contract exists, detailed records of the contracts or arrangements) with private persons for the period indicated under Section H. below.

E. LOAN OF BOND PROCEEDS. Consult bond counsel if a loan of proceeds of tax-advantaged obligations is contemplated. If proceeds of tax-advantaged obligations are permitted under the Code to be loaned to other entities and are in fact so loaned, require that the entities receiving a loan of proceeds institute policies and procedures similar to the Procedures to ensure that the proceeds of the loan and the facilities financed with proceeds of the loan comply with the limitations provided in the Code. Require the recipients of such loans to annually report to the Issuer ongoing compliance with the Procedures and the requirements of the Code.

F. ARBITRAGE AND REBATE COMPLIANCE. The Responsible Officer or other responsible person shall:

1. Review Tax Certificate. Review each Tax Certificate to understand the specific requirements that are applicable to each tax-advantaged obligation issue.

2. Arbitrage Yield. Record the arbitrage yield of the issue, as shown on IRS Form 8038-G or other applicable form. If the tax-advantaged obligations are variable rate, yield must be determined on an ongoing basis over the life of the tax-advantaged obligations as described in the Tax Certificate.

3. Temporary Periods. Review the Tax Certificate to determine the "temporary periods" for each issue, which are the periods during which proceeds of tax-advantaged obligations may be invested without yield restriction.

4. Post-Temporary Period Investments. Ensure that any investment of proceeds after applicable temporary periods is at a yield that does not exceed the applicable yield, unless yield reduction payments can be made pursuant to the Tax Certificate.

5. Monitor Temporary Period Compliance. Monitor that proceeds (including investment earnings) are expended promptly after the tax-advantaged obligations are issued in accordance with the expectations for satisfaction of three-year or five-year temporary periods for investment of proceeds and to avoid "hedge bond" status.

6. Monitor Yield Restriction Limitations. Identify situations in which compliance with applicable yield restrictions depends upon later investments (e.g., the purchase of 0 percent State and Local Government Securities from the U.S. Treasury for an advance refunding escrow). Monitor and verify that these purchases are made as contemplated.

7. Establish Fair Market Value of Investments. Ensure that investments acquired with proceeds satisfy IRS regulatory safe harbors for establishing fair market value (e.g., through the use of bidding procedures), and maintaining records to demonstrate satisfaction of such safe harbors. Consult the Tax Certificate for a description of applicable rules.

8. Credit Enhancement, Hedging and Sinking Funds. Consult with bond counsel before engaging in credit enhancement or hedging transactions relating to an issue, and before creating separate funds that are reasonably expected to be used to pay debt service. Maintain copies of all contracts and certificates relating to credit enhancement and hedging transactions that are entered into relating to an issue.

9. Grants/Donations to Governmental Entities. Before beginning a capital campaign or grant application that may result in gifts that are restricted to financed projects (or, in the absence of such a campaign, upon the receipt of such restricted gifts), consult bond counsel to determine whether replacement proceeds may result that are required to be yield restricted.

10. Bona Fide Debt Service Fund. Even after all proceeds of a given issue have been spent, ensure that debt service funds, if any, meet the requirements of a "bona fide debt service fund," i.e., one used primarily to achieve a proper matching of revenues with debt service that is depleted at least once each bond year, except for a reasonable carryover amount not to exceed the greater of: (i) the earnings on the fund for the immediately preceding bond year; or (ii) one-twelfth of the debt service on the issue for the immediately preceding bond year. To the extent that a

debt service fund qualifies as a bona fide debt service fund for a given bond year, the investment of amounts held in that fund is not subject to yield restriction for that year.

11. Debt Service Reserve Funds. Ensure that amounts invested in reasonably required debt service reserve funds, if any, do not exceed the least of: (i) 10 percent of the stated principal amount of the tax-advantaged obligations (or the sale proceeds of the issue if the issue has original issue discount or original issue premium that exceeds 2 percent of the stated principal amount of the issue plus, in the case of premium, reasonable underwriter's compensation); (ii) maximum annual debt service on the issue; or (iii) 125% of average annual debt service on the issue.

12. Rebate and Yield Reduction Payment Compliance. Review the arbitrage rebate covenants contained in the Tax Certificate. Subject to certain rebate exceptions described below, investment earnings on proceeds at a yield in excess of the yield (i.e., positive arbitrage) generally must be rebated to the U.S. Treasury, even if a temporary period exception from yield restriction allowed the earning of positive arbitrage.

    a. Ensure that rebate and yield reduction payment calculations will be timely performed and payment of such amounts, if any, will be timely made. Such payments are generally due 60 days after the fifth anniversary of the date of issue, then in succeeding installments every five years. The final rebate payment for an issue is due 60 days after retirement of the last obligation of the issue. The Issuer should hire a rebate consultant if necessary.

    b. Review the rebate section of the Tax Certificate to determine whether the "small issuer" rebate exception applies to the issue.

    c. If the 6-month, 18-month, or 24-month spending exceptions from the rebate requirement (as described in the Tax Certificate) may apply to the tax-advantaged obligations, ensure that the spending of proceeds is monitored prior to semiannual spending dates for the applicable exception.

    d. Make rebate and yield reduction payments and file Form 8038-T in a timely manner.

    e. Even after all other proceeds of a given issue have been spent, ensure compliance with rebate requirements for any debt service reserve fund and any debt service fund that is not exempt from the rebate requirement (see the Arbitrage Rebate covenants contained in the Tax Certificate).

13. Maintenance and Retention of Arbitrage and Rebate Records. Maintain records of investments and expenditures of proceeds, rebate exception analyses, rebate calculations, Forms 8038-T, and rebate and yield reduction payments, and any

other records relevant to compliance with the arbitrage restrictions for the period indicated in Section H. below.

G. RECORD RETENTION. The Responsible Officer or other responsible person shall ensure that for each issue of obligations, the transcript and all records and documents described in these Procedures will be maintained while any of the obligations are outstanding and during the three-year period following the final maturity or redemption of that issue, or if the obligations are refunded (or re-refunded), while any of the refunding obligations are outstanding and during the three-year period following the final maturity or redemption of the refunding obligations.

ATTACHMENT I TO
WRITTEN PROCEDURES

REMEDIAL ACTION PROCEDURES

Capitalized terms used herein but not defined have the meaning assigned thereto in Section 5 below and in the Written Policies and Procedures for Tax-Advantaged Obligations to which these Remedial Action Procedures are attached. This attachment describes written procedures that may be required to be taken by, or on behalf of, an issuer of Obligations.

1. **Background**. The maintenance of the tax status of the Obligations (*e.g.*, as tax-exempt obligations under federal tax law) depends on the compliance with the requirements set forth in the Internal Revenue Code of 1986, as amended (the "Code"). *The purpose of this attachment is to set forth written procedures to be used in the event that any deliberate actions are taken that are not in compliance with the tax requirements of the Code (each, a "Deliberate Action") with respect to the Obligations, the proceeds thereof, or the property financed or refinanced by the Obligations (the "Financed Property").*

2. **Consultation with bond counsel**. If a Deliberate Action is taken with respect to the Obligations and the Financed Property subsequent to the issuance or execution and delivery of the Obligations, then the Issuer must consult with Greenberg Traurig, LLP or other nationally recognized bond counsel ("bond counsel") regarding permissible Remedial Actions that may be taken to remediate the effect of any such Deliberate Action upon the federal tax status of the Obligations. Note that remedial actions or corrective actions other than those described in this attachment may be available with respect to the Obligations and the Financed Property, including remedial actions or corrective actions that may be permitted by the Commissioner through the voluntary closing agreement programs (VCAP) provided by the Internal Revenue Service from time to time.

3. **Conditions to Availability of Remedial Actions**. None of the Remedial Actions described in this attachment are available to remediate the effect of any Deliberate Action with respect to the Obligations and the Financed Property unless the following conditions have been satisfied and unless bond counsel advises otherwise:

(a) The issuer of the Obligations reasonably expected on the date the Obligations were originally issued or executed and delivered that the Obligations would meet neither the Private Business Tests nor the Private Loan Financing Test of Section 141 of the Code and the Treasury Regulations thereunder for the entire term of the Obligations (such expectations may be based on the representations and expectations of the applicable conduit borrower, if there is one);

(b) The weighted average maturity of the Obligations did not, as of such date, exceed 120 percent of the Average Economic Life of the Financed Property;

(c) Unless otherwise excepted under the Treasury Regulations, the Issuer delivers a certificate, instrument, or other written records satisfactory to bond counsel demonstrating that the terms of the arrangement pursuant to which the Deliberate Action

is taken is *bona fide* and arm's-length, and that the non-exempt Person using either the Financed Property or the proceeds of the Obligations as a result of the relevant Deliberate Action will pay fair market value for the use thereof;

(d) Any disposition must be made at fair market value and any Disposition Proceeds actually or constructively received by the Issuer as a result of the Deliberate Action must be treated as gross proceeds of the Obligations and may not be invested in obligations bearing a yield in excess of the yield on the Obligations subsequent to the date of the Deliberate Action; and

(e) Proceeds of the Obligations affected by the Remedial Action must have been allocated to expenditures for the Financed Property or other allowable governmental purposes before the date on which the Deliberate Action occurs (except to the extent that redemption or defeasance, if permitted, is undertaken, as further described in Section 4(A) below).

4. **Types of Remedial Action**. Subject to the conditions described above, and only if the Issuer obtains an opinion of bond counsel prior to taking <u>any of the actions below</u> to the effect that such actions will not affect the federal tax status of the Obligations, the following types of Remedial Actions may be available to remediate a Deliberate Action subsequent to the issuance of the Obligations:

(a) <u>Redemption or Defeasance of Obligations</u>.

(i) If the Deliberate Action causing either the Private Business Use Test or the Private Loan Financing Test to be satisfied consists of a fair market value disposition of any portion of the Financed Property exclusively for cash, then the Issuer may allocate the Disposition Proceeds to the redemption of Nonqualified Obligations pro rata across all of the then-outstanding maturities of the Obligations at the earliest call date of such maturities of the Obligations after the taking of the Deliberate Action. If any of the maturities of the Obligations outstanding at the time of the taking of the Deliberate Action are not callable within 90 days of the date of the Deliberate Action, the Issuer may (subject generally to the limitations described in (iii) below) allocate the Disposition Proceeds to the establishment of a Defeasance Escrow for any such maturities of the Obligations within 90 days of the taking of such Deliberate Action.

(ii) If the Deliberate Action consists of a fair market value disposition of any portion of the Financed Property for other than exclusively cash, then the Issuer may use any funds (other than proceeds of the Obligations or proceeds of any obligation the interest on which is excludable from the gross income of the registered owners thereof for federal income tax purposes) for the redemption of all Nonqualified Obligations within 90 days of the date that such Deliberate Action was taken. In the event that insufficient maturities of the Obligations are callable by the date which is within 90 days after the date of the Deliberate Action, then such funds may be used for the establishment of a Defeasance Escrow within 90 days of the date of the Deliberate Action for all of the

maturities of the Nonqualified Obligations not callable within 90 days of the date of the Deliberate Action.

(iii) If a Defeasance Escrow is established for any maturities of Nonqualified Obligations that are not callable within 90 days of the date of the Deliberate Action, written notice must be provided to the Commissioner of Internal Revenue Service at the times and places as may be specified by applicable regulations, rulings, or other guidance issued by the Department of the Treasury or the Internal Revenue Service. Note that the ability to create a Defeasance Escrow applies only if the Obligations to be defeased and redeemed all mature or are callable within ten and one-half (10.5) years of the date the Obligations are originally issued or executed and delivered. If the Obligations are not callable within ten and one-half years, and none of the other remedial actions described below are applicable, the remainder of this attachment is for general information only, and bond counsel must be contacted to discuss other available options.

(b) Alternative Use of Disposition Proceeds. Use of any Disposition Proceeds in accordance with the following requirements may be treated as a Remedial Action with respect to the Obligations:

(i) the Deliberate Action consists of a disposition of all or any portion of the Financed Property for not less than the fair market value thereof for cash;

(ii) the Issuer reasonably expects to expend the Disposition Proceeds resulting from the Deliberate Action within two years of the date of the Deliberate Action;

(iii) the Disposition Proceeds are treated as Proceeds of the Obligations for purposes of Section 141 of the Code and the Regulations thereunder, and the use of the Disposition Proceeds in the manner in which such Disposition Proceeds are in fact so used would not cause the Disposition Proceeds to satisfy the Private Activity Bond Tests;

(iv) no action is taken after the date of the Deliberate Action to cause the Private Activity Bond Tests to be satisfied with respect to the Obligations, the Financed Property, or the Disposition Proceeds (other than any such use that may be permitted in accordance with the Treasury Regulations);

(v) Disposition Proceeds used in a manner that satisfies the Private Activity Bond Tests or that are not expended within two years of the date of the Deliberate Action must be used to redeem or defease Nonqualified Obligations in accordance with the requirements set forth in Section 4(a) hereof; and

(c) Alternative Use of Financed Property. The Issuer may be considered to have taken sufficient Remedial Actions to cause the Obligations to continue their applicable treatment under federal tax law if, subsequent to taking any Deliberate Action with respect to all or any portion of the Financed Property:

(i) the portion of the Financed Property subject to the Deliberate Action is used for a purpose that would be permitted for qualified tax-exempt obligations;

(ii) the disposition of the portion of the Financed Property subject to the Deliberate Action is not financed by a person acquiring the Financed Property with proceeds of any obligation the interest on which is exempt from the gross income of the registered owners thereof under Section 103 of the Code for purposes of federal income taxation or an obligation described in Sections 54A-54F, 54AA, or 6431 of the Code; and

(iii) any Disposition Proceeds other than those arising from an agreement to provide services (including Disposition Proceeds arising from an installment sale) resulting from the Deliberate Action are used to pay the debt service on the Obligations on the next available payment date or, within 90 days of receipt thereof, are deposited into an escrow that is restricted as to the investment thereof to the yield on the Obligations to pay debt service on the Obligations on the next available payment date.

Absent an opinion of bond counsel, no Remedial Actions are available to remediate the satisfaction of the Private Security or Payment Test regarding the same with respect to the Obligations. Nothing herein is intended to prohibit Remedial Actions not described herein that may become available subsequent to the date the Obligations are originally issued or executed and delivered to remediate the effect of a Deliberate Action taken with respect to the Obligations, the proceeds thereof or the Financed Property.

5. **Additional Defined Terms**. For purposes of this attachment, the following terms have the following meanings:

"*Commissioner*" means the Commissioner of Internal Revenue, including any successor person or body.

"*Defeasance Escrow*" means an irrevocable escrow established to redeem obligations on their earliest call date in an amount that, together with investment earnings thereon, is sufficient to pay the entire principal of, and interest and call premium on, obligations from the date the escrow is established to the earliest call date. A Defeasance Escrow may not be invested in higher yielding investments or in any investment under which the obligor is a user of the proceeds of the obligations.

"*Deliberate Action*" means any action, occurrence, or omission by the Issuer (or, if applicable, by a conduit borrower) that is within the control of the Issuer (or, if applicable, by such conduit borrower) that causes either (1) the Private Business Use Test to be satisfied with respect to the Obligations or the Financed Property (without regard to the Private Security or Payment Test), or (2) the Private Loan Financing Test to be satisfied with respect to the Obligations or the proceeds thereof. An action, occurrence, or omission is not a Deliberate Action if (1) the action, occurrence, or omission would be treated as an involuntary or

compulsory conversion under Section 1033 of the Code, or (2) the action, occurrence, or omission is in response to a regulatory directive made by the government of the United States.

"*Disposition Proceeds*" means any amounts (including property, such as an agreement to provide services) derived from the sale, exchange, or other disposition of property (other than Investments) financed with the proceeds of the Obligations.

"*Nonqualified Obligations*" means that portion of the Obligations outstanding at the time of a Deliberate Action in an amount that, if the outstanding Obligations were issued or executed and delivered on the date on which the Deliberate Action occurs, the outstanding Obligations would not satisfy the Private Business Use Test or the Private Loan Financing Test, as applicable. For this purpose, the amount of private business use is the greatest percentage of private business use in any one-year period commencing with the Deliberate Action.

"*Private Activity Bond Test*s" means, collectively, the Private Business Use Test, the Private Security or Payment Test, and the Private Loan Financing Test.

"*Private Business Tests*" means the Private Business Use Test and the Private Security or Payment Test.

"*Private Business Use Test*" has the meaning set forth in Section 141(b)(1) of the Code.

"*Private Loan Financing Test*" has the meaning set forth in Section 141(c) of the Code.

"*Private Security or Payment Test*" has the meaning set forth in Section 141(b)(2) of the Code.

"*Remedial Action*" means any of the applicable actions described in Section 4 hereof, or such other actions as may be prescribed from time to time by the Department of the Treasury or the Internal Revenue Service, which generally have the effect of rectifying noncompliance by the Issuer with certain provisions of Section 141 of the Code and the Regulations thereunder and are undertaken by the Issuer to maintain the federal tax status of the Obligations.

6. **Change in Law**. This attachment is based on law in effect as of this date. Statutory or regulatory changes, including but not limited to clarifying Treasury Regulations, may affect the matters set forth in this attachment.

DRAFT
03/16/16

PLACEMENT AGENT AGREEMENT

_____, 2016

MAYOR AND COMMON COUNCIL
TOWN OF CHINO VALLEY, ARIZONA

Re: Town of Chino Valley, Arizona Pledged Revenue Refunding Obligation, Series 2016

Upon the terms and conditions and based upon the representations, warranties and covenants set forth herein, Stifel, Nicolaus & Company, Incorporated (the "Placement Agent") offers to enter into this Placement Agent Agreement (this "Placement Contract") with the Town of Chino Valley, Arizona (the "Town"), which, upon acceptance of this offer and subject to Paragraph 5 hereof, shall be binding upon the Town and the Placement Agent. This offer is made subject to acceptance of this Placement Contract by the Town before or on October 27, 2016, and, if not so accepted, will be subject to withdrawal by the Placement Agent upon notice delivered to your office at any time prior to acceptance hereof. If the obligations of the Placement Agent shall be terminated for any reason permitted hereby, neither the Placement Agent nor the Town shall be under further obligation hereunder.

The above-captioned obligation (the "Obligation") is to be executed and delivered pursuant to a Resolution of the Mayor and Council of the Town adopted on March 22, 2016 (the "Resolution"), and the hereinafter defined Trust Agreement.

1. The Placement Agent shall use its best efforts to locate purchasers for the Obligation (the "Purchasers") at a purchase price determined as provided in the Resolution (the "Purchase Price") and on terms consistent with the Resolution. If the Purchasers purchase the Obligation on the hereinafter defined Closing Date, the Town will pay a placement fee equal to $_____ (the "Fee") to the Placement Agent.

2. The undersigned, on behalf of the Town, but not individually, hereby represents and warrants to the Placement Agent (and it shall be a condition of the obligation of the Placement Agent to perform under this Placement Contract that it shall be represented and warranted on the Closing Date) that:

(a) The Town is duly organized and validly existing under the laws of the State of Arizona (the "State") with power to adopt the Resolution, perform the agreements on its part contained therein and in the agreements approved thereby and cause the execution and delivery of the Obligation.

(b) The Town has complied and, in all respects on the Closing Date will be in compliance, with all of the provisions of applicable law of the State.

(c) The Town has duly adopted the Resolution, and the Town has duly authorized and approved the execution and delivery of this Placement Contract and the Purchase Agreement, the Trust Agreement and the Escrow Trust Agreement (as such terms are defined in the Resolution and, with this Purchase Contract, collectively, the "Documents"), as well as the performance of its obligations contained in the Obligation and the consummation by it of all other transactions contemplated hereby.

(d) The Town is not in breach of or default under any applicable law or administrative regulation of the State or any department, division, agency or instrumentality thereof, or of the United States, or any applicable judgment or decree or any loan agreement, note, resolution, certificate, agreement or other instrument to which the Town is a party or is otherwise subject, which breach or default would materially and adversely affect the Town or its ability to perform its duties and obligations under the Documents, and the execution and delivery of the Documents, the adoption of the Resolution and the execution and delivery of the Obligation and compliance with the provisions of each will not conflict materially with or constitute a material breach of or default under any applicable law or administrative regulation of the State or under any certificate, agreement or other instrument to which the Town is a party or is otherwise subject, which breach or default would materially and adversely affect the Town or its ability to perform its duties and obligations under the Documents.

(e) No litigation is pending or overtly threatened in any court in any way affecting the existence of the Town or the title of the members of the Council of the Town to their respective offices or seeking to restrain or to enjoin the sale, execution or delivery of the Obligation, or the collection or pledge of any revenues pledged or to be pledged under the Documents to pay the principal of and interest on the Obligation, or in any way contesting or affecting the validity or enforceability of the Obligation, the Resolution or the Documents, or contesting the powers of the Town or the members of the Council with respect to the Obligation.

3. (a) At or prior to 11 a.m. M.S.T. on _____, 2016, or such other date agreed to by the Town and the Placement Agent ("the Closing Date"), the Obligation will be delivered, in definitive fully registered form, duly executed, and, if to be delivered through The Depository Trust Company, New York, New York ("DTC"), registered in the name of Cede & Co., as the nominee of DTC, in denominations specified by the Purchasers, together with the other documents hereinabove mentioned, upon payment of the Purchase Price by wire transfer, in immediately available funds, to the Town. Delivery as aforesaid shall be made at a time and place, as shall have been mutually agreed upon by authorized representatives of the Placement Agent and the

Town, and such payment shall be made simultaneously therewith. This payment and delivery is herein called the "Closing."

(b) On the Closing Date, the Placement Agent shall receive a copy of each of the following documents, each dated the Closing Date:

(i) a certified copy of the Resolution;

(ii) an opinion of Special Counsel, Greenberg Traurig, LLP ("Special Counsel") in form and substance satisfactory to the Placement Agent;

(iii) a certificate, signed by an authorized officer of the Town, to the effect that (i) the representations, warranties and covenants of the Town contained herein are true and correct in all material respects on and as of the Closing Date, with the same effect as if made on the Closing Date; (ii) no litigation is pending or, to the knowledge of such officer, threatened in any court in any way affecting the existence of the Town or the titles of its officers or directors to their respective positions, or seeking to restrain or to enjoin the sale, execution or delivery of the Obligation, or the collection of any revenues or assets of the Town pledged or to be pledged to pay the principal of and interest on the Obligation, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Obligation, the Resolution or the Documents, or contesting the powers of the Town or its authority with respect to the Obligation, the Resolution or the Documents (but in lieu of or in conjunction with such certificate, the Placement Agent may, in the sole discretion of an authorized representative thereof, accept certificates or opinions of counsel to the Town, acceptable to such representative, that in the opinion of such counsel the issues raised in any pending or threatened litigation are without substance or that the contentions of all plaintiffs therein are without merit) and (iii) the Town has complied in all material respects with the Resolution and the terms of the Obligation and the Documents and satisfied all material conditions on its part to be performed or satisfied at or prior to the delivery of the Obligation and

(iv) such additional certificates, instruments or opinions as Special Counsel, the Town or the Placement Agent may deem necessary or desirable.

All certificates, instruments, opinions and documents referred to above and any resolutions shall be in form and substance satisfactory to authorized representatives of Special Counsel, the Town and the Placement Agent.

4. The obligation of the Placement Agent to use its best efforts to place the Obligation shall be subject to the performance by the Town of the obligations thereof provided hereby in all material respects at or prior to the Closing, and the accuracy in all material respects of the representations and warranties of the Town contained herein and shall also be subject to the following conditions:

(a) The Documents shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to by the Placement Agent;

(b) The Town shall have arranged for payment of the Fee at the time of the Closing and

(c) All of the other obligations of the Town required under or specified in this Placement Contract and the Resolution to be performed at or prior to the Closing shall have been performed in all material respects.

5. This Placement Contract may be terminated by the Placement Agent by notification in writing to you at your office if at any time subsequent to the date hereof and at or prior to the Closing: (i) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or the State legislature or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Obligation or, with respect to State taxation, of the interest on the Obligation or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or State income tax consequences of any of the transactions contemplated herein; (ii) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission shall be issued or made to the effect that the offering, sale and execution and delivery of the Obligation without registration thereof or obligations of the general character of the Obligation is in violation of any provision of the Securities Act of 1933 or of the Trust Indenture Act of 1939; (iii) in the Congress of the United States, legislation shall be enacted or a bill shall be favorably reported out of committee of either house, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that securities of the Town or of any similar body are not exempt from the registration, qualification or other requirements of the Securities Act of 1933 or the Trust Indenture Act of 1939; (iv) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency; (v) there shall have occurred a general suspension of trading on the New York Stock Exchange; (vi) a general banking moratorium shall have been declared by the United States, State of New York, or the State authorities; (vii) there shall have occurred since the date of this Placement Contract any materially adverse change in the affairs or financial condition of the Town or (viii) the purchase of and payment for the Obligation on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

6. There shall be paid solely from the proceeds of the sale of the Obligation, upon or promptly after the Closing: (a) the cost of the preparation and printing of the Obligation; (b) the fees and disbursements of Special Counsel and of any other counsel or consultants retained by the Town and (c) the Fee. The Placement Agent shall be under no obligation to pay any expenses incident to this Placement Contract.

7. The agreements and all representations and warranties herein set forth have been and are made for the benefit of the Placement Agent and the Town, and no other person shall acquire or have any right under or by virtue of this Placement Contract.

8. This Placement Contract shall become effective upon the execution of the acceptance hereof by an authorized officer of the Town and shall be valid and enforceable as of the time of such acceptance. This Placement Contract may be executed in several counterparts, each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

9. This Placement Contract shall be governed by and construed in accordance with the law of the State. As required by the provisions of Section 38-511, Arizona Revised Statutes, as amended, notice is hereby given that the State, its political subdivisions (including the Town) or any department or agency of either may, within three (3) years after its execution, cancel any contract, without penalty or further obligation, made by the State, its political subdivisions or any of the departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any of the departments or agencies of either is, any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice from the Governor or the chief executive officer or governing body of the political subdivision is received by all other parties to the contract unless the notice specifies a later time. The State, its political subdivisions or any department or agency of either may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any department or agency of either from any other party to the contract arising as the result of the contract. This Section is not intended to expand or enlarge the rights of the Town hereunder except as required by such Section. Each of the parties hereto hereby certifies that it is not presently aware of any violation of such Section which would adversely affect the enforceability of this Placement Contract and covenants that it shall take no action which would result in a violation of such Section.

10. **Regulatory Disclosure**: The Town is aware of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Securities and Exchange Commission's adopted rule commonly known as the "Municipal Advisor Rule" (SEC Rule 15Ba1-1 to 15Ba1-8 -"the Rule") and the underwriter exclusion from the definition of "municipal advisor" for a firm serving as an underwriter or placement agent for a particular issuance of municipal securities. Some of the services that the Placement Agent will be called upon to perform, such as providing advice with respect to the sizing, structure, timing and terms

of the Obligation issuance, are services that are also commonly provided by financial advisory firms.

However, in providing such services for the Obligation, the parties understand and agree that the Placement Agent is serving as a placement agent for this transaction and is permitted to give advice and recommendations under the "underwriter exclusion" provision of the Rule. The Town agrees that the Placement Agent will not be serving as the Town's financial advisor or acting as an agent or fiduciary for the Town and that the Town will be consulting with its own legal, financial and other advisors. This Placement Contract and relationship shall be executed, approved or acknowledged by the Mayor and Council of the Town.

11. **Disclosures Required by MSRB Rule G-17 Concerning the Role of the Placement Agent:** Municipal Securities Rulemaking Board Rule G-17 requires a placement agent to deal fairly at all times with both municipal issuers and investors. The Placement Agent's primary role is to place the Obligation directly with an investor or investors on behalf of the Town without first purchasing the Obligation, and the Placement Agent has financial and other interests that differ from those of the Town. Unlike a municipal advisor, the Placement Agent does not have a fiduciary duty to the Town under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the Town without regard to its own financial or other interests. The Placement Agent will review the official statement for the securities, if any, in accordance with, and as part of, its respective responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction.

[Remainder of page left blank intentionally]

12. If any provision of this Placement Contract shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance or of rendering any other provision or provisions of this Placement Contract invalid, inoperative or unenforceable to any extent whatever.

Respectfully submitted,

STIFEL, NICOLAUS & COMPANY, INCORPORATED

.....
B. Mark Reader, Managing Director

ACCEPTED this 26th day of October, 2016.

TOWN OF CHINO VALLEY, ARIZONA

By.....
Mayor

ATTEST:

.....
Town Clerk

331680523.1-3/16/2016

TOWN OF CHINO VALLEY
COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting **Item No. 7. b.**

Meeting Date:	03/22/2016
Contact Person:	Jami Lewis, Town Clerk Phone: 928-636-2646 x-1208
Department:	Town Clerk
Item Type:	Action-Presentation
Estimated length of staff presentation:	5 minutes
Physical location of item:	Windmill House, 1460 W. Road 4 North

AGENDA ITEM TITLE:

(i) Public Hearing regarding application from Tony Cordovana for a new Series 12 (Restaurant) Liquor License for Windmill House, located at 1460 W. Road 4 North, Chino Valley.
(ii) Consideration and possible action to recommend approval for a new Series 12 Liquor License for Windmill House.

RECOMMENDED ACTION:

(i) Hold Public Hearing.
(ii) Recommend approval for a new Series 12 Liquor License for Windmill House.

SITUATION AND ANALYSIS:

Issue Statement

A.R.S. § 4-201 provides that a person desiring a new or amended liquor license shall apply with the State Liquor Board. Upon receipt of such application, the State forwards the application to the local governing body (Council), which is tasked with making a recommendation to the Board for granting or denying the license. A recommendation for disapproval requires a statement of the specific reasons containing a summary of the testimony or other evidence supporting the recommendation for disapproval. The attached Arizona Administrative Code, Rule R19-1-702 provides guidelines for determining whether to grant a license for a certain location.

Applicable "Policy"

A.R.S. § 4-201 Licensing; application procedure in city, town or county; burden of proof

Satisfaction of "Policy"

Upon reviewing the material provided by the Department of Liquor Licenses and Control, and conducting a public hearing, the Council will meet the statute's requirements by recommending that the state liquor board grant or deny the license.

Summary of Issues and Staff Rationale

Tony Cordovana has applied with the state for a new Series 12 (Restaurant) Liquor License for Windmill House. This non-transferable, on-sale retail privileges liquor license allows the holder of a restaurant

license to sell and serve all types of spirituous liquor solely for consumption on the premises of an establishment which derives at least forty percent (40%) of its gross revenue from the sale of food. Failure to meet the 40% food requirement may result in revocation of the license.

Findings of Fact

- The Police and Planning Departments reviewed the application and recommended approval with no comments.
- Staff posted the establishment with the necessary notices to meet the required 20-day period from February 29, 2016 through March 22, 2016.
- As of the date of this report, staff has not received any written arguments in favor of or in opposition to the application.

Fiscal Impact

Fiscal Impact?: No

If Yes, Budget Code:

Available:

Funding Source:

Attachments

Windmill House Application

Acceptable reasons to protest liquor license type applications

R19-1-702. Determining Whether to Grant a License for a Certain Location

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

'16 FEB 9 LIQ. DEPT PM 2:12

Application for Liquor License
Type or Print with Black Ink

SECTION 1 This application is for a:
- ☐ Interim Permit (Complete Section 5)
- ☒ New License (Complete Sections 2, 3, 4, 13, 14, 15, 16)
- ☐ Person Transfer (Complete Section 2, 3, 4, 12, 13, 14,16)
- ☐ Location Transfer (Bars and Liquor Stores Only) (Complete Section 2, 3, 4, 11, 13, 14, 16)
- ☐ Probate/ Will Assignment/ Divorce Decree (Complete Sections 2, 3, 4, 9, 13, 14, 16) (Fee not required)
- ☐ Government (Complete Sections 2, 3, 4, 10, 13, 16)
- ☐ Seasonal

SECTION 2 Type of Ownership:
- ☐ J.T.W.R.O.S. (Complete Section 6)
- ☐ Individual (Complete Section 6)
- ☐ Partnership (Complete Section 6)
- ☐ Corporation (Complete Section 7)
- ☒ Limited Liability Co (Complete Section 7)
- ☐ Club (Complete Section 8)
- ☐ Government (Complete Section 10)
- ☐ Trust (Complete Section 6)
- ☐ Tribe (Complete Section 6)
- ☐ Other (Explain) _____

SECTION 3 Type of license **LICENSE #** 12133649

1. Type of License: SERIES 12

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

SECTION 4 Applicants

1. Individual Owner/Agent's Name: CORDOVANA (Last) TONY (First) MICHAEL (Middle) P1054393
2. Owner Name: JC RANCH HOLDINGS LLC. B1056130
   (Ownership name for type of ownership checked on section 2)
3. Business Name: WINDMILL HOUSE B1036933
   (Exactly as it appears on the exterior of premises)
4. Business Location Address: 1460 W. RD 4 NORTH (Street) CHINO VALLEY (City), AZ (State) 86323 (Zip Code) YAVAPAI (County)
   (Do not use PO Box)
5. Mailing Address: PO BOX 3150 (Street) CHINO VALLEY (City) AZ (State) 86323 (Zip Code)
   (All correspondence will be mailed to this address)
6. Business Phone: 928-636-1700 Daytime Contact Phone: 928-925-7593
7. Email Address: TCORD01@GMAIL.COM
8. Is the Business located within the incorporated limits of the above city or town? ☒ Yes ☐ No
9. Does the Business location address have a street address for a City or Town but is actually in the boundaries of another City, Town or Tribal Reservation? ☐ Yes ☒ No
   If Yes, what City, Town or Tribal Reservation is this Business located in: _____
10. Total Price paid for Series 6 Bar, Series 7 Beer & Wine Bar or Series 9 Liquor Store (license only) $ _____

Department Use Only

Fees:				
100	—	50	35	$ 185
Application	Interim Permit	Site Inspection	Finger Prints	Total of All Fees

Is Arizona Statement of Citizenship & Alien Status for State Benefits complete? ☒ Yes ☐ No

Accepted by: AP Date: 2/9/16 License # 12133649

Individuals requiring ADA accommodations please call (602)542-9027

SECTION 5 Interim Permit

- If you intend to operate business when your application is pending you will need an interim permit pursuant to ARS § 4-203.01
- There **MUST** be a valid license of the same type you are applying for currently issued to the location or for the replacement of a Hotel/Motel license with a Restaurant license pursuant to A.R.S. § 4-203.01.

1. Enter license number currently at the location: 12179369
2. Is the license currently in use? ☐ Yes ☒ No If no, how long has it been out of use? 4 YRS

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

I, TONA CORONADO (Print Full Name) declare that I am the CURRENT OWNER, AGENT, OR CONTROLLING PERSON on the stated license and location.

X _____ (Signature)

JOSAFATH RUBIO-HERNANDEZ
NOTARY PUBLIC - ARIZONA
Maricopa County
My Commission Expires
February 15, 2019

State Arizona County of Maricopa
The foregoing instrument was acknowledged before me this
03 day of February 2016
Day Month Year

My Commission Expires on: February 15, 2019 Date

_____ (Signature of Notary Public)

SECTION 6 Individual, Partnership, J.T.W.R.O.S, Trust, Tribe Ownerships

EACH PERSON LISTED MUST SUBMIT A COMPLETED QUESTIONNAIRE, AN "APPLICANT" TYPE FINGERPRINT CARD AND $22 PROCESSING FEE FOR EACH CARD.

Individual

Last	First	Middle	%Owned	Mailing Address	City	State	Zip Code

Is any person other than above, going to share in profit/losses of the business? ☐ Yes ☐ No
If Yes, give name, current address, and telephone number of person(s). Use additional sheets if necessary.

Last	First	Middle	Mailing Address	City	State	Zip Code	Phone #

Partnership

Name of Partnership: _____

General-Limited	Last	First	Middle	%Owned	Mailing Address	City	State	Zip Code
☐ ☐								
☐ ☐								
☐ ☐								
☐ ☐								

J.T.W.R.O.S (Joint Tenant with Rights of Survivorship)

Name of J.T.W.R.O.S: _____

Last	First	Middle	Mailing Address	City	State	Zip Code

SECTION 6 - continued

TRUST

Name of Trust: _____

Last	First	Middle	Mailing Address	City	State	Zip Code

TRIBE

Name of Tribal Ownership: _____

Last	First	Middle	Mailing Address	City	State	Zip Code

SECTION 7 Corporations/ Limited Liability Co

EACH PERSON LISTED MUST SUBMIT A COMPLETED QUESTIONNAIRE AN "APPLICANT" TYPE FINGERPRINT CARD AND $22 PROCESSING FEE FOR EACH CARD.

☐ **Corporation** **Complete Questions 1, 2, 3, 4, 5, 6, and 7**

☒ **L.L.C.** **Complete Questions 1, 2, 3, 4, 5, 6, and 7**

1. Name of Corporation/ L.L.C: JC RANCH HOLDINGS LLC
2. Date Incorporated/Organized: 1/22/2016 State where Incorporated/Organized: ARIZONA
3. AZ Corporation or AZ L.L.C File No: L20625657 Date authorized to do Business in AZ: ~~2/2016~~ PENDING
4. Is Corp/L.L.C. Non Profit? ☐ Yes ☒ No
5. List Directors, Officers, Members in Corporation/L.L.C:

Last	First	Middle	Title	Mailing Address	City	State	Zip Code
CORDOVANA	TONY	MICHAEL	~~MANAGER~~ MEMBER	PO BOX 3150	CHINO VALLEY,	AZ	86323

(Attach additional sheet if necessary)

6. List all Stockholders / percentage owners who own 10% or more:

Last	First	Middle	%Owned	Mailing Address	City	State	Zip Code
CORDOVANA	TONY	MICHAEL	100	PO BOX 3150	CHINO VALLEY	AZ	86323

(Attach additional sheet if necessary)

7. If the corporation/ L.L.C are owned by another entity, attach an Organizational **FLOWCHART** showing the structure of the ownership. Attach additional sheets as needed in order to disclose the Officers, Directors, Members, Managers, Partners, Stockholders and percentage owners of those entities.

SECTION 8 Club Applicants

EACH PERSON LISTED MUST SUBMIT A COMPLETED QUESTIONNAIRE, AN "APPLICANT" TYPE FINGERPRINT CARD, AND $22 PROCESSING FEE FOR EACH CARD.

1. Name of Club: _____
2. Is Club non-profit? ☐ Yes ☐ No
3. List all controlling members (minimum of four (4) requested)

Last	First	Middle	Mailing Address	City	State	Zip Code

(Attach additional sheet if necessary)

SECTION 9 Probate, Will Assignment or Divorce Decree of an existing Liquor License

1. Current Licensee's Name: _____
(Exactly as it appear on the license) Last First Middle

2. Assignee's Name: _____
Last First Middle

3. License Type: _____ License Number: _____

ATTACH TO THIS APPLICATION A CERTIFIED COPY OF THE WILL, PROBATE DISTRIBUTION INSTRUMENT, OR DIVORCE DECREE THAT SPECIFICALLY DISTRIBUTES THE LIQUOR LICENSE TO THE ASSIGNEE.

SECTION 10 Government (for cities, towns, or counties only)

1. Government Entity: _____
2. Person/Designee: _____ _____
First Last Middle Day time Contact Phone #

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

SECTION 11 Location to Location Transfer: Series 6 Bar, Series 7 Beer & Wine Series 9 Liquor Stores only)

1. Current Business: Name: _____
Address: _____
(Exactly as it appears on license)

2. New Business: Name: _____
Address: _____

3. License Type: _____ License Number: _____

SECTION 12 Person to Person Transfer

Questions to be completed by Current Licensee (Bar and Liquor Stores Only- Series, 06, 07, and 09)

1. Individual Owner / Agent Name: _____ Entity: _____
Last First Middle (Individual, Agent, Etc)

2. Ownership Name: _____
(Exactly as it appears on license)

3. Business Name: _____
(Exactly as it appears on license)

4. Business Location Address: _____
Street City State Zip

5. License Type: _____ License Number: _____

6. Current Mailing Address: _____
Street City State Zip

7. Have all creditors, lien holders, interest holders, etc. been notified? ☐ Yes ☐ No

8. Does the applicant intend to operate the business while this application is pending? ☐ Yes ☐ No

If yes, complete Section 5 **(Interim Permit)** of this application; attach fee, and current license to this application.

9. I, **(Print Full Name)** _____ hereby authorize the department to process this Application to transfer the privilege of the license to the applicant provided that all terms and conditions of sale are met. Based on the fulfillment of these conditions, I certify that the applicant now owns or will own the property rights of the license by the date of issue.

I, **(Print Full Name)** _____, declare that I am the **CURRENT OWNER, MEMBER, PARTNER STOCKHOLDER or LICENSEE** of the stated license. I have read the above Section 12 and confirm that all statements are true, correct, and complete.

X _____
(Signature of CURRENT Individual Owner/Agent)

NOTARY

State of _____ County of _____
State County

The foregoing instrument was acknowledged before me this _____ day of _____, _____.
Day Month Year

My commission expires on _____ _____
Day/ Month/Year Signature of NOTARY PUBLIC

SECTION 13 Proximity to Church or School

Questions to be completed by all in-state applicants EXCLUDING those applying for a Series 5 Government, Series 11 Hotel/Motel, and Series 12 Restaurant licenses.

A.R.S. § 4-207 (A) and (B) state that no retailer's license shall be issued for any premises which are at the time the license application is received by the director, within three hundred (300) horizontal feet of a church, within three hundred (300) horizontal feet of a public or private school building with kindergarten programs or grades one (1) through (12) or within three hundred (300) horizontal feet of a fenced recreational area adjacent to such school building. The above paragraph DOES NOT apply to:

a) Restaurant license (§ 4-205.02)
b) Hotel/motel license (§ 4-205.01)
c) Government license (§ 4-205.03)
d) Fenced playing area of a golf course (§ 4-207 (B) (5))

1. Distance to nearest School: 2 MILES
(if less than one (1) mile note footage)
Name of School: HERITAGE MIDDLE SCHOOL
Address: 1076 N. RD 1 WEST CHINO VALLEY AZ 86323

2. Distance to nearest Church: 1.2 MILES
(if less than one (1) mile note footage)
Name of Church: BIBLE BAPTIST CHURCH
Address: 2945 N HWY 89 CHINO VALLEY, AZ 86323

SECTION 14 Business Financials

1. I am the: ☒ Lessee ☐ Sub-lessee ☐ Owner ☐ Purchaser ☐ Management Company
2. If the premise is leased give lessors: Name: LA VACARA FAMILY LLC.
Address: PO BOX 3150 CHINO VALLEY AZ 86323
Street City State Zip
3. Monthly Rent/ Lease Rate: $ 5000 —
4. What is the remaining length of the lease? 5 yrs — months
5. What is the penalty if the lease is not fulfilled? $ FULL PERFORMANCE or other: _____
(Give details-attach additional sheet if necessary)

6. Total money borrowed for the Business not including lease? $_____
Please List Lenders/People you owe money to for business.

Last	First	Middle	Amount Owed	Mailing Address	City	State	Zip

(Attach additional sheet if necessary)

7. What type of business will this license be used for (be specific)?
RESTAURAN / BANQUETS

8. Has a license or a transfer license for the premises on this application been denied by the state with in the past (1) year? ☐ Yes ☒ No If yes, attach explanation.
9. Does any spirituous liquor manufacture, wholesaler, or employee have an interest in your business? ☐ Yes ☒ No
10. Is the premises currently license with a liquor license? ☐ Yes ☒ No

If yes, give license number and licensee's name:
License #: _____ Individual Owner /Agent Name: _____
(Exactly as it appears on license)

SECTION 15 Restaurant or hotel/motel license applicants

1. Is there an existing Restaurant or Hotel/Motel Liquor License at the proposed location? ☒ Yes ☐ No OK

2. If the answer to Question 1 is YES, you may qualify for an Interim Permit to operate while your application is pending; consult A.R.S. § 4-203.01; and complete SECTION 5 of this application.

3. All Restaurant and Hotel/Motel applicants must complete a Restaurant Operation Plan form provided by the Department of Liquor Licenses and Control.

4. As stated in A.R.S. § 4-205.02. (H)(2), a Restaurant is an establishment which derives at least forty (40) percent of its gross revenue from the sale of food. Gross revenue is the revenue derived from sales of food and spirituous liquor on the licensed premises. By applying for this ☒ Restaurant ☐ Hotel/Motel, I certify that I understand that I must maintain a minimum of forty (40) percent food sales based on these definitions and have included the Restaurant Hotel/Motel Records Required for Audit form with this application.

(Applicant's Signature)

5. I understand it is my responsibility to contact the Department of Liquor Licenses and Control to schedule an inspection when all tables and chairs are on site, kitchen equipment, and, if applicable, patio barriers are in place on the licensed premises. With the exception of the patio barriers, these items are not required to be properly installed for this inspection. Failure to schedule an inspection will delay issuance of the license. If you are not ready for your inspection 90 days after filing your application, please request an extension in writing; specify why the extension is necessary; and the new inspection date you are requesting.

(Applicant's Initials)

SECTION 16 Diagram of Premises

Check ALL boxes that apply to your business:

☒ Entrances/Exits ☒ Liquor storage areas **Patio:** ☒ Contiguous

☐ Walk-up windows ☐ Drive-through windows ☐ Non Contiguous

1. Is your licensed premises currently closed due to construction, renovation or redesign? ☒ Yes ☐ No
   If yes, what is your estimated completion date? 3/1/2016
   Month/Day/Year
2. **Restaurants and Hotel/Motel** applicants are required to draw a detailed floor plan of the kitchen and dining areas including the locations of all kitchen equipment and dining furniture. Place for diagram is on section 16 number 6.
3. The diagram (a detailed floor plan) you provide is required to disclose only the area(s) where spirituous liquor is to be sold, served, consumed, dispensed, possessed or stored on the premises unless it is a restaurant (see # 3 above).
4. Provide the square footage or outside dimensions of the licensed premises. Please do not include non-licensed premises such as parking lots, living quarters, etc.

As stated in A.R.S. § 4-207.01 (B), I understand it is my responsibility to notify the Department of Liquor Licenses and Control when there are changes to the boundaries, entrances, exits, added or deleted doors, windows, service windows or increase or decrease to the square footage after submitting this initial diagram.

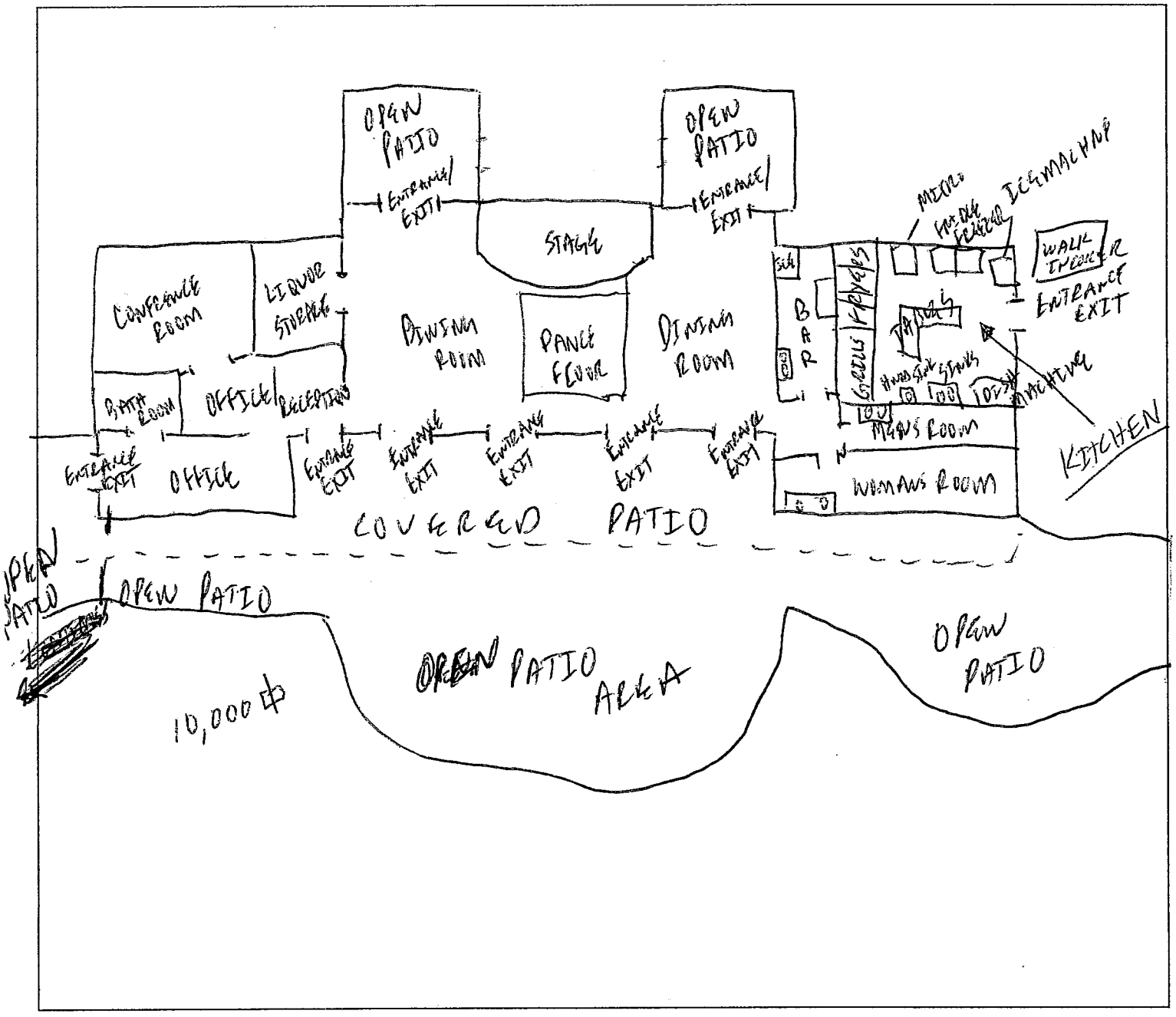
(Applicant's Initials)

SECTION 16 Diagram of Premises – continued

6. On the diagram please show only the areas where spirituous liquor is to be sold, served, consumed, dispensed, possessed or stored. It must show all entrances, exits, interior walls, bars, hi-top tables, dining tables, dining chairs, dance floor, stage, game room, and the kitchen. DO NOT include parking lots, living quarters, etc. When completing diagram, North is up ↑.

If a legible copy of a rendering or drawing of your diagram of the premises is attached to this application, please write the words "DIAGRAM ATTACHED" in the box provided for the diagram on the application.

DIAGRAM OF PREMISES



SECTION 17 SIGNATURE BLOCK

I, (Print Full Name) TONY MICHAEL CICDONANA hereby declare that I am the Owner/Agent filing this application as stated in Section 4 # 1. I have read this application and verify all statements to be true, correct and complete.

X (Signature) _____

State of Arizona County of Yavapai

AMANDA HULBERT
Notary Public - Arizona
Maricopa County
My Comm. Expires Mar 14, 2016

The foregoing instrument was acknowledged before me this

22 of January, 2016
Day Month Year

My commission expires on: March 14, 2016

Amanda Hulbert
Signature of NOTARY PUBLIC

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

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

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

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

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

	Type of Application	Acceptable Protest
1	New License	May Protest Person and Location
2	Person Transfer	May Protest **"ONLY"** Person
3	Location Transfer	May Protest **"ONLY"** Location
4	Location and Person Transfer	May Protest Person and/or Location

Types of Liquor License Applications and Acceptable Reasons to Protest

Arizona Laws and Regulations Relating to Granting a Liquor License for a Certain Location (pursuant to Arizona Revised Statute §4-201(I))

R19-1-702. Determining Whether to Grant a License for a Certain Location

A. To determine whether public convenience requires and the best interest of the community will be substantially served by issuing or transferring a license at a particular unlicensed location, local governing authorities and the Board may consider the following criteria:

1. Petitions and testimony from individuals who favor or oppose issuance of a license and who reside in, own, or lease property within one mile of the proposed premises;
2. Number and types of licenses within one mile of the proposed premises;
3. Evidence that all necessary licenses and permits for which the applicant is eligible at the time of application have been obtained from the state and all other governing bodies;
4. Residential and commercial population of the community and its likelihood of increasing, decreasing, or remaining static;
5. Residential and commercial population density within one mile of the proposed premises;
6. Evidence concerning the nature of the proposed business, its potential market, and its likely customers;
7. Effect on vehicular traffic within one mile of the proposed premises;
8. Compatibility of the proposed business with other activity within one mile of the proposed premises;
9. Effect or impact on the activities of businesses or the residential neighborhood that might be affected by granting a license at the proposed premises;
10. History for the past five years of liquor violations and reported criminal activity at the proposed premises provided that the applicant received a detailed report of the violations and criminal activity at least 20 days before the hearing by the Board;
11. Comparison of the hours of operation at the proposed premises to the hours of operation of existing businesses within one mile of the proposed premises; and
12. Proximity of the proposed premises to licensed childcare facilities as defined by A.R.S. § 36-881.

B. This Section is authorized by A.R.S. § 4-201(I).

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TOWN OF CHINO VALLEY
COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting **Item No. 7. c.**

Meeting Date:	03/22/2016
Contact Person:	Joe Duffy, Finance Phone: 928-636-2646 x-1211
Department:	Finance
Item Type:	Action-Presentation
Estimated length of staff presentation:	10 minutes
Physical location of item:	N/A

AGENDA ITEM TITLE:

Public Hearing regarding Resolution No.16-1078, proposing an extension of the alternative expenditure limitation—home rule option.

RECOMMENDED ACTION:

Hold public hearing.

SITUATION AND ANALYSIS:

This is the first of two required public hearings on the Home Rule Option. The second public hearing will be held April 12, 2016 at 6:00 p.m. at a regular Council Meeting.

The Home Rule Option relates to the Town's budget process as prescribed by state law. All Arizona cities and towns are required to have a balanced budget where spending (expenditures) cannot exceed available income (revenues). State law also requires that the Town adopt a cap for its annual expenditures as part of the budget process ("expenditure limitation"). This expenditure limitation is based on a formula set by the state ("state-imposed limitation") in 1979. However, at any time, a municipality's voters may approve an alternative method for setting their municipality's expenditure limit ("alternative expenditure limitation").

There are 4 alternative expenditure limitation ("AEL") options, as well as an Emergency Override option, which allows a municipality to exceed its expenditure limitation in the event of a disaster in which either the governor or the Town Council declares an emergency. The 4 AELs are:

- One-Time Override – Provides for a one time election for one year only to exceed the state-imposed limitation or to override an error in an approved AEL. This option does not apply to the Town at this time.
- Capital Projects Accumulation – This option is most appropriate for communities where the state-imposed limitation is sufficient except in the area of capital outlays. This option has become obsolete and is not being used by any Arizona municipalities. As the state-imposed limitation is not sufficient for the Town, staff does not recommend this option.
- Permanent Base Adjustment – Allows a municipality to permanently adjust the state's base

expenditure amount used to formulate the municipality's expenditure limitation until the voters approve another permanent base adjustment or another AEL option. As this option requires a longer term commitment, would bind future Town Councils, and does not require regular elections to extend the option; and staff believes the Town's citizens would prefer additional opportunities to be involved in the Town's budgeting process, staff is not recommending this option at this time. However, as the Town's financial condition continues to improve, staff may be proposing this option for a 2018 special election.

- Home Rule – Allows a municipality to set a spending limit based upon current and projected revenues and local service demands and must be extended by the voters every 4 years. As this option appears to fit the community's needs the best at the present time, staff recommends that Council ask the Town's voters to extend this option.

The Town currently operates under the Home Rule Option, which was originally approved in 1985, and has been extended every four years since. The Town's current Home Rule Option expires in 2017. The Town Council has three possible options to propose to the voters:

- Propose an extension of the Home Rule Option for another 4 years;
- Propose another AEL option;
- Propose nothing and revert to the default state-imposed expenditure limitation.

In order to extend Home Rule, Council must hold two public hearings to hear public comment. After the second public hearing, Council must adopt, in a special meeting, a resolution (Exhibit "A") proposing an extension of the Home Rule Option and placing it on a Town election ballot. Staff recommends that the proposal be placed on the August 30, 2016 primary election ballot. Alternately, it may be placed on the November General election ballot.

For more information on the Home Rule Option, see the attachment – Frequently Asked Questions about Alternative Expenditure Limitation – Home Rule Option.

Finance staff has prepared the financial analysis required by law prior to placing the question before the voters. Those documents include a summary analysis, summary analysis worksheet, and a detailed analysis. These analyses contain the calculations for determining the state-imposed limitation and the projected AEL under the Home Rule option for the next four fiscal years.

The summary analysis delineates four things:

- The estimated expenditure limitation (or budget cap) that the Town will be allowed to expend for the next four fiscal years under the Home Rule Option (paragraph 2).
- The budgetary purposes (Town services and operations) for which the Town will use its expenditure authority (paragraph 3).
- The estimated expenditure limitation that the Town will be allowed to expend for the next four fiscal years under the state-imposed limitation (paragraph 4).
- The amount of revenues estimated to be available to fund the Town's operations (paragraph 5).

The summary analysis worksheet is used to compute the total expenditures under the state imposed limitation, which includes as its base the Town's revenues from 1979-80 and its 1978 population.

The detailed analysis includes:

- A synopsis of the summary analysis (paragraphs 2 & 3).
- The amounts estimated to be expended in specific areas for Town services and operations (1st table).

- Estimated revenues from federal, state, and local sources (2nd table).

All of this assumes that the revenues the Town receives will continue to be available as they have been for the past four years.

Should Council approve Resolution No. 16-1078 on April 12,2016, staff will place the Home Rule extension proposal on the August 30, 2016 ballot. Should Council not approve the Resolution, the item will not be placed on the ballot and the Town's expenditure limitation will revert back to the state-imposed limitation.

Fiscal Impact

Fiscal Impact?: Yes

If Yes, Budget Code:

Available:

Funding Source:

This item and a subsequent election, if approved by Council, will determine the Town's spending limit for the next two to four fiscal years.

Attachments

Home Rule FAQs

Summary Analysis

Summary Analysis Worksheet

Detailed Analysis

FREQUENTLY ASKED QUESTIONS

ALTERNATIVE EXPENDITURE LIMITATION – HOME RULE OPTION

What is the *Expenditure Limitation*?

- Chino Valley, like all cities and towns in Arizona, is required to have a balanced budget where spending (expenditures) cannot exceed available revenues.
- Additionally, in 1980, Arizona voters approved a constitutional amendment designed to limit the annual expenditures of all Arizona cities and towns. The law requires that each municipality cap its annual expenditures by adhering to a budgetary limit set by the state. This is known as the *state-imposed expenditure limitation*.
- As Arizona's municipalities began experiencing the growth that we still see today, with their revenues and budget demands growing, it became clear that the state formula, set according to the economic climate of the late seventies, no longer reflected the revenue and expenditure needs of a rapidly growing state.
- The Arizona Constitution was then amended to provide options to accommodate these growing financial needs and allow voters to authorize their Council to adopt an alternative method for setting their municipality's expenditure limit. This is known as the *Alternative Expenditure Limitation* (or AEL).
- Each fiscal year, the Council adopts an expenditure limitation (based upon either the state limitation or an alternative) in conjunction with adoption of the budget. Expenditures can not exceed that limitation, thereby creating the required balanced budget.

What are the 4 Alternative Expenditure Limitation Options?

- One-Time Override – Provides for a one time election for one year only to exceed the state-imposed limitation or to override an error in an approved AEL.
- Capital Projects Accumulation – This option is most appropriate for communities where the state-imposed limitation is sufficient except in the area of capital outlays. This option has become obsolete and is not currently being used by any Arizona municipalities.
- Permanent Base Adjustment – Allows a municipality to permanently adjust the state's base expenditure amount used to formulate the municipality's expenditure limitation. It requires a longer-term commitment and remains in effect until the voters approve another permanent base adjustment or another AEL option.
- Home Rule – Allows a municipality to set a spending limit based upon current and projected revenues and local service demands. It must be extended by the voters every 4 years.

MUNICIPALITIES & EXPENDITURE LIMITATIONS – 2016

STATE-IMPOSED	CAPITAL PROJECTS	PERMANENT BASE	HOME RULE
11	0	25	55

- Emergency Override – This is not an AEL, but it allows a municipality to exceed its expenditure limitation in the event of a disaster in which either the governor or the Town Council declares an emergency.

What is the *Home Rule Option*?

- The Home Rule Option permits the citizens of Chino Valley and their elected officials to set a spending limit based upon local priorities instead of making budget decisions based on a state-imposed formula. Hence, budget decisions are made at "home."
- Home Rule does *not* enable the Town to spend more than the revenues it receives. Should the Town receive fewer revenues than budget projections, Town officials will cut expenditures to maintain a balanced budget.
- The Town was under the state limitation until 1985, when Chino Valley citizens voted to approve the Home Rule Option for the first time. Chino Valley voters have extended the Home Rule Option every four years since.
- The Town's current option expires in June 2017 and the Town Council will be asking the voters to extend it another four years at the Town's Primary Election on August 30, 2016.
- The Town is recommending the Home Rule Option over the other options, because it best fits the Town's current circumstances. More specifically:
    - The One-Time Override does not apply to the Town at this time.
    - The state-imposed limitation under the Capital Projects Accumulation is not sufficient for the Town at this time.
    - The Permanent Base Adjustment requires a longer term commitment, would bind future Town Councils, and tends to be more favorable during a stable economy.

What effect does Home Rule have on revenues and taxes?

- Home Rule does not increase or decrease the revenues that the Town receives from sales taxes and state shared revenues.
- Home Rule has *no* impact on taxes or tax rates. It does not change the Town's sales tax rate.

What is the difference between Home Rule and the state-imposed limitation?

- The expenditure limitation was originally adopted in 1980 and the formula for the state limitation is based on revenues and population from 1978-1980.
- While the state limitation for subsequent years permits increased spending limits using a population growth factor and an inflation factor, those factors are *not* calculated from *actual* revenues, population growth, or inflation.
- When the state limitation formula was originally developed in 1980, Chino Valley had a population of 2,400 and revenues of $255,094.
- As the Town has grown, so have its revenues, operating costs, and demand for services. Today, the Town has a population of about 11,000 and it projects to receive approximately $19,688,500 in revenues during fiscal year 2017-2018.

STATE LIMIT VS. HOME RULE – PROJECTIONS – 2017-2021

	FY 2017-2018	FY 2018-2019	FY 2019-2020	FY 2020-2021
State imposed expenditure limitation plus exclusions	$8,564,329	$9,172,407	$9,100,545	$9,345,848
Estimated revenues received from any source	$19,688,500	$21,149,050	$20,588,250	$21,047,150
Additional dollars available with Home Rule	$11,124,171	$11,976,643	$11,487,705	$11,701,302

What happens if the voters APPROVE the Home Rule Option?

- The Home Rule Option will remain in effect for the next four consecutive fiscal years.
- The voters will authorize the Council to set the Town's expenditure limitation based on current and projected revenues and needs while remaining within the broad budgetary limits prescribed by the state.
- The Town will adopt an expenditure limitation based on the Home Rule AEL each of the four next fiscal years during the budget process.
- After four years, the Mayor and Council may ask the voters to extend it again or propose another alternative.

What happens if the voters DO NOT APPROVE the Home Rule Option?

- The Town will lose the ability to set its budget based on current needs and revenues and will be required to limit Town expenditures to the state imposed formula for at least two consecutive fiscal years.

- Projections indicate that approximately 57% of the Town's overall budget for the next two years would have to be eliminated.
- Although the Town will still receive revenues approximating the estimates above, revenue amounts in *excess* of the state limitation will remain unavailable for two years, as state law will prevent the Town from expending those funds to provide general government services.

<u>What do we need to know about voting on the proposal?</u>

- The Town is proposing to place the proposal on the August 30, 2016 ballot.
- Registered voters will receive a voter information pamphlet with voting information, as well as much of the material presented here on Home Rule.
- Individuals or a group can file an argument for the voter pamphlet supporting or opposing Home Rule. Submit arguments to the Town Clerk's office by June 1, 2016, notarized, and accompanied by an $80 submittal fee.

TOWN OF CHINO VALLEY, ARIZONA
ALTERNATIVE EXPENDITURE LIMITATION

(Home Rule Option)

SUMMARY ANALYSIS

The voters of the Town of Chino Valley in 2005 adopted an alternative expenditure limitation (Home Rule Option). The purpose of this election is for the continued use of the Home Rule Option.

Pursuant to the Arizona State Constitution, the Town of Chino Valley seeks voter approval to adopt a Home Rule Option to apply to the town for the next four years beginning in 2017-2018. Under the Home Rule Option if approved by the voters, the town estimates it will be allowed to expend approximately $19,688,500 in 2017-2018, $21,149,050 in 2018-2019, $20,588,250 in 2019-2020, and $21,047,150 in 2020-2021.

With approval of the Home Rule Option, the town will utilize the expenditure authority for all local budgetary purposes including; General Government; Public Safety; Parks & Recreation; Aquatics; Library; Senior Center; Magistrate; Prosecutor; Planning & Building; Public Works & Engineering; Roads; Water & Sewer Utilities; Capital Improvements; and Debt Service.

Under the state-imposed limitation, after considering the constitutionally allowed exclusions, the town estimates it will be allowed to expend approximately $8,564,329 in 2017-2018, $9,172,407 in 2018-2019, $9,100,545 in 2019-2020, and $9,345,848 in 2020-2021 for the operation of your local government.

The amount of revenue estimated to be available to fund the operation of your town government is $19,688,500 in 2017-2018, $21,149,050 in 2018-2019, $20,588,250 in 2019-2020, and $21,047,150 in 2020-2021. These revenue estimates are the same under the Home Rule Option or the state-imposed expenditure limitation.

Any and all dollar figures presented in this summary are estimates only and are based upon information available at the time of preparation of this analysis. The budget and actual expenditures in any of the four years may be more or less than expenditures noted above depending on available revenue.

If no alternative expenditure limitation is approved, the state-imposed expenditure limitation will apply to the town.

TOWN OF CHINO VALLEY, ARIZONA
ALTERNATIVE EXPENDITURE LIMITATION

(Home Rule Option)

SUMMARY ANALYSIS WORKSHEET

POPULATION FACTOR COMPUTATION

Fiscal Year	Prior Fiscal Year Population	÷	1978 Population	=	Population Factor
2017-2018	11,440	÷	2,400	=	4.7667
2018-2019	11,650	÷	2,400	=	4.8542
2019-2020	11,870	÷	2,400	=	4.9458
2020-2021	12,100	÷	2,400	=	5.0417

STATE-IMPOSED EXPENDITURE LIMITATION

Fiscal Year	1979-80 Base	x	Population Factor	x	Inflation Factor	=	Projected State-Imposed Expenditure Limitation	+	Estimated Exclusions	=	Total Expenditures Under State-Imposed Limit
2017-2018	$255,094	X	4.7667	X	2.9160	=	$3,545,731	+	$5,018,598	=	$8,564,329
2018-2019	$255,094	X	4.8542	X	2.9743	=	$3,683,009	+	$5,489,398	=	$9,172,407
2019-2020	$255,094	X	4.9458	X	3.0442	=	$3,840,697	+	$5,259,848	=	$9,100,545
2020-2021	$255,094	X	5.0417	X	3.1046	=	$3,992,850	+	$5,352,998	=	$9,345,848

TOWN OF CHINO VALLEY, ARIZONA
ALTERNATIVE EXPENDITURE LIMITATION
(Home Rule Option)
DETAILED ANALYSIS

Pursuant to the Arizona State Constitution, the Town of Chino Valley as authorized by Resolution 16-1078 passed on April 12, 2016 will seek voter approval to adopt an alternative expenditure limitation (Home Rule Option) to apply to the Town for the next four years beginning in 2017-2018.

Under a Home Rule Option if approved by the voters, the Town estimates it will be allowed to expend approximately $19,688,500 in 2017-2018, $21,149,050 in 2018-2019, $20,588,250 in 2019-2020, and $21,047,150 in 2020-2021.

With approval of the Home Rule Option, the Town will utilize the expenditure authority for all local budgetary purposes including: General Government; Public Safety; Parks & Recreation; Aquatics; Library; Senior Center; Magistrate; Prosecutor; Planning & Building; Public Works & Engineering; Roads; Water & Sewer Utilities; Capital Improvements; and Debt Service. We estimate that the expenditures for the next four years under the Home Rule Option will be as follows:

ESTIMATED AMOUNTS TO BE EXPENDED IN SPECIFIC AREAS

Purpose	2017-2018	2018-2019	2019-2020	2020-2021
General Government	$ 6,607,800	$ 7,011,500	$ 6,718,950	$ 6,797,350
Public Safety	2,869,800	2,921,200	3,023,150	3,052,400
Parks & Recreation	418,100	427,650	437,300	437,600
Aquatics	248,700	252,000	255,350	258,750
Library	318,200	323,650	329,200	334,850
Senior Center	260,350	265,700	271,150	276,650
Magistrate	278,300	284,300	289,900	295,600
Prosecutor	134,200	136,700	139,200	141,600
Planning & Building	548,900	558,450	568,450	578,650
Public Works & Engineering	125,750	128,100	130,500	132,950
Roads	940,250	1,004,550	1,019,100	1,070,950
Water & Sewer Utilities	2,212,900	2,203,650	2,213,750	2,211,500
Capital Improvements	3,983,500	4,746,050	4,263,250	4,464,150
Debt Service	741,750	885,550	929,000	994,150
Total Expenditures	$19,688,500	$21,149,050	$20,588,250	$21,047,150

If approved, the expenditures authorized will be funded from revenues obtained from federal, state and local sources. It is estimated that the amount of revenue from each source for the next four years will be as follows:

ESTIMATED AMOUNTS OF REVENUE FROM EACH AND ANY SOURCE

Source	2017-2018	2018-2019	2019-2020	2020-2021
Federal	$ 3,225,000	$ 3,525,000	$ 3,225,000	$ 3,225,000
State	4,391,500	4,514,500	4,639,500	4,769,500
Local	12,072,000	13,109,550	12,723,750	13,052,650
Total Revenues	$19,688,500	$21,149,050	$20,588,250	$21,047,150

ALTERNATIVE EXPENDITURE LIMITATION
DETAILED ANALYSIS

In determining the revenue sources to fund the authorized additional expenditures under the alternative expenditure limitation, it is assumed that the federal, state and local revenues received by the Town will continue to be available in 2017-2018 as they have for the past four (4) years. Their continued availability is also assumed for the next three (3) consecutive years following 2017-2018.

Any and all dollar figures shown in this analysis are estimated figures only and are based upon information available at the time of preparation of this report. The budgets and actual expenditures in any given year may be more or less than the figures noted above depending on available revenues. The actual expenditure limitation for each fiscal year shall be adopted as an integral part of the budget for that fiscal year.

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TOWN OF CHINO VALLEY
COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting **Item No. 7. d.**

Meeting Date:	03/22/2016
Contact Person:	Jami Lewis, Town Clerk Phone: 928-636-2646 x-1208
Department:	Town Clerk
Item Type:	Action Item - Presentation
Estimated length of staff presentation:	5 minutes
Physical location of item:	Townwide

AGENDA ITEM TITLE:

Consideration and possible action to adopt Resolution No. 16-1077, amending the Town's Consolidated Fee Schedule related to public records, business licenses, and liquor licenses.

RECOMMENDED ACTION:

Adopt Resolution No. 16-1077, amending the Town's Consolidated Fee Schedule related to public records, business licenses, and liquor licenses.

SITUATION AND ANALYSIS:

Issue Statement

On October 23, 2012, Council adopted Resolution No. 12-1001, adopting a Consolidated Fee Schedule. Staff desires to modify some of the fees therein.

Applicable "Policy"

- A.R.S. Title 41, relating to public records and fees
- Resolution No. 04-702, policy and fee structure for public records
- Town Code Chapter 110, Sect. 110.07, relating to business license fees
- Resolution No. 12-1001, Consolidated Fee Schedule

Satisfaction of "Policy"

The above policies authorize the Town to set fees for various services provided.

Summary of Issues and Staff Rationale

On September 6, 2012, the Town engaged Heinfeld, Meech & Co. to perform a user fee study utilizing two different methodologies: (i) cost recovery and (ii) comparison of local municipalities' fees to ensure market competitiveness. Heinfeld, Meech assessed direct and indirect costs, including salary ranges, materials, supplies, amortization and depreciation, and overhead costs, and recommended that the Town set most fee levels to recover the full cost of providing the service. The fees were compared with those of Prescott Valley, Prescott, Yavapai County, and Camp Verde.

On October 23, 2012, Council adopted the resulting Consolidated Fee Schedule. Since that time, staff has determined that some of the fees should be modified to reflect changing needs and cost recovery. Staff recommends the following amendments to the Schedule:

(1) Eliminate public records transcription fee - As staff now records all public meetings as audio and/or video files, and the labor hours associated with transcribing meetings are too burdensome, staff recommends eliminating this fee, and providing the audio/video files to persons wanting meeting discussion details.

(2) Add refundable deposit fee for peddlers and solicitors - This was inadvertently left out of the Consolidated Fee Schedule and needs to be reinstated.

(3) Restructure liquor licensing fees - In surveying various communities in the state, including those that the Town generally uses for market comparison purposes, staff found that municipalities charged three different ways or a combination of these for liquor establishments:

- An annual fee that varies in amounts depending upon the type of liquor license (series number);
- An annual flat fee for all applicable liquor license types; and/or
- An application and processing fee, but no annual fee other than an annual business license fee, if applicable.

The Town's current liquor licensing fees are based upon the first option. This structure is most likely based on the State's fee structure; however, staff has no documentation as to how the Town assigned the particular fees to each license series. Also, per the current schedule, the fees are paid annually as the establishments' business license fee, but the Town collects no fees for processing an application.

As staff desires to assess a fee for actual cost recovery during the application process, as well as simplify the business licensing fee structure in general, staff recommends that Council eliminate the varied annual business/liquor license fees--thus having liquor establishments pay the same annual fee ($50.00) as most other business licensees--and establish a single fee of $250.00 for all business liquor license applications.

As State liquor license series have undergone changes and will certainly do so in the future, staff is recommending that liquor license fees simply be classified as either for "permanent" or "temporary" uses. Temporary uses are approved administratively, while permanent uses must go through the Council approval process and thus include more labor hours. The recommended fee for permanent licenses are based on market comparisons and a rough direct cost recovery analysis.

Findings of Fact

- The Town sets fees for cost recovery.
- Certain fees in the Consolidated Fee Schedule, dated October 23, 2012, may be obsolete or unnecessarily complex.
- Staff compared the subject fees with like municipalities and recommends the above amendments.

Fiscal Impact

Fiscal Impact?: Yes

If Yes, Budget Code: Revenue

Available:

Funding Source:

Attachments

Resolution 16-1077

RESOLUTION NUMBER 16-1077

A RESOLUTION OF THE MAYOR AND TOWN COUNCIL OF THE TOWN OF CHINO VALLEY, ARIZONA, AMENDING THE CONSOLIDATED FEE SCHEDULE FOR THE TOWN OF CHINO VALLEY

WHEREAS, in 2012, the Town of Chino Valley hired Heinfeld, Meech & Co., P.C., an independent accounting firm, to perform a User Fee Study based on both cost recovery and market comparisons; and

WHEREAS, on October 23, 2012, the Town Council adopted Resolution No. 12-1001, adopting a Consolidated Fee Schedule ("Schedule"); and

WHEREAS, the fee for meeting transcripts is obsolete, as meetings are audio and/or video recorded and these recordings can be provided to a person requesting verbatim records; and

WHEREAS, the $50.00 refundable deposit fee for peddlers and solicitors was inadvertently omitted from the adopted Schedule; and

WHEREAS, staff desires to amend the fees for liquor licenses to allow for more simplicity and actual cost recovery;

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Common Council of the Town of Chino Valley, Yavapai County, Arizona:

Section 1: That the Consolidated Fee Schedule is amended to read as follows (additions in ALL CAPS; deletions in ~~strikethrough~~):

	Current Fee	**Proposed Fee**
Department Service – Town Clerk – Public Records Inspection/Reproduction Request		
~~Meeting Transcripts (per page)~~	~~$7.50~~	
Department Service – Town Clerk – Business Licenses		
PEDDLERS AND SOLICITORS:		
REFUNDABLE DEPOSIT		$50.00
Liquor Licenses:		
GENERAL BUSINESS LICENSE FEE (YEAR)		$50.00
~~Series #4 Wholesaler~~	~~$202.00~~	
~~Series #6 Bar~~	~~$303.00~~	
~~Series #7 Beer & Wine Bar~~	~~$252.00~~	
~~Series #9 Liquor Store~~	~~$252.00~~	
~~Series #10 Beer and Wine Store~~	~~$152.00~~	
~~Series #11 Hotel/Motel~~	~~$252.00~~	
~~Series #12 Restaurant~~	~~$303.00~~	

~~Series #13 Domestic Farm Winery~~ ~~Series #14 Private Club~~	~~$252.00~~ ~~$252.00~~	
PERMANENT LICENSE APPLICATION/PROCESSING		$250.00
TEMPORARY LICENSE APPLICATION/PROCESSING		$50.00
~~Series #15 Special Event~~	~~$50.00~~	
~~Extension of Premises~~	~~$50.00~~	

Section 2: The provisions of this Resolution shall become effective on July 1, 2016.

PASSED AND ADOPTED by the Mayor and Common Council of the Town of Chino Valley, Arizona this 22nd day of March, 2016.

_____
Chris Marley, Mayor

ATTEST:

_____
Jami C. Lewis, Town Clerk

APPROVED AS TO FORM:

_____
Phyllis L. N. Smiley, Town Attorney

I hereby certify the above foregoing Resolution No. 16-1077 was duly passed by the Council of the Town of Chino Valley, Arizona, at a regular meeting held on March 22, 2016, and that quorum was present thereat and that the vote thereon was ____ ayes and ____ nays and ____ abstentions. ____ Council members were absent or excused.

_____
Jami C. Lewis, Town Clerk

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TOWN OF CHINO VALLEY
COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting **Item No. 7. e.**

Meeting Date:	03/22/2016
Contact Person:	James Gardner, Associate Planner Phone: 928-636-2646 x-1295
Department:	Development Services
Item Type:	Action Item
Estimated length of staff presentation:	5 minutes
Physical location of item:	N/A

AGENDA ITEM TITLE:

Consideration and possible action to approve Ordinance No. 16-812, amending the Unified Development Ordinance Section 1.9, Review and Approval Processes related to changing requirements for holding Citizen Review neighborhood meetings for applications for Conditional Use Permits, rezonings, and planned area developments.

RECOMMENDED ACTION:

Motion: I move to approve Ordinance No. 16-812, amending the Unified Development Ordinance, Chapter 1 Administration and Procedures, Section 1.9 Review and Approval Processes, Subsection 1.9.5 Citizen Review Process.

SITUATION AND ANALYSIS:

Issue Statement

Applicable "Policy

Satisfaction of "Policy"

Summary of Issues and Staff Rationale

The purpose of this public hearing is to consider amendments to the UDO, as set forth in Ordinance 16-812, amending Section 1.9,Review and Approval Processes, Subsection 1.9.5,Citizen Review Processto delete the requirement for the Zoning Administrator to attend the neighborhood meeting held as part of the Citizen Review Process. Currently the Chino Valley UDO requires attendance by the Zoning Administrator (Development Services Director), or his/her designee at all neighborhood meetings that are related to zoning actions, Conditional Use Permits (CUPs), or Planned Area Developments (PADs). In many cases, this is not only impracticable, it is also inappropriate. Neighborhood meetings are held either on the site of the proposed project or in Town Council Chambers, depending on the nature of the application.

The proposed text amendment permits, but does not require, the Zoning Administrator to attend: "The Zoning Administrator, or his/her designee, MAY attend the meeting, but is not required to conduct the meeting. THE APPLICANT,OR HIS/HER DESIGNEE, SHALL SUBMIT A WRITTEN REPORT OF THE OUTCOMES OF THE MEETING, TO THE ZONING ADMINISTRATOR, who shall include them in reports to Commission and Town Council at such time as they take action on the application."

The intent of this amendment is threefold:

1) To alleviate the onerous burden upon the Zoning Administrator or his/her designee, created by the requirement to attend after-hours meetings held by private parties for actions brought by said parties; and,

2) To remove the appearance of support for projects by Town staff, which is implied by hosting the neighborhood meetings at Town Council Chambers; and,

3) To allow for the free exchange of comments and concerns at neighborhood meetings.

The UDO requires applicants for zoning actions, CUPs, and PADs to send letters to all neighbors within 300 feet of the property boundaries indicating the date, time, and place of neighborhood meetings and public hearings, post the site for neighborhood meeting and public hearings, and submit sworn affidavits of these actions, the same will be true of publishing a notice for said meetings in the Daily Courier, which is currently a responsibility of staff. Trust in the applicant to adhere to the process is required and the proposed text amendment is a logical step based upon the current trust that is in place with the public.

At the February 2, 2016 meeting, P&Z Commission had concerns about the possibility of applicants supplied dishonest information to Town staff about the outcome of the neighborhood meeting, and stated the desire for a requirement for an affidavit swearing that the report submitted to staff was true. Commission asked staff to consider inserting this language into the UDO amendments for their consideration at this meeting. In a thorough review of the entirety of Subsection 1.9.5 of the UDO (attached herein, with proposed amendments), it was noted by staff that requirements for specific affidavits to be included in packets were absent. This is typical of development ordinances, based upon staff research of other development ordinances in Arizona; therefore, staff has supplied a sample affidavit to be included in the packet without adding language in the UDO to address said affidavit. This is consistent with current practices for Rezones/CUPS/PADs, which all require several affidavits in each packet (packets available for review upon request).

Another topic discussed at the February 2, 2016 meeting was the concern about Town Council Chambers being unavailable for use for these neighborhood meetings. Though it is encouraged that the applicant hold these meetings in an alternative location to Town Council Chambers for reasons including an implication of support for a project, whether actual or not, as well as staff time (beyond the Development Services Dept.) for building security, the Town Council Chambers would still be made available if necessary. The intent of the amendments regarding neighborhood meetings is not to reduce customer service, but enhance dialogue between applicants and neighbors, and allow for discretion on the part of staff whether to attend these meetings.

Another consideration is the provision in the UDO that gives the Director discretion to choose an alternative method of public participation which does not include a neighborhood meeting. The proposed amendment would broaden the discretion of the Director on neighborhood meetings beyond a "yes" or "no" decision on holding one, and professional judgment would still be used in each case.

The proposed amendments to this section of the UDO are made with the intent of removing Town staff members from what is generally a community conversation between a private property owner and the interested parties.

Findings of Fact

Fiscal Impact

Fiscal Impact?: None
If Yes, Budget Code:
Available:
Funding Source:

Attachments

Ordinance 16-812
UDO Section 1.9.5 as written
Affidavit Neighborhood Meeting

ORDINANCE NO. 16-812

AN ORDINANCE OF THE COMMON COUNCIL OF THE TOWN OF CHINO VALLEY, ARIZONA, AMENDING THE UNIFIED DEVELOPMENT ORDINANCE OF THE TOWN OF CHINO VALLEY, ARIZONA, CHAPTER 1 ADMINISTRATION AND PROCEDURES, SECTION 1.9 REVIEW AND APPROVAL PROCESSES; SUBSECTION 1.9.5 CITIZEN REVIEW PROCESS RELATED TO NOT REQUIRING STAFF ATTENDANCE AT NEIGHBORHOOD MEETINGS; PROVIDING FOR REPEAL OF CONFLICTING ORDINANCES; PROVIDING FOR SEVERABILITY; AND PROVIDING PENALTIES.

WHEREAS, after proper notice required by law and in accordance with ARS 9-462.04, the Planning and Zoning Commission held a citizen review meeting on February 2, 2016 and held a public hearing on March 1, 2016, during which the Commission took comment from the public and, after consideration and discussion, recommended approval of the proposed amendments to the Town Council; and

WHEREAS, the Unified Development Ordinance of the Town of Chino Valley, Chapter 1 Administration and Procedures, Section 1.9 Review and Approval Processes, Subsection 1.9.5 Citizen Review Process requires the Zoning Administrator, or his/her designee, to attend neighborhood meetings related to zoning actions, Conditional Use Permits, and Planned Area Developments; and

WHEREAS, the purpose of neighborhood meetings is for the applicant to describe and advocate for their proposed project, be it a zoning change, a Conditional Use Permit, or a Planned Area Development; and

WHEREAS, staff attendance at neighborhood meetings may give the appearance of implicit support of said project, and may also limit the free exchange of comments and concerns at neighborhood meetings; and

WHEREAS, after proper notice in accordance with ARS 9-462.04, the Planning and Zoning Commission held a public hearing on February 2, 2016, during which the Commission took comment from the public and, after consideration and discussion, recommended approval of the ordinance to the Town Council; and

WHEREAS, the Town Council finds this proposed amendment reasonable and in accordance with state regulations governing the citizen review process related to zoning actions, Conditional Use Permits, and Planned Area Developments;

NOW, THEREFORE, BE IT ORDAINED by the Common Council of the Town of Chino Valley, Arizona, as follows:

Section 1. In General.

The Unified Development Ordinance of the Town of Chino Valley, Arizona, Chapter 1 Administration and Procedures, Section 1.9 Review and Approval Processes,

Subsection 1.9.5 Citizen Review Process is hereby amended to read as follows (additions shown in ALL CAPS; deletions shown in ~~strikeout~~):

1.9.5 Citizen Review Process

* * *

The ~~Zoning Administrator~~ APPLICANT, upon consultation with the ~~applicant~~ ZONING ADMINISTRATOR, shall establish a time, date and place for the neighborhood meeting that provides a reasonable opportunity for the applicant TO INFORM adjacent landowners and ~~those~~ other potentially affected citizens OF THE SUBSTANCE OF THE PROPOSED ACTION AND ADJACENT LANDOWNERS AND OTHER POTENTIALLY AFFECTED CITIZENS WILL BE PROVIDED AN OPPORTUNITY to ~~discuss and~~ express ANY ISSUES OR CONCERNS THAT THEY MAY HAVE WITH THE PROPOSED ~~their respective views concerning the application and any issues or concerns that they may have with the~~ zoning or change of zoning ~~and~~ OR Use Permit proposed by the application BEFORE THE PUBLIC HEARING. THE CITIZEN REVIEW MEETING SHALL BE HELD NOT LESS THAN FIVE DAYS PRIOR TO THE PUBLIC HEARING ON THE APPLICATION. The Zoning Administrator, or his/her designee, MAY ~~shall~~ attend the meeting, but is not required to conduct the meeting. The ~~Zoning Administrator~~ APPLICANT, or his/her designee, shall ~~report the results of the neighborhood meeting~~ SUBMIT A WRITTEN REPORT OF THE OUTCOMES OF THE MEETING, TO THE ZONING ADMINISTRATOR, WHO SHALL INCLUDE THEM IN REPORTS to Commission and Town Council at such time as they take action on the application.

Section 2. Providing for Repeal of Conflicting Ordinances.

All ordinances and parts of ordinances in conflict with the provisions of this Ordinance or any part of the Code adopted herein by reference, are hereby repealed.

Section 3. Providing for Severability.

If any section, subsection, sentence, clause, phrase or portion of this Ordinance or any part of the Code adopted herein by reference, is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

Section 4. Providing for Penalties

Any person found responsible for violating this Ordinance shall be subject to the civil sanctions and habitual offender provisions set forth in Sections 1.10 and 1.11 of the Town of Chino Valley Unified Development Ordinance. Each day a violation continues, or the failure to perform any act or duty required by this zoning ordinance, the Unified Development

Ordinance or by the Town of Chino Valley Town Code continues, shall constitute a separate civil offense.

PASSED AND ADOPTED by the Mayor and Common Council of the Town of Chino Valley, Arizona, this 22nd day of March, 2016 by the following vote:

AYES: _____ ABSENT: _____

NAYS: _____ ABSTAINED: _____

APPROVED this 22nd day of March, 2016.

_____
Chris Marley, Mayor

ATTEST:

_____
Jami Lewis, Town Clerk

APPROVED AS TO FORM:

_____
Phyllis L.N. Smiley, Town Attorney

I, JAMI LEWIS, TOWN CLERK, DO HEREBY CERTIFY THAT A TRUE AND CORRECT COPY OF THE ORDINANCE NO. 16-812 ADOPTED BY THE COMMON COUNCIL OF THE TOWN OF CHINO VALLEY ON THE 22nd DAY OF MARCH, 2016, WAS POSTED IN THREE PLACES ON THE _____ DAY OF _____, 2016.

_____
Jami Lewis, Town Clerk

1.9.5 Citizen Review Process

Prior to any public hearing, as required under this Ordinance, on any application for any Ordinance that changes any property from one zoning district to another, a use or conditional use permit application that imposes any regulation not previously imposed, or that removes or modifies any such regulation previously imposed, the Zoning Administrator, or his/her designee, shall require the applicant to conduct a neighborhood meeting or an acceptable alternative prior to a public hearing to consider the proposal. A written notice of the application shall be mailed to all landowners of property within three hundred (300) feet of the property that is subject to a rezone, use or conditional use permit application and to such other persons as the Zoning Administrator, or his/her designee, reasonably determines to be other potentially affected citizens. In determining the number of potentially affected citizens, the Zoning Administrator, or his/her designee, shall review the density and intensity of residential development in the general vicinity, the existing street system, and other factors that may be related tothe zoning or Use Permit's impact on the character of the neighborhood.

The written notice shall also include a general explanation of the substance of the proposed rezoning, Use Permit application and shall state the date, time and place scheduled for a neighborhood meeting, at which any adjacent landowner(s) or those other potentially affected citizens, will be provided a reasonable opportunity to express any issues or concerns that the landowner or citizen may have with the proposed zoning or Use Permit application before any required public hearing.

The written notice shall be given at least fifteen (15) days before the neighborhood meeting in the following manner:

The notice shall be published once in a newspaper of general circulation published or circulated in the Town.

The notice shall be posted upon the sign required in this Ordinance, unless waived by the Zoning Administrator or his/her designee.

The notice shall be mailed in accordance with the same procedures as required in, and delivered in accordance with the provisions of the Ordinance.

The ~~Zoning Administrator~~ APPLICANT, upon consultation with the ~~applicant~~ ZONING ADMINISTRATOR, shall establish a time, date and place for the neighborhood meeting that provides a reasonable opportunity for the applicant TO INFORM adjacent landowners and ~~those~~ other potentially affected citizens OF THE SUBSTANCE OF THE PROPOSED ACTION AND ADJACENT LANDOWNERS AND OTHER POTENTIALLY AFFECTED CITIZENS WILL BE PROVIDED AN OPPORTUNITY to ~~discuss and~~ express ANY ISSUES OR CONCERNS THAT THEY MAY HAVE WITH THE PROPOSED ~~their respective views concerning the application and any issues or concerns that they may have with the~~ zoning or change of zoning ~~and~~ OR Use Permit proposed by the application BEFORE THE PUBLIC HEARING. THE CITIZEN REVIEW MEETING SHALL BE HELD NOT LESS THAN FIVE DAYS PRIOR TO THE PUBLIC HEARING ON THE APPLICATION. The Zoning Administrator, or his/her designee, MAY ~~shall~~ attend the meeting, but is not required to conduct the meeting. The ~~Zoning Administrator~~ APPLICANT, or his/her designee, shall ~~report the results of the neighborhood meeting~~ SUBMIT A WRITTEN REPORT OF THE OUTCOMES OF THE

MEETING, TO THE ZONING ADMINISTRATOR, WHO SHALL INCLUDE THEM IN REPORTS to Commission and Town Council at such time as they take action on the application.

At the discretion of the Zoning Administrator, or his/her designee, an alternative citizen review process may be used that does not involve a neighborhood meeting. The alternative process shall consist, at a minimum, of the following:

Written notice as described above, except that the notice shall only indicate the name, address and phone number of the member of the planning staff to whom adjacent landowners within three hundred (300) feet or other potentially affected citizen, may contact to express any issues or concerns that the landowner or citizen may have with the proposed rezoning.

A staff report summarizing any issues or concerns expressed by adjacent landowners shall be presented to the Commission and Mayor and Council at such time as they take action on the application.

Affidavit Regarding Neighborhood Meeting

State of Arizona)
) ss
County of Yavapai)

I, _____, hereby swear and affirm as follows:

1. I am the applicant or agent of the applicant, _____ (the "Applicant"), for Town of Chino Valley Development Services matter No. _____.

2. On_____ at _____ am/pm (date, time), the applicant or I, on behalf of the Applicant, held a neighborhood meeting at _____ (the "Meeting").

3. I have submitted a true and complete report of that neighborhood meeting to the Development Services Department as part of a _____ [type of request] for _____ [short description of proposed use].

4. Development Services Matter No. _____ is for a change in zoning, conditional use permit, or _____ for property located at _____, also known as Yavapai County Assessor's Parcel Number: _____-_____-_____.

5. The Meeting began at _____ am/pm and concluded at _____am/pm.

6. There were _____ people in attendance, including ___ representatives of the Applicant.

7. A copy of the sign-in sheet and copies of notes taken at the Meeting are included in the Report that is being submitted to the Development Services Department along with this Affidavit.

FURTHER AFFIANT SAYETH NAUGHT.

Affiant Signature: _____ Date: _____

On this ____ date of _____, 20___, before me, the undersigned Notary Public, _____, the Affiant, personally appeared and executed the foregoing instrument for the purpose therein contained.

In witness thereof, I hereby set my hand and official seal.

_____
NOTARY PUBLIC

_____
My Commission Expires:

PLS:pls 2629573.2 3/14/2016

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TOWN OF CHINO VALLEY
COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting **Item No. 7. f.**

Meeting Date:	03/22/2016
Contact Person:	James Gardner, Associate Planner Phone: 928-636-2646 x-1295
Department:	Development Services
Item Type:	Action Item
Estimated length of staff presentation:	5 minutes
Physical location of item:	N/A

AGENDA ITEM TITLE:

Consideration and possible action to approve Ordinance No. 16-813, amending Section 4.22 Off-Street Parking and Loading of the Unified Development Ordinance related to extending Joint Use Parking to non-Planned-Area-Development uses (4.22.5(E)); removing maximum parking requirements; and removing requirements for Recreational Vehicle (RV) parking at apartment and condominium complexes (4.22.8).

RECOMMENDED ACTION:

MOTION: I move to approve Ordinance No. 16-813 amending the Unified Development Ordinance Chapter 4, General Regulations, Section 4.22 Off-Street Parking and Loading, Subsection 4.22.5 Parking Standards for Non-Residential and Mixed Uses, Sub-subsection (E) Joint Use Parking for PAD, and Subsection 4.22.8 Determination of Required Parking, by deleting Sub-subsections (B) and (H) and renumbering the remaining subsections to conform, and amending the Table.

SITUATION AND ANALYSIS:

Issue Statement

Applicable "Policy"

Satisfaction of "Policy"

Summary of Issues and Staff Rationale

As projects are presented to the Development Services Department during feasibility and Technical Review meetings, it is often called to the attention of staff that Unified Development Ordinance (UDO) provisions need to be amended. The text amendments presented within Ordinance 16-813 are intended to allow more flexibility in parking lot design, reduce redundancies in parking efforts, and to apply common sense principals to the off-street parking requirements imposed upon non-residential uses in the UDO.

The first proposed text amendment affects Subsection 4.22.5 Subsection (E) Joint Use Parking for

PAD. The UDO currently allows for parking reductions and joint use parking agreements for a mixed-used PAD (Planned Area Development). The proposed amendment would extend those rights to uses that do not have the formal designation of a Planned Area Development. The intent of this relaxation of off-street parking standards is to allow for a reduction in required parking spaces for uses that have different peak parking demand, such as a breakfast restaurant and a bar and grill.

Requirements for joint use parking agreements include: 1) a parking study supplied by applicant and approved by the Development Services Director, 2) submittal of an executed parking agreement to the Department for records; and, 3) upon a change of use, operating hours, or intensities of use, or upon findings that the parking facilities are inadequate, the parking requirements may be expanded or otherwise changed.

The following text amendments all fall under Subsection 4.22.8 Determination of Required Parking. The proposed amendments eliminate conflicting provisions as well as onerous parking standards for apartment complexes. Parts B and H of Subsection 4.22.8 both impose a maximum parking limit for developments. See below: B. The maximum number of parking spaces provided shall not exceed the minimum number of spaces and an additional twenty (20) percent of parking spaces, except as otherwise provided in this Ordinance. H. Alternative Design Standards: To provide flexibility in design and development of projects, alternative design standards are provided. The total number of parking spaces may be increased by ten (10) percent, above the maximum, however in no case may the total number of parking spaces be increased by more than forty (40) percent above the base maximum allowed. The above maximum parking limitations would be removed from the UDO, effectively lifting maximum parking limits from future projects. It is not anticipated that developers will desire to increase the amount of parking they provide, in most cases, it is a desire to provide less than the minimum required. All commercial projects are routed through Technical Review, a process wherein staff consults with prospective developers, and during this process, parking is reviewed; if during this process, a project with a major excess of parking is proposed, this is discouraged, however, it is not often the case that a developer wants to pay to provide extra parking beyond the minimum, as well as give up valuable square footage to parking, rather than a use that generates income.

Finally, an amendment to the Table of Required Off-Street Parking Spaces is proposed. Currently, requirements for apartment and condominium complexes include recreational vehicle (RV) parking spaces. At a complex with multi-family units, it is not desirable for the Town to have RV spaces, given the possibility of long-term stay in the RV on these sites. This would be undesirable from the standpoint of the real estate management company or property owner in these cases, as well. Providing RV spaces also causes interior traffic flow issues, as well as fire department access issues, if an RV is parked in an area where maneuvering of fire suppression vehicles is required. These changes are meant to remove requirements that are out-of-line with desired outcomes for property development.

Findings of Fact

Fiscal Impact

Fiscal Impact?: None
If Yes, Budget Code:
Available:
Funding Source:

Attachments

ORDINANCE NO. 16-813

AN ORDINANCE OF THE COMMON COUNCIL OF THE TOWN OF CHINO VALLEY, ARIZONA, AMENDING THE UNIFIED DEVELOPMENT ORDINANCE OF THE TOWN OF CHINO VALLEY, ARIZONA, CHAPTER 4 GENERAL REGULATIONS, SECTION 4.22 OFF-STREET PARKING AND LOADING, BY AMENDING SUBSECTION 4.22.5 PARKING STANDARDS FOR NON-RESIDENTIAL AND MIXED USES, SUB-SUBSECTION (E) JOINT USE PARKING FOR PAD TO CHANGE THE TITLE TO JOINT USE PARKING AND TO EXTEND JOINT USE PARKING AGREEMENTS TO NON-PLANNED-AREA-DEVELOPMENT USES; AND AMENDING SUBSECTION 4.22.8 DETERMINATION OF REQUIRED PARKING, BY DELETING SUB-SUBSECTIONS (B) AND (H) AND RENUMBERING FOR CONSISTENCY AND BY NAMING THE TABLE FOLLOWING NEW SUB-SUBSECTION K AND AMENDING THE TABLE, RELATED TO REMOVING THE MAXIMUM NUMBER OF PARKING SPACES AND THE REQUIREMENT FOR RECREATIONAL VEHICLE PARKING SPACES FOR APARTMENT AND CONDOMINIUM COMPLEXES WITH FIVE (5) OR MORE UNITS; PROVIDING FOR REPEAL OF CONFLICTING ORDINANCES; PROVIDING FOR SEVERABILITY; AND PROVIDING PENALTIES.

WHEREAS, after proper notice required by law and in accordance with A.R.S. § 9-462.04, the Planning and Zoning Commission held a citizen review meeting on February 2, 2016 and held a public hearing on March 1, 2016, during which the Commission took comment from the public and, after consideration and discussion, recommended approval of the proposed amendments to the Town Council; and

WHEREAS, the Town Council finds this proposed amendment reasonable and in conformance with the Town of Chino General Plan's Transportation Element, Target Strategy 4, which states: Encourage all modes of alternative transportation including installation of bicycling and pedestrian route networks, local non-profit vans and YRTI,

NOW, THEREFORE, BE IT ORDAINED by the Common Council of the Town of Chino Valley, Arizona, as follows:

Section 1. In General.

The Unified Development Ordinance of the Town of Chino Valley, Arizona, Chapter 4 General Regulations, Section 4.22 Off-Street Parking and Loading, Subsection 4.22.5 Parking Standards for Non-Residential or Mixed Uses, Sub-subsection (E) Joint Use Parking is hereby amended to read as follows (additions shown in ALL CAPS; deletions shown in ~~strikeout~~):

E. Joint Use Parking ~~for PAD~~

If an applicant ~~for a mixed use PAD~~ can demonstrate through a parking study supplied by the applicant and approved by the Development Services Director, or

his/her designee, that the peak parking demand for the JOINT~~mixed~~ uses will be less than the sum of the parking spaces required for each use served, a reduction in spaces may be allowed.

* * *

The Unified Development Ordinance of the Town of Chino Valley, Arizona, Chapter 4 General Regulations, Section 4.22 Off-Street Parking and Loading, Subsection 4.22.8 Determination of Required Spaces, is hereby amended to delete Sub-subsections (B) and (H) and renumber to maintain consistency and to amend and name the table following Sub-subsection M to read as follows (additions shown in ALL CAPS; deletions shown in strikeout):

4.22.8 Determination of Required Parking

*** * ***

~~B. The maximum number of parking spaces provided shall not exceed the minimum number of spaces and an additional twenty (20) percent of parking spaces, except as otherwise provided in this Ordinance.~~

~~C~~B. Parking lots shall be designed with a clear hierarchy of circulation with major access drives providing access from the major street, major circulation drives forming circulation through the parking area, and parking aisles whose purpose is to provide access to parking spaces.

~~D~~C. Reciprocal access between adjacent commercial developments is required.

~~E~~D. Large parking lots shall be divided into a series of smaller lots of approximately one hundred-fifty (150) spaces each, using raised landscape island(s) at least ten (10) feet in width, and at least 500 square feet in total area, located along the sides of the parking areas to separate large parking areas. Walkways should be considered as part of these landscape areas. Raised landscape strips at least five (5) feet wide and at least ninety-five (95) square feet in total area, should be located on the ends of parking rows, extending the full length of parking spaces. Additional landscape islands should be considered in the interior of the individual parking areas to provide shade and break up large expanses of parking area. As part of Site Plan review, the Site Plan Review Committee shall review parking lot and landscape layouts to determine if they are in keeping with the requirements of this Ordinance.

* * *

~~F~~E. Parking areas may be combined and share the required landscape buffers.

* * *

~~G~~F. Parking lots shall be separated from the sides of buildings by a raised walkway (with a minimum width of six (6) feet).

~~H. Alternative Design Standards: To provide flexibility in design and development of projects, alternative design standards are provided. The total number of parking spaces may be increased by ten (10) percent, above the maximum, however in no case may the total number of parking spaces be increased by more than forty (40) percent above the base maximum allowed.~~

~~I~~G. In the case of fractional results in calculating parking requirements, the required number shall be rounded up to the nearest whole number if the fraction is 0.5 or greater.

~~J~~H. All uses not specifically designated, or similar to a specified use, shall have parking space requirements determined by the Zoning Administrator.

~~K~~I. Handicapped Parking Spaces: In multiple-family, commercial (excluding health care uses), and industrial districts, handicapped parking spaces shall be provided at the ratio of one space for the 1st 20 parking spaces provides, and one (1) space every twenty five (25) thereafter.

~~L~~J. Handicapped parking spaces ratio for health care uses shall be as follow~~ing~~S:

1-10 spaces Require 1 HC space
11-20 spaces Require 2 HC spaces
21-30 spaces Require 3 HC spaces
31-50 spaces Require 4 HC spaces
51-75 spaces Require 5 HC spaces
1 HC space Each 25 thereafter

~~M~~K. Handicapped parking spaces shall use the “universal parking space” dimensions for all new handicapped spaces within the Town. Dimensions: 11x20 with a 5 foot aisle. This size will accommodate both cars and vans.

* * *

TABLE 4.22.8 REQUIRED PARKING SPACES

USE	**MINIMUM STANDARDS**
* * *	* * *
Multiple Residence, apartments:	
Efficiencies, studios	1 space per dwelling unit
One-two bedroom unit	1.5 spaces per dwelling unit
Two + bedroom units	2 spaces per dwelling unit
All apartment COMPLEXES ~~developments~~ with 5 or more units ~~shall also provide guest parking and recreational vehicle parking~~	THE ABOVE NUMBER OF SPACES PER UNIT, PLUS, 1 ADDITIONAL guest space per 10 dwelling units
Condominium, Townhomes WITH 5 OR MORE UNITS	2 spaces per unit plus 1 ADDITIONAL ~~guest~~ space PER 10 DWELLING UNITS~~for each additional and one (1) recreational vehicle space for each ten units~~
* * *	* * *

Section 2. Providing for Repeal of Conflicting Ordinances.

All ordinances and parts of ordinances in conflict with the provisions of this Ordinance or any part of the Code adopted herein by reference, are hereby repealed.

Section 3. Providing for Severability.

If any section, subsection, sentence, clause, phrase or portion of this Ordinance or any part of the Code adopted herein by reference, is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

Section 4. Providing for Penalties

Any person found responsible for violating this Ordinance shall be subject to the civil sanctions and habitual offender provisions set forth in Sections 1.10 and 1.11 of the Town of Chino Valley Unified Development Ordinance. Each day a violation continues, or the failure to perform any act or duty required by this zoning ordinance, the Unified Development Ordinance or by the Town of Chino Valley Town Code continues, shall constitute a separate civil offense.

PASSED AND ADOPTED by the Mayor and Common Council of the Town of Chino Valley, Arizona, this 22nd day of March, 2016 by the following vote:

AYES: _____

NAYES: _____ ABSENT: _____

EXCUSED: _____ ABSTAINED: _____

APPROVED this ____ day of _____, 2016.

_____
Chris Marley, Mayor

ATTEST:

_____
Jami Lewis, Town Clerk

APPROVED AS TO FORM:

_____
Phyllis L.N. Smiley, Town Attorney

I, JAMI LEWIS, TOWN CLERK, DO HEREBY CERTIFY THAT A TRUE AND CORRECT COPY OF THE ORDINANCE NO. 16-813 ADOPTED BY THE COMMON COUNCIL OF THE TOWN OF CHINO VALLEY ON THE 22nd DAY OF March, 2016, WAS POSTED IN THREE PLACES ON THE _____ DAY OF _____, 2016.

_____
Jami Lewis, Town Clerk

TOWN OF CHINO VALLEY
COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting **Item No. 7. g.**

Meeting Date: 03/22/2016

Contact Person: Ruth Mayday, Development Services Director
Phone: 928-636-4427 x-1217

Department: Development Services

Item Type: Action Item - Presentation

Estimated length of staff presentation: 15 minutes

Physical location of item: N/A

AGENDA ITEM TITLE:

Consideration and possible action to amend Title V: Public Works, Chapter 50: General Provisions and Chapter 51 Water and Sewers, modifying mandatory connection requirements and permitting private sewer systems to be constructed within Town boundaries in certain circumstances.

RECOMMENDED ACTION:

The amendments proposed for Title V Public Works, Chapters 50 and 51 will provide Council the flexibility they desire in addressing sewer connections for new and existing development throughout town.

Motion: I move to approve Ordinance 16-815 amending Title V Public Works, by amending Chapter 50 General Provisions, Subchapter General Regulations to delete Section 50.56 Effluent Collection, Treatment and Recharge Policy?; and Chapter 51 Water and Sewer Systems, by amending Subchapter Private Water and Sewer Systems, to amend Sections 51.001 Definitions and 51.002 Approval Required, and to delete Sections 51.003 Permit Required and 51.004 Violation; and Subchapter Wastewater Collection, Treatment and Recharge Policy, to amend Section 51.135 Wastewater Collection Required; Generally, and to delete Sections 51.137 Wastewater Collection, 51.139 Construction Financial Capabilities, 51.140 Private Sewerage Systems, 51.141 Private Sewerage Systems; When Permitted, to be Constructed and Maintained in Sanitary Manner, and 51.155 Sewer Connections within the Town.

SITUATION AND ANALYSIS:

Issue Statement

Applicable "Policy"

Strategic Plan 2013: Key Result Area 2: Sustainable Community and Economic Development: Goal 2: Complete the CV Water and Wastewater Infrastructure Plan.

Satisfaction of "Policy"Implementation of the proposed amendments to the specified chapters 50 and

51 of Town Code will enable the extension of sewer service to areas currently not served without economically impacting existing residential properties.

Summary of Issues and Staff Rationale In light of the WIFA financing for the West Center Street Sewer system extension, Council has reviewed the existing sewer connection policy and requirements currently in the Town Code and Unified Development Ordinance (UDO). As written, the Code would require connection if the property boundary was at or within 400' of a sewer line. Council directed staff to revise the existing Code to relieve property owners of mandatory connection to the sewer system, offer incentives to connect, and require connections in certain circumstances for new construction.

Title 5, Chapters 50 and 51 of Town Code speak to the nuts-and-bolts of the sewer and water utility systems. Chapter 50 defines the terms related to these systems, dictates the responsibilities of the Utilities Department, and sets forth general regulations regarding the customer/supplier relationship. Chapter 51 sets forth water use policy, utility extensions, and wastewater collection policy, among other things.

The proposed Ordinance 16-815 will add a definition for *Package Wastewater Treatment Plant* in Chapter 51; allow for private sewage disposal systems (with approval by Yavapai County Environmental Services Department, require inspections of said systems, and allow for private sewer systems in areas north of Granite Creek Lane, also within Chapter 51. Additional amendments to Chapter 51 include requirements for new development to connect to the sanitary sewer system (CTR) and grants Council the ability to offer financial incentives for existing development to connect.

Fiscal Impact

Fiscal Impact?: No
If Yes, Budget Code:
Available:
Funding Source:

Attachments

Ordinance 16-815

ORDINANCE NO. 16-815

AN ORDINANCE OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF CHINO VALLEY, ARIZONA, AMENDING THE TOWN CODE OF THE TOWN OF CHINO VALLEY, ARIZONA, TITLE V: PUBLIC WORKS, CHAPTER 50: GENERAL PROVISIONS, SUBCHAPTER GENERAL REGULATIONS BY DELETING SECTION 50.56 EFFLUENT COLLECTION, TREATMENT AND RECHARGE POLICY; AND AMENDING CHAPTER 51 WATER AND SEWER SYSTEMS, BY AMENDING SUBCHAPTER PRIVATE WATER AND SEWER SYSTEMS, SECTIONS 51.001 DEFINITIONS AND 51.002 APPROVAL REQUIRED AND DELETING SECTIONS 51.003 PERMIT REQUIRED AND 51.004 VIOLATION; AND SUBCHAPTER WASTEWATER COLLECTION, TREATMENT AND RECHARGE POLICY, BY AMENDING SECTION 51.135 WASTEWATER COLLECTION REQUIRED; GENERALLY AND BY DELETING SECTIONS 51.137 WASTEWATER COLLECTION, 51.139 CONSTRUCTION FINANCIAL CAPABILITIES, 51.140 PRIVATE SEWERAGE SYSTEMS; CONSTRUCTION AND MAINTENANCE WITHIN TOWN PROHIBITED GENERALLY, 51.141 PRIVATE SEWERAGE SYSTEMS; WHEN PERMITTED, TO BE CONSTRUCTED AND MAINTAINED IN SANITARY MANNER, AND 51.155 SEWER CONNECTIONS WITHIN THE TOWN, ALL RELATED TO MODIFYING THE MANDATORY SEWER CONNECTION REQUIREMENTS AND PERMITTING PRIVATE SEWER SYSTEMS IN CERTAIN CIRCUMSTANCES; PROVIDING FOR REPEAL OF CONFLICTING ORDINANCES; PROVIDING FOR SEVERABILITY; AND PROVIDING PENALTIES.

NOW, THEREFORE, BE IT ORDAINED by the Common Council of the Town of Chino Valley, Arizona, as follows:

Section 1. In General.

The Town Code of Chino Valley, Arizona, Title V Public Works, Chapter 50 General Provisions, Section 50.56 Effluent Collection, Treatment and Recharge Policy is hereby deleted.

The Town Code of Chino Valley, Arizona, Title V Public Works, Chapter 51 Water and Sewer Systems, Subchapter Private Water and Sewer Systems, Sections 51.001 Definitions and 51.002 Approval Required are hereby amended to read as follows (additions shown in ALL CAPS; deletions shown in strikeout):

§ 51.001 Definitions

* * *

PACKAGE WASTEWATER TREATMENT PLANT. A DECENTRALIZED WASTEWATER TREATMENT SYSTEM UTILIZING BIOLOGICAL EXTENDED

AERATION PRINCIPLE OF OPERATION, OR OTHER ACTIVATED SLUDGE TREATMENT PROCESS.

* * *

§51.002 PRIVATE SEWER SYSTEMS; Approval Required; VIOLATION; ENFORCEMENT.

(A) EXCEPT AS PROVIDED IN THIS TITLE, It is unlawful to construct or maintain WITHIN THE TOWN any privy, VAULT, cesspool, PACKAGE WASTEWATER TREATMENT PLANT, or other facility intended or used for the disposal of sewage, except THAT a private sewage disposal system constructed and maintained according to standards prescribed by the town or appropriate county agency MAY CONTINUE OPERATING AS LONG AS IT IS VIABLE AND COMPLIANT WITH TOWN AND COUNTY STANDARDS.

(B) WHERE A PUBLIC SANITARY SEWER IS NOT AVAILABLE WITHIN THE TOWN, THE BUILDING SEWER SHALL BE CONNECTED TO A PRIVATE SEWAGE DISPOSAL SYSTEM, IN FULL COMPLIANCE AND AS APPROVED BY THE YAVAPAI COUNTY HEALTH DEPARTMENT AND ADEQ.

(C) BEFORE COMMENCEMENT OF CONSTRUCTION OF A PRIVATE SEWAGE DISPOSAL SYSTEM LOCATED WITHIN THE TOWN, THE OWNER SHALL FIRST OBTAIN A WRITTEN PERMIT FROM THE TOWN AND APPROPRIATE COUNTY AGENT. A PERMIT FOR OPERATION OF A PRIVATE SEWAGE DISPOSAL SYSTEM SHALL NOT BECOME EFFECTIVE UNTIL THE INSTALLATION IS COMPLETED TO THE SATISFACTION OF THE TOWN OR COUNTY INSPECTOR, AS APPROPRIATE.

(D) THE APPROPRIATE TOWN OR COUNTY AGENCY SHALL BE ALLOWED TO INSPECT THE WORK AT ANY STAGE OF CONSTRUCTION, AND, IN ANY EVENT, THE APPLICANT FOR THE PERMIT SHALL NOTIFY THE PROPERTY AGENCY WHEN THE WORK IS READY FOR FINAL INSPECTION, AND BEFORE ANY UNDERGROUND PORTIONS ARE COVERED.

(E) A PERMIT AND INSPECTION FEE SHALL BE PAID TO THE TOWN OR APPROPRIATE COUNTY AGENCY AT THE TIME THE APPLICATION IS FILED.

(F) ON-SITE WASTEWATER TREATMENT SYSTEMS MAY BE ALLOWED, AT THE TOWN'S DISCRETION, IN AREAS NORTH OF GRANITE CREEK LANE. THE DESIGN, CONSTRUCTION AND OPERATION OF ANY SUCH SYSTEM SHALL BE AT THE SOLE EXPENSE OF THE DEVELOPER. AT SUCH TIME AS THE TOWN'S COLLECTION LINES ARE EXTENDED TO WITHIN 400 FEET OF THE SUBJECT DEVELOPMENT, THE DEVELOPER SHALL CONNECT TO THE TOWN'S LINE, PAY THE APPROPRIATE BUY-IN FEE AND CLOSE THE PRIVATE SYSTEM IN ACCORDANCE WITH ADEQ PROCEDURES, ALL AT THE DEVELOPER'S SOLE EXPENSE.

(G) VIOLATION; ENFORCEMENT. ANY PERSON ALLEGEDLY VIOLATING THIS SECTION SHALL BE NOTIFIED BY THE TOWN OR COUNTY IN WRITING STATING THE NATURE OF THE VIOLATION AND PROVIDING A REASONABLE TIME FOR THE SATISFACTORY CORRECTION THEREOF. THE OFFENDER SHALL, WITHIN THE PERIOD OF TIME STATED IN THE NOTICE, PERMANENTLY CEASE ALL VIOLATIONS. IF THE VIOLATION CONTINUES PAST THE DATE OR PERIOD OF TIME SHOWN ON THE NOTICE, A CIVIL CITATION MAY BE ISSUED AS SET FORTH IN SECTION 10.99 OF THIS CODE. THEREAFTER, EACH DAY THE VIOLATION CONTINUES CONSTITUTES A SEPARATE VIOLATION.

The Town Code of Chino Valley, Arizona, Title V Public Works, Chapter 51 Water and Sewer Systems, Subchapter Private Water and Sewer Systems, Sections 51.003 Permit Required and 51.004 Violation are hereby deleted.

The Town Code of Chino Valley, Arizona, Title V Public Works, Chapter 51 Water and Sewer Systems, Subchapter Wastewater Collection, Treatment and Recharge Policy, Section 51.135 Wastewater Collection Required; Generally is hereby amended to read as follows (additions shown in ALL CAPS; deletions shown in strikeout):

§51.135. Wastewater Collection Required; Generally.

(A) *NEW DEVELOPMENT*. All new developments, subdivided and unsubdivided, containing one (1) or more lots of less than one (1) acre shall:

(1) AT THEIR OWN EXPENSE, ~~be required to~~ construct a wastewater collection system TO DELIVER WASTEWATER TO THE TOWN'S COLLECTION, TREATMENT AND RECHARGE (CTR) SYSTEM AND MAIN WASTEWATER TREATMENT PLANT, as DIRECTED AND approved by the town ~~and connect to the town's Collection treatment and Recharge (CTR) system~~. Sizing and alignment of the mains shall be in general conformance with the approved town sewer system master plan or amendments thereto.

(2) INSTALL COLLECTION LINES AND OTHER REQUIRED COMPONENTS AND CONNECT EACH LOT TO THE TOWN'S SEWER COLLECTION SYSTEM WHEN SYSTEM COLLECTION LINES ARE LOCATED WITHIN 400 FEET OF THE PROPERTY OR WHERE THE PROPERTY IS ADJACENT TO PUBLIC RIGHT-OF-WAY OR PUBLIC EASEMENTS CONTAINING AN EXISTING SERVICEABLE TOWN SEWER MAIN. DEVELOPMENTS OF CERTAIN SIZE AND IMPACT MAY BE REQUIRED TO EXTEND MAINS TO THE DEVELOPMENT, IN WHICH CASE THE TOWN, AT THE DISCRETION OF THE TOWN COUNCIL, MAY ENTER INTO A DEVELOPMENT REIMBURSEMENT AGREEMENT WITH THE DEVELOPER AND REQUIRE FUTURE DEVELOPMENTS LOCATED WITHIN 400 FEET OF THE LINE EXTENSION TO PAY A SEWER BUY-IN FEE TO CONNECT TO THE LINE EXTENSION.

(3) IF THE NEW SUBDIVISION IS NOT WITHIN 400 FEET OF THE TOWN'S NEAREST SEWER MAIN, INSTALLATION OF SEPTIC TANKS OR A PACKAGE TREATMENT PLANT, AS APPROVED BY THE TOWN

PURSUANT TO § 51.002 PRIVATE SEWER SYSTEMS; APPROVAL REQUIRED; VIOLATION; ENFORCEMENT SHALL BE REQUIRED.

(4) DEMONSTRATE ADEQUATE FINANCIAL CAPABILITY AND ASSURANCE TO DESIGN AND CONSTRUCT THE CTR SYSTEM COMPONENTS, SEPTIC SYSTEMS, OR PRIVATE SEWER SYSTEMS SUFFICIENT TO SERVE THE NEW DEVELOPMENT AND OTHER AREAS, AS APPROVED BY THE TOWN.

(B) *EXISTING DEVELOPMENT.*

(1) WHEN A TOWN SEWER MAIN IS EXTENDED TO WITHIN 400 FEET OF A PROPERTY SERVED BY AN EXISTING SEPTIC SYSTEM OR PACKAGE TREATMENT PLANT, THE PROPERTY OWNER SHALL HAVE THE OPTION TO CONNECT TO THE TOWN'S SEWER SYSTEM. THE TOWN, UPON APPROVAL BY THE TOWN COUNCIL, MAY PROVIDE FINANCIAL INCENTIVES OR ASSISTANCE AS PERMITTED BY LAW FOR PROPERTY OWNERS WHO CONNECT WITHIN 120 DAYS OF WRITTEN NOTICE BY THE TOWN THAT THE SERVICE IS AVAILABLE, OR WITHIN SUCH OTHER REASONABLE TIME PERIOD AS DETERMINED BY THE TOWN COUNCIL.

(2) IF THE TOWN OR YAVAPAI COUNTY HEALTH DEPARTMENT DETERMINES THAT A SEPTIC SYSTEM OR PACKAGE TREATMENT PLANT HAS FAILED AND IS UNREPAIRABLE OR UNREPLACEABLE OR PRESENTS A CONDITION THAT IS A MENACE TO HEALTH ARISING FROM IMPROPER SEWAGE DISPOSAL ON ANY PROPERTY HAVING ACCESS TO A TOWN SEWER MAIN, THE PROPERTY OWNER SHALL CONNECT THE PROPERTY TO THE TOWN MAIN WITHIN 60 DAYS AFTER RECEIVING WRITTEN NOTIFICATION FROM THE TOWN OR COUNTY HEALTH DEPARTMENT TO DO SO.

(3) EXISTING SEPTIC TANKS ON THE PROPERTY OR PACKAGE TREATMENT PLANTS SHALL ONLY BE ABANDONED IN ACCORDANCE WITH PROCEDURES ESTABLISHED BY ADEQ, AND AS DIRECTED BY THE TOWN.

(C) IF THE TOWN DETERMINES THAT A PROPERTY OWNER HAS RECEIVED NOTICE THAT CONNECTION TO THE TOWN'S SEWER SYSTEM IS REQUIRED AND THE PROPERTY OWNER REFUSES TO CONNECT OR DOES NOT HAVE THE FINANCIAL ABILITY NECESSARY TO DO SO, THE TOWN MAY INSTALL THE CONNECTION AND NECESSARY RELATED FACILITIES TO PROVIDE SERVICES TO THE PROPERTY AND TO CHARGE THE PROPERTY OWNER THE ACTUAL REASONABLE COSTS FOR LABOR AND MATERIALS TO COMPLETE THE CONNECTION. THE TOWN SHALL WORK WITH THE PROPERTY OWNER TO ESTABLISH A REASONABLE REPAYMENT SCHEDULE BASED UPON THE PROPERTY OWNER'S FINANCIAL SITUATION. IF THE PROPERTY OWNER BECOMES DELINQUENT, HAVING NOT COMPLIED WITH THE REPAYMENT SCHEDULE, THE TOWN, UPON PROVIDING WRITTEN NOTICE AND AN OPPORTUNITY FOR A HEARING BEFORE THE TOWN MANAGER, MAY FILE A LIEN AGAINST THE AFFECTED PROPERTY FOR THE AMOUNT OF THE

UNPAID CHARGES. IN ADDITION TO OR IN THE ALTERNATIVE TO FILING A LIEN AGAINST THE PROPERTY, THE TOWN MAY PURSUE ANY AND ALL LEGAL REMEDIES TO COLLECT THE DEBT.

The Town Code of Chino Valley, Arizona, Title V Public Works, Chapter 51 Water and Sewer Systems, Subchapter Wastewater Collection, Treatment and Recharge Policy, Sections 51.137 Wastewater Collection, 51.139 Construction Financial Capabilities, 51.140 Private Sewerage Systems; Construction and Maintenance within Town Prohibited Generally, 51.141 Private Sewerage Systems; When Permitted, to be Constructed and Maintained in Sanitary Manner, and 51.155 Sewer Connections within the Town are hereby deleted.

Section 2. Providing for Repeal of Conflicting Ordinances.

All ordinances and parts of ordinances in conflict with the provisions of this Ordinance or any part of the Code adopted herein by reference, are hereby repealed.

Section 3. Providing for Severability.

If any section, subsection, sentence, clause, phrase or portion of this Ordinance or any part of the Code adopted herein by reference, is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

Section 4. Providing for Penalties

Any person found responsible for violating any provision of this Ordinance section shall be subject to the civil sanctions and habitual offender provisions set forth in Section 10.99(A), (B) and (D) of the Town Code of the Town of Chino Valley, Arizona.

PASSED AND ADOPTED by the Mayor and Common Council of the Town of Chino Valley, Arizona, this 22nd day of March, 2016 by the following vote:

AYES:	_____	ABSENT:	_____
NAYS:	_____	ABSTAINED:	_____

APPROVED this 22nd day of March, 2016.

_____
Chris Marley, Mayor

ATTEST:

_____
Jami C. Lewis, Town Clerk

APPROVED AS TO FORM:

_____
Phyllis L. N. Smiley, Town Attorney

I, JAMI LEWIS, TOWN CLERK, DO HEREBY CERTIFY THAT A TRUE AND CORRECT COPY OF THE ORDINANCE NO. 16-815 ADOPTED BY THE COMMON COUNCIL OF THE TOWN OF CHINO VALLEY ON THE 22nd DAY OF March, 2016, WAS POSTED IN THREE PLACES ON THE _____ DAY OF _____, 2016.

_____
Jami C. Lewis, Town Clerk

TOWN OF CHINO VALLEY
COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting **Item No. 8. a.**

Meeting Date:	03/22/2016
Contact Person:	Robert Smith, Town Manager Phone: 928-636-2646 x-1201
Department:	Town Manager
Estimated length of Staff Presentation:	None
Physical location of item:	N/A

AGENDA ITEM TITLE:

An executive session pursuant to A.R.S. § 38-431.03(A)(4) for discussion or consultation with the Town Attorney in order to consider its position and instruct the Town Attorney regarding the Town's position regarding a contract with the City of Prescott related to acquisition of Prescott Water facilities located within Chino Valley that is the subject of negotiations. (Robert Smith, Town Manager)

Attachments

No file(s) attached.

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TOWN OF CHINO VALLEY
COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting **Item No. 8. b.**

Meeting Date:	03/22/2016
Contact Person:	Robert Smith, Town Manager Phone: 928-636-2646 x-1201
Department:	Town Manager
Estimated length of Staff Presentation:	None
Physical location of item:	N/A

AGENDA ITEM TITLE:

An Executive Session pursuant to A.R.S. Section 38-431.03(A)(3) and (4) for discussion or consultation for legal advice with the Town Attorney and in order to consider its position and instruct the Town Attorney regarding the Town's position regarding pending litigation and settlement discussions conducted in order to resolve litigation in the matter of Cortez v. Town of Chino Valley. (Robert Smith, Town Manager)

SITUATION & ANALYSIS:

N/A

Attachments

No file(s) attached.