

When recorded, return to:



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Page: 1 of 14
CORR 4154823

Town of Camp Verde
PO Box 710
Camp Verde, AZ 86322

Caption Heading: Resolution 2007-726 and IGA with Camp Verde Sanitary District

Need to re-record because the Attorney for Camp Verde Sanitary District did not sign. I am replacing page 12 of the recorded document with the same page that is signed.

FEE
\$0
\$8
\$5
\$1.50
\$0
\$

When recorded, return to:

Town of Camp Verde
PO Box 710
Camp Verde, AZ 86322



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RESL 4143020



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CORR 4154823

Caption Heading: Resolution 2007-726 and IGA with Camp Verde Sanitary District

FEE
\$9
\$8
\$5
\$1
\$1



RESOLUTION 2007-726

**A RESOLUTION OF THE MAYOR AND COMMON COUNCIL
OF THE TOWN OF CAMP VERDE, YAVAPAI COUNTY, ARIZONA,
PERTAINING TO THE INTERGOVERNMENTAL AGREEMENT WITH THE
CAMP VERDE SANITARY DISTRICT ADOPTED AND APPROVED ON APRIL 25, 2007**

Whereas, on April 25, 2007, this Mayor and Council approved and authorized the execution of an Intergovernmental Agreement (the "IGA") between the Town of Camp Verde and the Camp Verde Sanitary District (the "District"), and the pledge by the Town of \$135,000 per year to the District to be used in connection with the construction of a wastewater treatment plant (the "Treatment Plant Project"), such pledge to be payable solely from and secured by a pledge of Excise Taxes and State Shared Revenues, each as provided in the IGA; and

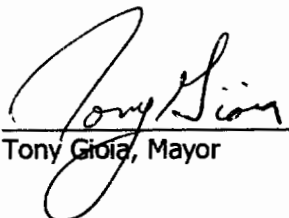
Whereas, this Mayor and Council now wishes to elaborate on such approval and authorization by articulating two specific findings with respect to the IGA and the Treatment Plant Project, each of which the Mayor and Council considered in granting the approval and authorization of the IGA.

Now Therefore, the Mayor and Common Council of the Town of Camp Verde hereby find and determine as follows:

1. Pursuant to Section 9-500.11, Arizona Revised Statutes, the Town's participation in the Treatment Plant Project, as described in the IGA, will assist in the creation or retention of jobs or will otherwise improve or enhance the economic welfare of the inhabitants of the Town.
2. The completion of the Treatment Plant Project will provide the Town and the District with additional wastewater treatment capacity which will serve present citizens of the Town and will enable the continued growth and development of the Town.

The Mayor and Council's approval and authorization of the IGA on April 25, 2007, is hereby ratified and affirmed as of said date in all respects.

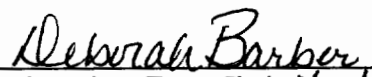
PASSED AND ADOPTED by the Mayor and Common Council of the Town of Camp Verde, Yavapai County, Arizona on the 16th day of May 2007.



Tony Gioia, Mayor

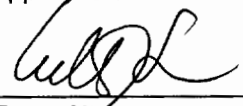
Date: 5/17/07

Attest:



Deborah Barber, Town Clerk 5/25/07

Approved as to form:



Town Attorney



WHEN RECORDED RETURN TO:



Town of Camp Verde
473 South Main Street
Camp Verde, Arizona 86322
Attn: Town Clerk

**INTERGOVERNMENTAL AGREEMENT
Between
THE TOWN OF CAMP VERDE
and
THE CAMP VERDE SANITARY DISTRICT**

THIS INTERGOVERNMENTAL AGREEMENT ("**Agreement**") is made and entered into by and between the TOWN OF CAMP VERDE, a municipal corporation of the State of Arizona (the "**Town**") and the CAMP VERDE SANITARY DISTRICT, a tax-levying public improvement district of the State of Arizona (the "**District**") and is dated as of May 12, 2007 ("**Effective Date**").

A. WHEREAS, the Town and the District are authorized, pursuant to A.R.S § 11-952, to enter into agreements for joint or cooperative action; and

B. WHEREAS, the Town and the District desire to upgrade and expand the wastewater treatment facilities currently owned and operated by the District; and

C. WHEREAS, the Town desires to make funds available to the District in order to assist the District in financing the upgrade of the District's wastewater treatment facilities (the "**Project**").

NOW, THEREFORE, in consideration of the mutual promises contained herein, the Town and the District agree as follows:

1. Dissolution of District.

1.1 District Election. The District shall approve a resolution to dissolve the District and initiate action to cause a vote of the property owners ("**District Property Owner Vote**") within the District on the dissolution of the District pursuant to A.R.S. § 48-2029 at the November 4, 2008 election.

1.2 Town Election. The Town shall call a special election ("**Town Special Vote**") on the question of whether to assume trusteeship of the District pursuant to A.R.S. § 48-2029 to be held at the November 4, 2008 election.

1.3 Transfer of District Property. Upon affirmative District and Town elections pursuant to Sections 1.1 and 1.2 of this Agreement, the Town will assume trusteeship of the District pursuant to A.R.S. § 48-2029; subject, however, to any outstanding leases, including ground leases and lease-purchase agreements (i.e., lease and leaseback transactions) entered into by the District prior to the elections.

2. Town Assistance.

2.1 Town Pledge.

2.1.1 The Town hereby agrees to pledge to the District



Excise Taxes to be used in connection with the construction by the District of a wastewater treatment plant ("**Treatment Plant Project**"), pursuant to A.R.S. § 9-500.11(A), in the amount of \$135,000 per year ("**Town Pledge**"), until the three hundredth (300th) Pledge Payment shall have been made ("**Pledge Payments**").

All such Pledge Payments shall be made to a trustee to be named by the Town for payment to the Owners of certificates of participation related to one or more lease and leaseback transactions. The Town Pledge will be payable in monthly amounts of \$11,250, ("**Monthly Sales Tax Payment**").

For purposes of this Agreement the term "**Excise Taxes**" shall mean:

"Excise Taxes" means 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 and which, if so restricted, will not be deemed Excise Taxes for purposes of this Agreement.

For purposes of this Agreement the term "**Parity Lien Obligations**" shall mean:

"Parity Lien Obligations" mean any later obligations that the Town is permitted to incur pursuant to Section 2.1.6 hereof and pursuant to the existing loan repayment agreement between the Town and GADA (the "**GADA Loan**") that are coequal as to the pledge of and lien on the Excise Taxes and the State Shared Revenues with the Pledge Payments and the GADA Loan and which share ratably, without preference, priority or distinction, as to the source or method of payment from the revenues from the Excise Taxes and the State Shared Revenues with the Pledge Payments, the GADA Loan and any other Parity Lien Obligations hereafter issued or incurred by the Town.

For purposes of this Agreement the term "**State Shared Revenues**" shall mean:

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

2.1.2 Limited Unconditional Obligation.

(a) The obligation of the Town to make Pledge Payments shall be limited to payment from the revenues from the Excise Taxes and the State



Shared Revenues which are by this Agreement pledged to the Pledge Payments. The obligation of the Town to make the Pledge Payments from the Excise Taxes and the State Shared Revenues and to perform and observe the other agreements contained herein 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 the District of any obligation to the Town or otherwise, or out of indebtedness or liability at any time owing to the Town by the District. Until such time as all Pledge Payments shall have been fully paid or provided for, the Town (i) shall not suspend or discontinue any Pledge Payments, (ii) shall perform and observe all other agreements contained in this Agreement, and (iii) shall not terminate the term of this Agreement for any cause, including, without limiting the generality of the foregoing, failure of the District to complete, as applicable, the acquisition, construction and installation of the Treatment Plant Project, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Treatment Plant Project, the taking by eminent domain of title to or temporary use of any or all of the Treatment Plant Project, commercial frustration of purpose, abandonment of the Treatment Plant Project by the District, 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 the District to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement. Notwithstanding the foregoing sentence, the District shall be required to give the Town ninety (90) days' notice of any intent to abandon the Treatment Plant Project and shall, at the Town's option, permit the Town to negotiate the assignment of any and all contracts related to the Treatment Plant Project to the Town for the purpose of avoiding abandonment of the Treatment Plant Project. Nothing contained herein shall be construed to release the District from the performance of any of the agreements on its part herein contained and in the event the District shall fail to perform any such agreements on its part, the Town may institute such action against the District as the Town may deem necessary to compel performance so long as such action does not abrogate the obligations of the Town herein.

(b) The Town shall pay all Pledge Payments by wire transfer in immediately available funds to the Trustee to be named by the District pursuant to Section 2.2.1.

2.1.3 Pledge. The Town hereby irrevocably pledges for the payment of the Pledge Payments the revenues from the Excise Taxes and the State Shared Revenues. The Town intends that this pledge shall be a first lien pledge upon such amounts of the revenues from the Excise Taxes and the State Shared Revenues as will be sufficient to make the Pledge Payments pursuant hereto when due subject to the Parity Lien Obligations. The Town agrees and covenants to make said Pledge Payments from the revenues from the Excise Taxes and the State Shared Revenues, except to the extent it chooses to make the Pledge Payments from other funds pursuant to Section 2.1.5. Said pledge of, and said lien on, the revenues from the Excise Taxes and the State Shared Revenues is hereby irrevocably made and created for the prompt and punctual



payment of the amounts due hereunder according to the terms hereof as hereinafter specified in this Agreement. All of the Pledge Payments hereunder are coequal as to the pledge of and lien on the revenues from the Excise Taxes and the 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 the revenues from the Excise Taxes and the State Shared Revenues or security therefore on a parity with the existing loan repayment agreement between the Town and the Greater Arizona Development Authority of Arizona ("GADA") and any other Parity Lien Obligations as hereinafter defined. Except as otherwise limited by the GADA Loan or any other Parity Lien Obligations, the rights of the Town to payment from the revenues from the Excise Taxes and the State Shared Revenues are on a parity with the rights to payment from the revenues from the Excise Taxes and the State Shared Revenues of any obligations hereafter issued on a parity with this Agreement as permitted hereto. The obligation of the Town to make Pledge Payments of any amounts due under this Agreement, including amounts due after default or termination hereof, is limited to payment from the revenues from the Excise Taxes and the State Shared Revenues and shall under no circumstances constitute a general obligation or a pledge of the full faith and credit of the Town, the State, or any of its political subdivisions, or require the levy of, or be payable from the proceeds of, any ad valorem taxes.

2.1.4 Excess Revenues. The revenues from the Excise Taxes and the State Shared Revenues in excess of amounts, if any, required to be paid under this Agreement, the GADA Loan and the Parity Lien Obligations, shall constitute surplus revenues and may be used by the Town for any lawful purpose for the benefit of the Town, including the payment of obligations to which the revenues from the Excise Taxes and the State Shared Revenues may from time to time be pledged on a basis subordinate to this Agreement, the GADA Loan and the Parity Lien Obligations. If at any time the Excise Taxes held for Pledge Payments are not sufficient to make the required Pledge Payments, any such deficiency shall be made up from the first moneys thereafter received and available for such Pledge Payments under the terms of this Agreement, and the payment of the Pledge Payments in arrears as may be necessary to make up any such deficiency shall be in addition to the then-current Pledge Payments required to be made pursuant thereto.

2.1.5 Use of Other Funds at the Option of the Town. The Town may, at the sole option of the Town, make such Pledge Payments from its other funds as permitted by law and as the Town shall determine from time to time, but the District acknowledges that it has no claim hereunder to such other funds. No part of the Pledge Payments payable pursuant to this Agreement shall be payable out of any ad valorem taxes imposed by the Town or from bonds or other obligations, the payment of which the Town's general taxing authority is pledged, unless (i) the same shall have been duly budgeted by the 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.



2.1.6 Parity Lien Obligations. So long as any amounts due hereunder remain unpaid or unprovided for, the Town shall not further encumber the revenues from the Excise Taxes and the State Shared Revenues on a basis equal to the pledge hereunder unless the revenues from the Excise Taxes plus the State Shared Revenues, when combined mathematically for such purpose only, in the most recently completed fiscal year of the Town, shall have amounted to at least two (2) times the highest combined interest and principal requirements for any succeeding fiscal year of the Town for this Agreement, the GADA Loan and any Parity Lien Obligations secured or so proposed to be secured by such pledge of the revenues from the Excise Taxes and the State Shared Revenues on a parity of lien therewith. For purposes of this Section, any variable rate indebtedness shall be assumed to bear interest at the maximum permissible rate.

2.1.7 Town Control Over Revenue Collection. The amount of the State Shared Revenues is determined by statutory formula, and the Town has not covenanted and has no power to set or maintain rates or otherwise impose taxes to increase, replace or supplement the State Shared Revenues to provide for the Pledge Payments due hereunder.

2.1.8 Effluent for Irrigation of Town Parks. Within thirty (30) days of the first pledge payment pursuant to Section 2.1.1, of this Agreement, the District and the Town agree to enter into an agreement whereby the District will provide to the Town, at no charge, treated wastewater effluent in such amounts as necessary to irrigate Town parks. The District will have no obligation to construct any facilities for delivery or added treatment of such effluent. The Town will have no rights to sell this effluent, and all rights to the sale of this effluent will remain with the District. The District makes no warranties or representations that indicate that the District's Aquifer Protection Permit permits use of such effluent for the Town's intended purposes.

2.1.9 Ground Lease Agreement. Within thirty (30) days of the first pledge payment pursuant to Section-2.1.1 of this Agreement, the District and the Town agree to enter into a ground lease whereby the District will lease the to the Town fifteen (15) acres of land reasonably acceptable to the Town and the District. The Town agrees to develop the leased (15) acres as reasonably acceptable to the District and the Town. The Town further agrees to obtain all necessary zoning and building permits for any anticipated developments. The term of the lease will be until the twenty-fifth (25th) anniversary of the Effective Date of this Agreement at a rental rate of \$100.00 per year.

2.1.10 Operating agreement. Within thirty (30) days of the execution of this Agreement, the District and the Town will enter into an operation agreement to use Town employees to operate and oversee waste water treatment operations. This operation agreement will be in two phases which will include the Town hiring a certified operator and a district administrator, who may be the same person, and additional inspectors and sanitation operators as necessary in the first phase. The second phase will be for the Town to take over all of the accounting and billing duties of the District, on or before January 1, 2008. This operation agreement will include the operation and maintenance of



the sanitary district plant and collection lines, as well as the administrative duties of the District, for review and inspection of projects within the sanitary district. The Town will provide the District with the estimate of the cost of providing this service and the District will bear this cost through monthly payments to the Town. The cost of maintenance over and above the maintenance provided in the operation agreement will be born by the District. The District will retain Town employees in an at-will employment relationship.

2.1.11 HURF Funds. The Town agrees to make available to the District \$240,000 of HURF funds, to be dedicated to Project chip sealing costs and paid out on a schedule submitted to the town based upon the completion of the chip sealing. Such payment will require timely payment and be subject to a substantial late fees if not paid on time.

2.1.12 The Town as a Third Party Beneficiary. Subject to vender, contractor, lender, payment bonding company and performance bonding company approval, the Town may become a third party beneficiary with any independent contractors who are constructing the waste water treatment facility, collection lines, and/or supplying related construction services.

3. Term. This Agreement expires upon the earlier to occur of (i) receipt of the three hundredth payment after the Effective Date of this Agreement or (ii) the rejection of all bids for the Treatment Plant Project.

4. District and Town Cooperation.

4.1 Development Agreements. Following bid opening for the treatment plant component of the Treatment Plant Project, the Town and the District agree to negotiate Development Agreement(s), if necessary, to address any gap between the funding available for the Project and the funding necessary to complete the Project.

4.2 Bid Alternates. The district has already selected bid alternates based upon the availability of funds and will not be seeking consultation from the town in reference to bid alternates.

4.3 Authorization of Funds. The District must receive the Town Manager's prior written approval before authorizing the withdrawal of funds to pay for the construction and design of the Treatment Plant Project.

4.4 Confirmation of Pledge. The Town will confirm the pledge it has made herein to any lenders, bond underwriters, and/or bonding agencies. The Town agrees to execute and obtain any necessary signatures, as required by any lenders, bond underwriters, and/or bonding agencies.

5. Notices. Any notice permitted or required under this Agreement will be delivered to the following or their successors in the indicated positions and becomes effective upon delivery of the notice and the copies:

For the Town:

Town Manager

Town of Camp Verde

473 South Main, #102
Camp Verde, Arizona 86322

With a copy to: William J. Simms, III, Esq.

Town Attorney
1850 North Central Avenue, #1000
Phoenix, Arizona 85004

For the District Rob Witt, Chairperson
Camp Verde Sanitary District
P. O. Box 1205
Camp Verde, Arizona 86322

With a copy to: James E. Ledbetter, Esq.
The Ledbetter Law Firm, P.L.C.
315 South Willard Street
Cottonwood, Arizona 86326

6. Termination for Conflict of Interest. This Agreement is subject to cancellation pursuant to A.R.S. § 38-511.

7. Governing Law. This Agreement and all documents executed and delivered hereunder will be deemed to be contracts under the State of Arizona and for all purposes will be construed in accordance with such laws.

8. Binding Agreement. This Agreement is binding upon the successors and assigns of the Town and the District. The Town will provide, at the District's expense, an opinion of a qualified bond counsel to the effect that the this Agreement constitutes a valid, existing, continuing pledge of the Excise Taxes, a continuing disclosure agreement acceptable to the underwriter of any obligations issued by the District secured by, or payable all or in part from, the Town's Pledge Payments ("**District Obligations**"), and the Town will also provide appropriate certificates as to any litigation concerning this Agreement or the application for or submission of a referendum seeking to require the Town's governing body's approval of this Agreement to be submitted to a vote of the Town's electors and as to other matters that may be reasonably required by the underwriter of any District Obligations. The Town further agrees that if the electors of District and the Town both agree to dissolve the District at the elections to be held in November of 2008, no merger will occur as to the District and the Town that will permit the Town to cease making the Pledge Payments. The Town acknowledges that the District will assign the Pledge Payments and other rights under this agreement to a trustee for the benefit of persons or entities who may purchase participating interests in a lease-purchase agreement or agreements to be issued, either by or on behalf of the District, to pay for portions of the Treatment Plant.

9. Entire Agreement. This Agreement constitutes the entire agreement and understanding of the Town and the District with respect to the subject matter hereof. This Agreement may not be amended, modified, extended, or renewed except in writing executed by the Town and the District.

10. Unenforceable Provision. If any provision of this Agreement is unenforceable, the remainder of the Agreement will remain in effect, provided that the intent and purpose of the parties in entering this Agreement is not materially vitiated by such unenforceability, provided further the parties will, in good faith,



negotiate and enter into an amendment to this Agreement in light of such occurrence.

11. No Partnership. It is understood and agreed between the parties hereto that nothing herein contained shall be deemed, held, or construed as the creation of a partnership or joint venture as between the parties hereto.

12. Captions. The captions and headings of the various sections of this Agreement are for convenience and identification only, and shall not be deemed to limit or define the contents of the respective sections.

13. Time Periods. All time periods contained herein shall refer to calendar days, except where express reference is made to business days. Business days shall be defined to mean all days except Saturdays, Sundays, and legal holidays. If any time period specified in this Agreement expires on a non-business day, such time period shall be extended to the next business day.

14. Legal Determination. Attached hereto and incorporated herein is a written determination of each party's legal counsel that the parties are authorized under the laws of this state to enter into this Agreement and that this Agreement is in proper form.

IN WITNESS WHEREOF, the Town and the District have caused their respective duly authorized representatives to execute this Agreement on their behalf as of the date first above stated.

TOWN OF CAMP VERDE, a municipal corporation of the State of Arizona

By: *Romy Garcia* 5/11/07
Its: Mayor

ATTEST:

Virginia Jones, Deputy Clerk
City Clerk
Town

Date: 5-11-07

The above Agreement has been reviewed pursuant to A.R.S. § 11-952, by the undersigned attorney for the Town of Camp Verde, Arizona, who has determined that it is in the proper form and is within the powers and authority granted to the Town of Camp Verde, Arizona.



Approved as to form

[Signature] 5/14/07
Town Attorney Date

Attorney for Town of Camp Verde

CAMP VERDE SANITARY DISTRICT, a
tax-levying public improvement district
of the State of Arizona

By: *RL Witt*

Name: Rob Witt

Title: chairman



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RESL 4143020

The above Agreement has been reviewed pursuant to A.R.S. § 11-952, by the undersigned attorney for the Camp Verde Sanitary District, who has determined that it is in the proper form and is within the powers and authority granted to the Camp Verde Sanitary District.

Attorney for Camp Verde Sanitary District



The above Agreement has been reviewed pursuant to A.R.S. § 11-952, by the undersigned attorney for the Camp Verde Sanitary District, who has determined that it is in the proper form and is within the powers and authority granted to the Camp Verde Sanitary District.

Brett R. Rigg
Attorney for Camp Verde Sanitary District

rec'd 7-3-07