

AGENDA



**REGULAR SESSION
MAYOR AND COUNCIL
TOWN OF CAMP VERDE
COUNCIL CHAMBERS
473 S. Main Street, Room #106
WEDNESDAY, JULY 18, 2007
at 6:30 P.M.**

1. **Call to Order**

As a reminder, if you are carrying a cell phone, pager, computer, two-way radio, or other sound device, we ask that you turn it off at this time.

2. **Roll Call**

3. **Pledge of Allegiance**

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

a) **Approval of the Minutes:**

1) There are no minutes for approval.

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

1) Council Hears Planning & Zoning – July 25, 2007 at 6:30 p.m.

2) Regular Session – August 1, 2007 at 6:30 p.m.

3) Work Session – August 8, 2007 at 6:30 p.m.

4) Regular Session – August 15, 2007 at 6:30 p.m.

5) Council Hears Planning & Zoning – August 22, 2007 at 6:30 p.m.

c) **Possible approval of the contract between the Chamber of Commerce and the Town of Camp Verde.**

5. **Call to the Public for Items not on the Agenda.**

6. **Discussion, consideration, and possible direction to staff regarding the process to allow for development of government facilities required for the provision of utilities and public services within the Town of Camp Verde.**

7. **Discussion, consideration, and possible selection of a new auditing firm for the 2006-2007 fiscal year.** There is \$25,000 budgeted in the General Fund for this item.

Councilor Smith request item # 8:

8. **Discussion, consideration, and possible direction to staff to establish a procedure for making Town donations to local entities or groups.** There is \$32,000 budgeted in the FY2007/08 CIP budget under Organizational Donations.

9. **Discussion, consideration, and possible direction to staff regarding the purchase of Camp Verde Water System** Note: Council may vote to go into Executive Session pursuant to ARS §431.03.A7 and A(4) for discussions or consultations with designated representatives in order to consider Council's position and instruct representatives regarding negotiations for the purchase, sale, or lease of real property and to consider its position and instruct the Town Attorney regarding contracts that are the subject of negotiations.
10. **Discussion, consideration, and possible direction to staff concerning the Development Agreement with Steve Coury.** Note: Council may vote to go into Executive Session pursuant to ARS §38-431.03.A.4 for discussion or consultation with the attorney in order to consider Council's position and instruct the attorney regarding contracts that are the subject of negotiations, in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation.
11. **Discussion with the Finance Director concerning his performance review, followed by discussion, consideration, and possible approval of a merit salary increase. A 2.5% increase for this item is budgeted in the General Fund.** Note: Council may vote to go into Executive Session pursuant to ARS §38-431.03 (A)(1) for discussion or consideration of assignment, appointment, promotion, demotion, dismissal, salaries, disciplining or resignation of a public officer, appointee or employee of any public body.
12. **Call to the Public for Items not on the Agenda.**

There will be no Public Input on the following items:

13. **Advanced Approvals of Town Expenditures**
 - a) **There are no advanced approvals.**
14. **Manager/Staff Report**
15. **Council Informational Reports** Individual members of the Council may provide brief summaries of current events and activities. These summaries are strictly for informing the public of such events and activities. The Council will have no discussion, consideration, or take action on any such item, except that an individual Council member may request that the item be placed on a future agenda.
16. **Adjournment**

Posted by: J. Jones

Date/Time: 7-13-07 9:15 a.m.

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

The Town of Camp Verde Council Chambers is accessible to the handicapped. Those with special accessibility or accommodation needs, such as large typeface print, may request these at the Office of the Town Clerk.

E-mailed B. Sims

Camp Verde Chamber of Commerce

Memo

To: Dave Smith
From: Roy Gugliotta
CC: Alex Wilson
Date: 7/9/2007
Re: Town Contract with Chamber

Dear Dave,

Here is the contract for this Fiscal Year 2007/2008 between Town and the Chamber. Please submit the contract to Town Council for approval. If you have any questions, please call me.

Thank you,



Roy Gugliotta

AGREEMENT FOR CONTRACTED SERVICES

This agreement is entered into this 1st day of July, 2007, by and between the Camp Verde Chamber of Commerce, a non-profit corporation, hereinafter referred to as "Chamber" and the Town of Camp Verde, a municipal corporation, hereinafter referred to as "Town"

Whereas, the Town desires to invest funds to provide visitor services, promote Camp Verde as destination, enhance tourism and assist visitors to Camp Verde with information and facilities which improve the quality of their experience when in Camp Verde; and

Whereas, the Town receives a significant portion of its tax revenue from tourist spending in the community and sales tax revenue from businesses; and

Whereas, the Town desires to maintain a strong and vital local economy and to assist in the retention of existing businesses and the attraction of new businesses that are deemed desirable; and

Whereas, the Chamber is qualified and has the experience, organization and facilities to provide business services to new commercial and retail businesses coming into the community; and

Whereas, the Town and Chamber both have the desire and the commitment to build a strong local economy and promote Camp Verde;

PURPOSE OF THE AGREEMENT

Town hereby retains the Chamber to promote, develop and enhance tourism and economic development for Town and its surrounding areas, and to render specific professional and technical services to Town. It is understood and agreed that the Chamber, while retained under this Agreement, will also be rendering other services to its members.

Now, therefore, in consideration of the mutual promises and covenants of the parties, and other good and valuable consideration, the parties agree as the follows:

1. The Town agrees to appropriate, **ONE HUNDRED THIRTY-FIVE THOUSAND DOLLARS** (\$135,000.00) for the fiscal year 2007-2008.
2. The Chamber shall maintain and staff the Visitor Center within the Town. The Visitor Center will be open to the public during the weekdays and weekends to answer all correspondence, telephone, or walk-in inquiries for general information relating to Camp Verde. The Visitor Center will be open, except Christmas, Thanksgiving, and the New Year's holiday and for special days like Easter and the Fourth of July.

Contract: Town & Chamber

3. The Chamber agrees to spend **FORTY SEVEN THOUSAND TWO HUNDRED FIFTY DOLLARS** (\$47,250.00) of the funds received from the Town for the following purposes related to Visitor Center activities for the purpose of maintaining literature and brochures for visitors in Camp Verde, Utilities, Telephone, Repair & Maintenance within the building, Insurance, Wages and Benefits for paid staff, Supplies and Copier Costs, Postage, Mailing Costs, and Fulfillment pieces as requested by potential visitors.
4. The Chamber will utilize Destination Marketing to attract tourists to Camp Verde for overnight visitation. The Chamber shall use **SEVENTY-FOUR THOUSAND TWO HUNDRED FIFTY DOLLARS** (\$74,250.00) of the funds received from the Town for the purpose of Destination Marketing, Marketing Overhead, Wages and Benefits for paid staff, and for the fulfillment of the TEAM Grant with the Arizona Office of Tourism. The Destination Marketing Program is the TEAM Grant approved and funded both by Town and the Arizona Office of Tourism.
5. Also the Town agrees to make a one time payment of thirty-six thousand dollars (\$36,000.00) for the Arizona Office of Tourism TEAM Grant Matching Funds Grant. The Chamber will use **THIRTY THOUSAND DOLLARS** (\$30,000.00) for funding specific Destination Marketing per Arizona TEAM Grant specifications and the Marketing Plan submitted to the Arizona Office of Tourism. The Chamber will use **SIX THOUSAND DOLLARS** (\$6,000.00) for funding regional Destination Marketing per Arizona TEAM Grant specifications and the Marketing Plan submitted to the Arizona Office of Tourism by the Chambers in Verde Valley Region.
6. The Chamber agrees to spend **THIRTEEN THOUSAND FIVE HUNDRED DOLLARS** (\$13,500.00) of the funds received from the Town for economic development, overhead, wages, and benefits for paid staff to develop a balance mix of retail businesses, restaurants, retail shopping, amenities that will attract visitors and residence to shop Camp Verde in coordination with the Town Manager & Community Developer Director.
7. The Chamber agrees to help in the promotion of the four (4) major town events (Wine & Pecan Festival, Crawdad Festival, Pioneer Days, and Fort Verde Days) by submitting PSAs to newspapers in Arizona and scheduling radio and TV interviews when event coordinators can support this activity. The Chamber's responsibility for event marketing is areas outside a 60 mile radius of Camp Verde due to the provisions of the Arizona Office of Tourism TEAM Grant. Promotional information needs to be submitted to the Chamber six (6) months prior to the event.
8. The Town agrees to make payments to the Chamber in four (4) installments of **THIRTY-THREE THOUSAND SEVEN HUNDRED FIFTY DOLLARS** (\$33,750.00) on July 1, 2007; October 1, 2007; January 1, 2008; and April 1, 2008.
9. In order to maintain fairness between the many industries and retail businesses inside the Downtown and the surrounding areas, the Chamber has developed the concept of

Contract: Town & Chamber

the Chamber being **COMMUNITY-FOCUSED** versus being member, location, or program focused. The Chamber has chosen as its Mission:

- a. TO BUILD A STRONG LOCAL ECONOMY FOR CAMP VERDE, THE BUSINESSES, AND THE COMMUNITY
- b. TO PROMOTE CAMP VERDE AS A DESTINATION FOR VISITORS TO ARIZONA
- c. TO PROVIDE BUSINESS TO BUSINESS SUPPORT WITHIN THE COMMUNITY

10. **REPORTING:** the Chamber shall submit a written report to the Town Council as well as a verbal presentation on a quarterly basis. The report shall account for quarterly and year-to-date expenditures, and address progress, activities and accomplishments of the Chamber during the reporting period.
11. The Chamber agrees to provide the Town with a copy of its annual financial statement. The Town shall have the right to conduct such audits of the Chamber, as it may deem necessary, with reasonable notice to the Chamber.
12. **TERMINATION:** if, and in the event that, a dispute between the parties arises as to the service to be provided under the agreement, then Town and the Chamber shall attempt to resolve said dispute.
13. **TERM:** this agreement is for a period of one year and shall commence on July 1, 2007 and continue through until June 30, 2008. Town will provide use of the Visitor Center to the Chamber under the terms and conditions as exist under the current lease dated July 1, 2005.
14. **COORDINATION:** the Chamber Director and the Town Manager shall have regular meetings to discuss the coordination between Town and the Chamber on various issues that promote tourism, economic development, and visitor information.
15. **Town Duties:**
 - a. At the request of the Chamber, the Town shall disclose to the Chamber any information that pertains to the business community that may be legally released.
 - b. Town shall make available Town's facilities as it deems necessary to accommodate activities associated with Chamber business.
 - c. Town shall maintain adequate and visually appealing Visitor Center including and not limited to structure, landscaping, and parking areas.
 - d. Town shall manage the Business Recruitment Program.
 - e. Town shall provide the Chamber with information in regard to Business Recruitment Program as it pertains to Chamber's projects.
16. This agreement is entered into in the State of Arizona and shall be construed and interpreted under the laws of the State of Arizona including, without limitation, the provisions of A.R.S § 38-511.

INDEPENDENT CONTRACTOR

1. The parties agree that the Chamber provides specialized services and that the Chamber enters this agreement with the Town as an independent contractor. Nothing in this contract shall be construed to constitute the Chamber, nor any of its personnel, volunteers, or directors, as agents, employees, or representatives of the Town of Camp Verde.
2. As an independent contractor, the Chamber is solely responsible for all labor and expenses in connection with the agreement and for any and all damages, which may arise during the operation of this agreement.
3. The Chamber shall carry appropriate insurance acceptable by the Town and shall indemnify and hold the Town and its Officials, employees and agents harmless from any and all claims, demands, actions and causes of action (including administration or alternative dispute resolution proceedings) penalties or costs (including attorneys' fees) or liability for damages for personal injury or property damage resulting from the acts or omissions of the Chamber's officers, directors, agents, employees, or volunteers in connection with the agreement or in any way arising from the activities or services of the Chamber as set forth in the agreement.
4. It is understood and agreed that the Chamber is free to contract with other parties or to otherwise provide additional services.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officials on July __, 2007.

TOWN OF CAMP VERDE

CAMP VERDE CHAMBER OF
COMMERCE

Mayor Tony Gioia

Alex Wilson, Chairman

APPROVED AS TO FORM:

City Attorney

**TOWN OF CAMP VERDE
Council Agenda Action Form**

Meeting Type: Regular

Meeting Date: 7-18-07

Consent: **Executive Session/Confidential:**

AGENDA TITLE: Discussion, Consideration and Direction to staff concerning the process to allow for development of government facilities and facilities required for the provision of utilities and public services within the Town of Camp Verde.

PURPOSE AND BACKGROUND INFORMATION: Currently our zoning code is not clear on where these types of facilities are allowed and what process should be used for the development of this type of land use. Historically, the CV Water Co has obtained use permits for their tanks and facilities throughout the community. We currently have an application for a use permit by the Verde Lakes Water Co for similar type facility and the Commission is apprehensive about granting a use that will have a permanent structure associated with it. Camp Verde Fire District is looking to locate substations throughout our community as sites become available to reduce their response time to emergency situations. All these services benefit the community as a whole, and there needs to be a process in place to provide these services for the community. The attorneys feel if we are to follow the use permit process, we need to amend the language in the zoning ordinance in Sections 108 and 109. If we go with zoning the property, a general plan will be required along with the rezoning. This process is more complex, consumes a great deal of staff time and the result is spot zoning. The only other option is through a IGA between the Town and other agency. The current code is spotty in what is allowed. Fire Stations are not mentioned in any zoning district, hospitals are allowed in RS, C1 & C2 districts, and in our most restrictive zoning district, R1L, Community parks, playgrounds or centers are allowed along with public utility facilities, if a use permit is obtained. Therefore, a general plan, a rezoning and a use permit would be required in some cases. Staff is wanting direction from Council on what procedure they would like to see in place so that we can address these issues efficiently as they occur in our growing town.

STAFF RECOMMENDATION(S): None

LIST ALL ATTACHMENTS:

Type of Document Needing Approval (Check all that apply):

- | | | |
|---|---|--|
| <input type="checkbox"/> Acceptance/Approval | <input type="checkbox"/> Agreement/Contract | <input type="checkbox"/> Emergency Clause |
| <input type="checkbox"/> Final Plat | <input type="checkbox"/> Grant Submission | <input type="checkbox"/> Intergovernmental Agreement |
| <input type="checkbox"/> Liquor/Bingo Application | <input type="checkbox"/> Ordinance | <input type="checkbox"/> Preliminary Plat |
| <input type="checkbox"/> Public Hearing | <input type="checkbox"/> Resolution | <input type="checkbox"/> Special Consideration |
| <input type="checkbox"/> Special/Temp Use Permit | X <input type="checkbox"/> Other: | <input type="checkbox"/> Presentation/Report Only |

Submitting Department: P&Z

Contact Person: Nancy Buckel

Town Manager/Designee: _____

TOWN OF CAMP VERDE Council Agenda Action Form

Meeting Type: Regular Meeting

Meeting Date: July 18, 2007

Submitting Department: Finance

Contact Person: Dane Bullard

Consent:

Regular:

Requesting Action:

Report Only:

Type of Document Needing Approval (Check all that apply):

- Public Hearing
- Agreement/Contract
- Special Consideration
- Grant Submission
- Special Event Permit

- Resolution
- Emergency Clause
- Intergovernmental Agreement
- Liquor/Bingo License Application
- Special/Temp Use Permit

- Ordinance
- Acceptance/Approval
- Preliminary Plat
- Final Plat
- Other:

Agenda Text (be exact): Discussion and possible selection of new auditing firm for the 2006-2007 fiscal year end audit.

Staff Recommendation: Approve

Budgeted/Amount: Yes \$25,000

Finance Director Review (if item is unbudgeted, under budgeted, or exceeds budgeted amt)

Line Item/Fund: 01-50-53-6092

Purpose of Item and Background Information: Each audit firm listed is recognized by the Government Finance Officers Association of Arizona and each is specialized in Government and Non-Profit Auditing.

List All Attachments as Follows: Company profiles and references for the auditing firms of Colby & Powell, PLC; Heinfeld, Meech & Co., P.C.; Fester & Chapman, P.C.; and EideBailly.

Type(s) of Presentation: Verbal Only

Special Equipment needed for Presentation:

- Laptop Computer* Overhead Projector
- Remote Microphone

* Our laptop does NOT support a floppy disk (A-drive). All PowerPoint presentations must be saved to the hard drive or burned to a CD. Please advise any outside presenters of this requirement.

Please note: You are responsible for checking out, setting up, and returning all special equipment to the Clerk's Office.

Signatures of Submitting Staff:

Name: D Bullard

Title: 7-12-07

Fester & Chapman P.C.

Certified
Public
Accountants

4001 North 3rd Street
Suite 275
Phoenix, AZ 85012-2086

Tel: (602) 264-3077
Fax: (602) 265-6241

The firm of Fester & Chapman P.C. prides itself on its excellent professional staff and its high level of quality service. When this is combined with our extensive governmental and not-for-profit auditing and accounting experience, and the invaluable knowledge and experience gathered by Larry Fester as an eight-year Governing Board member (three years as president) of Pendergast Elementary School District No. 92, and by Mr. Fester and Kevin Camberg as board members of various non-profit organizations, we feel that Fester & Chapman P.C. can provide you with the type of auditing and accounting services that you deserve.

Governmental and not-for-profit auditing has traditionally been staffed by public accounting firms with predominantly entry-level accountants and used as a training ground. We at Fester & Chapman P.C. recognize the vital importance of complete, thorough, efficient and effective audits being performed for all our clients. This view is crucial in fulfilling the reporting responsibility to governmental funding sources, to the taxpaying public, to contributors, and to management. For this reason we staff all our audits with trained, experienced accountants who have the ability to think and react to situations as they arise. Our staff is especially alert to the areas of internal controls and compliance. These same accountants will be assigned to repeat engagements, which we will perform for our clients.

We understand that the primary purpose of a governmental or not-for-profit audit engagement with a CPA firm is to conduct a financial and compliance audit. However, we also recognize that we can provide an additional service to your organization during the course of our audit, by constantly searching for areas to provide suggestions to improve efficiency, controls and operations. You will also find that our staff will bring about a minimum of disruption to your administrative and accounting staff, by being aware that your time is just as valuable as ours.

We would greatly appreciate being included on your bidder list for auditing and accounting needs. If we can provide additional information or service, please contact Larry Fester, Director of Auditing and Accounting, or Kevin Camberg, Director, Fester & Chapman P.C., 4001 North 3rd Street, Suite 275, Phoenix, Arizona 85012-2060, (602) 264-3077 (928/774-7013 in Flagstaff).

Following is a resume of our firm and personnel to give you a more in-depth picture of Fester & Chapman P.C.

**RESUME OF FIRM SERVICES AND PERSONNEL
INCLUDING SUMMARY OF GOVERNMENTAL
AND NOT-FOR-PROFIT EXPERIENCE**

FIRM DESCRIPTION

Fester & Chapman P.C., Certified Public Accountants, has practiced in Arizona since 1964. Our firm furnishes quality services to individuals, businesses, governmental units and not-for-profit organizations predominantly in the following areas - accounting, auditing, income tax services including planning, research and consultation, computer software conversions, computer processing services, management advisory services and business consulting. We believe that our success over the past years is a direct result of the day-to-day personal attention that our clientele receives and the working relationship that we have with management. These frequent contacts have given us an in-depth knowledge of each client's objectives and problems. The success of our clients is a matter of concern to us and we recognize that we can contribute to that success through suggestions and recommendations that arise as a result of our contacts.

The Arizona regional CPA firm of Fester & Chapman P.C. presently consists of twelve professional accountants, and four para-professional and clerical staff.

Fester & Chapman P.C. is a properly licensed certified public accounting firm. You are welcome to contact the State Board of Accountancy to verify our credentials.

Some of the specific professional services that we provide our clients are:

Accounting and Auditing Services

Audits in conformity with generally accepted accounting principles (GAAP) or other comprehensive bases of accounting, including financial and compliance audits subject to the Single Audit Act Amendments of 1996.

Assistance with or preparation of interim or annual compiled or reviewed financial statements.

Maintenance of client record-keeping and accounting on our in-house computer system, including monthly compiled financial statements.

Performance of agreed-upon procedures engagements, in which we and our clients develop work plans to accomplish specific purposes.

Tax Services

Preparation and review of federal, state and local tax returns.

Research of technical tax matters resulting in suggested courses of action.

Tax planning, including reviews of bases of accounting, loss carryforward utilization and acquisition-merger considerations.

Preparation of requests for private rulings and protests and representation of clients at conferences with the Internal Revenue Service in tax disputes.

Management Advisory Services

Consultation and assistance in the development of accounting and bookkeeping systems.

Selection or assistance with selecting computer systems (hardware and software), and performing or assisting with software conversions.

Analysis of accounting and business services departments for the purpose of increasing efficiency and effectiveness.

Consultation and assistance in establishing or improving systems of fixed assets management and accounting.

Preparation and/or review of financial projections, forecasts and budgets.

Assisting in negotiations for the purchase or sale of companies, including the valuation of businesses.

Preparation of cash flow projections.

Assisting companies in obtaining licenses to do business in a state. This service includes assistance in the preparation of the necessary financial filings, and consultation services with management and regulatory authorities to insure that the objectives of the client are attained.

Assistance in general management decisions.

FIRM QUALIFICATIONS

Fester & Chapman P.C. is committed to quality governmental and not-for-profit audit services, as can be seen from the continuing professional education our staff receives. Larry Fester has completed the AICPA's Governmental Accounting and Auditing Certificate of Educational Achievement (CEA) Program. This program is an intensive series of integrated courses to further the knowledge of CPA's in the continually changing field of Governmental Accounting and Auditing. Through in-house seminars and on-the-job training, he has passed this knowledge on to our staff.

Fester & Chapman P.C. has extensive experience in governmental and not-for-profit auditing, accounting and consulting, including financial and compliance audits of federal programs. The following is a list of some of the governmental and not-for-profit engagements performed, including those under the Single Audit Act.

NOT-FOR-PROFIT AND GOVERNMENTAL ENGAGEMENTS

El Rio Neighborhood Health Center, Inc., Tucson
Canyonlands Community Health Care, Page
North Country Community Health Center, Inc., Flagstaff
Clinica Adelante, Inc., Surprise
Mountain Park Health Center, Phoenix
Native American Community Health Center, Phoenix
Chiricahua Community Health Centers, Elfrida
Sunset Community Health Center, Somerton
Ajo Community Health Center, Ajo
Sun Life Family Health Center, Inc., Casa Grande
Arizona Association of Community Health Centers, Phoenix
CHC Collaborative Ventures, Phoenix
Arizona Public Health Association, Phoenix
The Arizona Family Planning Council, Phoenix
Wellness Community of Central Arizona
Free Arts for Abused Children
Friends of Scottsdale Public Library
Cochise Health Systems, Bisbee
Pinal County Long-Term Care
White Mountain Communities Special Health Care District
A Stepping Stone Foundation
Victim/Witness Services for Coconino County
Habitat for Humanity of Flagstaff
Recording for the Blind and Dyslexic
Coconino County
Coconino County Jail District
Arizona Humanities Council, Phoenix
Arizona Opportunities Industrialization Center, Phoenix

NOT-FOR-PROFIT AND GOVERNMENTAL ENGAGEMENTS – (continued)

Arizona Call-A-Teen Youth Resources, Inc., Phoenix
Arizona State Parks
State of Arizona Clean Elections Commission
Arizona Health Facilities Authority
Arizona Housing Finance Authority
Noah Webster Basic Schools
Navajo County, Arizona
Cochise County, Arizona
Apache County, Arizona
Arizona Department of Economic Security, Comprehensive Medical and Dental Program
Barness Family East Valley Jewish Community Center, Tempe
Independent Insurance Agents and Brokers of Arizona, Inc., Phoenix
Arizona State Land Department
City of Apache Junction, Arizona
City of Winslow, Arizona
Town of Jerome, Arizona
City of Bisbee, Arizona
City of Bullhead City, Arizona
Superstition Mountains Community Facilities District #1, Apache Junction
Glendale Union High School District No. 205
Osborn Elementary School District No. 8
Hyder Elementary School District No. 8
Tempe Union High School District No. 213
Payson Unified School District No. 10
Phoenix Indian Center
100 Club of Arizona
Maricopa County Bar Association and Foundation
U.S. District Court - District of Arizona - Library Fund, Phoenix
Children's Museum of Phoenix
Phoenix Theatre
Arizona Community Action Association, Phoenix
Sedona Jazz on the Rocks
Sedona Conference
Border Trade Alliance, Phoenix
Kronos Longevity Research Institute, Phoenix
Arizona Trail Association, Phoenix
National Association of Campus Card Users, Phoenix
BOTHANDS, Inc. and Sharon Manor II Limited Partnership, Flagstaff
Greater Flagstaff Forests Partnership
Northland Preparatory Academy, Flagstaff
Westland School

NOT-FOR-PROFIT AND GOVERNMENTAL ENGAGEMENTS – (continued)

Southgate Academy
Canyon State Academy
Career Development, Inc
Developing Innovations in Navajo Education
Paragon Management, Inc.
Camp Verde Sanitary District

REFERENCES

The following references are provided should you wish to inquire as to our background and performance:

Keith Lewis, Finance Director
City of Apache Junction (480/671-5071)

Dee Flanagan, Finance Director
City of Bisbee, (520/432-6000)

Al Palmieri, Town Clerk
Town of Jerome (928/634-7943)

Edward Grabek, District General Manager
Superstition Mountains Community Facilities District #1 (480/983-2212)

Debbie Davenport, Auditor General
State of Arizona Office of the Auditor General (602/553-0333)

Doug Haywood, Manager Financial Audit Division, Auditor General
(602/553-9758)

Mike Townsend, Finance Director
Coconino County (928/779-6895 and 928/779-6690)

Maria Luisa O'Connell, President
Border Trade Alliance, Phoenix (602/266-7427)

Blaine Bandi, Executive Director
Arizona Health Facilities Authority (602/284-6304)

Roberta Motter, C.P.A.
Greater Flagstaff Forests Partnership (928/774-8078)

Dan Schay, Managing Director
Phoenix Theatre (602/889-5281)

Charlotte Harrison, Executive Director
The Arizona Family Planning Council (602/258-5777)

Kim Musselman, Executive Director
Victim/Witness Services for Coconino County (928/527-0708)

Kelli Wade, Executive Director
Noah Webster Basic Schools (480/986-2335)

Joe Coatsworth, Executive Director
Arizona Association of Community Health Centers (602/253-0090 ext. 222)

Mary Gomez, Director
Cochise Health Systems (520/432-9481)

Helen Hudgens Ferrell, Executive Director
BOTH HANDS (928/214-7456)

Howard Shannon, Treasurer or Barbara Fenster, Executive Director
Recording for the Blind and Dyslexic, Phoenix (602/942-9155 or 602/443-0155)

Julie Yoder, Executive Director
Arizona Humanities Council (602/257-0335)

REFERENCES - (continued)

Ann Roggenbuck, Executive Director
North Country Community Health Center (928/774-6687 ext. 208)

Ginger Ryan, Executive Director
Chiricahua Community Health Centers (520/642-2222)

Mary Mirocha, DES (602/271-0084 ext. 7042)
Arizona Department of Economic Security, Comprehensive Medical and Dental Program

Whitney Reel, Clinic Manager
Sunset Community Health Center (928/627-2051)

Sarah Kraner-Allen, Executive Director
Canyonlands Community Health Care (928/645-8123)

Pam Smith, Executive Director
Arizona Call-A-Teen Youth Resources, Inc. (602/252-6721)

Lanny Hair, Executive Vice-President
Independent Insurance Agents and Brokers of Arizona, Inc. (602/956-1851)

Many Ferriero, Chief Financial Officer
Clinica Adelante, Inc. (623/583-3001)

Walter Murillo, Director of Finance
Native American Community Health Center, Inc. (602/279-5262)

Gwen Groth
Habitat for Humanity of Flagstaff, Flagstaff (928/779-1314)

Susan Higgins, Executive Director
Arizona Public Health Association (480/786-6819)

Doris Pulsifer, Chief of Grants
Arizona State Parks, Phoenix (602/542-7127)

Terry Leef, District Director
White Mountain Communities Special Health Care District (928/333-1022)

Steve Tepper, Executive Director
Barness Family East Valley Jewish Community Center (480/897-0588)

Glen Randolph, Executive Director
CHC Collaborative Ventures (520/401-2617)

Barbara Zwiener, Director
Pinal County Administrative Services – Division of Long Term Care (520/866-6783)

INTRODUCTION OF FIRM PERSONNEL

Fester & Chapman P.C. prides itself on its excellent professional staff and the high level of quality service they provide. Staff members have completed continuing professional education courses covering audits of not-for-profits and state and local governmental units, and the Single Audit law. The following brief resumes of some Fester & Chapman P.C. professional staff will allow you to become better acquainted with our firm.

Larry Fester - CPA - Director of Auditing and Accounting

Mr. Fester is a 1970 graduate of Bowling Green State University in Ohio and received his CPA certificate in 1972. His career experience includes four years with the Cleveland, Ohio office of a national CPA firm, one year as controller and corporate secretary of a Cleveland area construction firm, and four years with a large local CPA firm in Phoenix. He joined Fester & Chapman P.C.'s predecessor in 1979 and became a partner in 1980. His experience includes a wide variety of commercial, not-for-profit and governmental entities. Mr. Fester is a member of the American Institute of Certified Public Accountants and the Arizona Society of Certified Public Accountants. He is a former eight-year member and president of the Governing Board of the Pendergast Elementary School District, near Phoenix, and is active in community affairs. He has received the AICPA Certificate of Educational Achievement in Governmental Auditing and Accounting, and has attended various other educational programs in the governmental and not-for-profit auditing and accounting field.

William F. Chapman - PA - Director of Taxation

Mr. Chapman received his undergraduate degree in accounting from Arizona State University in 1972, and his Masters of Business Administration in Taxation from Golden Gate University in San Francisco in 1976. He was a Revenue Agent with the Internal Revenue Service for four years in the San Francisco area. During 1976 he entered public accounting in the Phoenix area and managed the tax department of a national CPA firm. In 1978 he joined Fester & Chapman P.C.'s predecessor and became a principal in the firm in 1980.

Kevin Camberg - CPA - Audit Director

Mr. Camberg joined Fester & Chapman P.C. in October 1996, and has since practiced primarily in audits of governmental and not-for-profit entities. Before joining Fester & Chapman P.C., Mr. Camberg worked two years for a mid-sized Phoenix CPA firm specializing in governmental and non-profit auditing. He graduated with honors from Arizona State University in December 1994. Mr. Camberg is a board member of several nonprofits.

Maryann R. Reed, CPA – Manager

Ms. Reed joined Fester & Chapman P. C. in January, 2006, bringing over 20 years of experience in public accounting encompassing a wide variety of accounting issues, with a specialty in the government area. She holds Certified Public Accountant licenses in Arizona, California and Colorado. Ms. Reed graduated with a B. S. in Accounting from Metropolitan State College in December 1979.

Gail Clemens –CPA - Manager, Client Accounting Services/Staff Accountant

Ms. Clemens has performed and assisted with several accounting software conversions for our not-for-profit and government clients. In addition to management responsibilities, she oversees the client bookkeeping department. Prior to joining Fester & Chapman P.C. in January 1992, Ms. Clemens was office manager/bookkeeper for a local specialty contractor, where she gained five years of full charge accounting experience. Prior to that, she was employed for ten years with a Phoenix savings and loan, six of those years in their personnel compensation and benefits department. Ms. Clemens obtained her Bachelor of Science Degree in Accountancy from Arizona State University West, and graduated Summa Cum Laude in May 2004.

Matthew E. Breecher - CPA, CISA - Supervisor

Mr. Breecher joined Fester & Chapman P.C. in August 2003. His professional experience includes nearly four years as a controller for a local distributor of plumbing and mechanical equipment. Before joining Fester & Chapman P.C., Mr. Breecher also worked as a staff accountant for a local CPA firm in Phoenix, Arizona, which specializes in government and nonprofit accounting. Since joining Fester & Chapman P.C., Mr. Breecher has participated in and seniored many government and nonprofit audits. Mr. Breecher graduated with honors from Arizona State University in May 2002.

Joan Miller - CPA - In-Charge Senior

Ms. Miller joined Fester & Chapman P.C. in August 2003, bringing several years of public accounting and industry experience to the firm. Prior to joining Fester & Chapman P.C., she was the Senior Tax Accountant for a medical rehabilitation company, Senior Internal Auditor with a major regional air carrier, and obtained public accounting experience in governmental auditing as a Senior Auditor. Since joining Fester & Chapman P.C., Ms. Miller has participated in and seniored many government and nonprofit audits. Ms. Miller is CPA certified in Arizona and Minnesota. She is a member of the AICPA, the Arizona Society of CPAs and the Minnesota Society of CPAs. Ms. Miller graduated in 1992 with a Bachelor of Arts degree in Accounting from the University of St. Thomas in St. Paul, Minnesota.

Rachel Locke – Senior Accountant

Ms. Locke joined Fester & Chapman P.C. in September 2004, bringing several years of public accounting experience to the firm. Prior to joining Fester & Chapman P.C., she was a Senior Accountant for a local CPA firm in Phoenix specializing in tax and accounting for individuals and small businesses. She is a certified QuickBooks advisor. Ms. Locke graduated in 1994 with a Bachelor of Science degree in Accounting from Ball State University in Muncie, Indiana.

Dallas Siler – Senior Accountant

Mr. Siler joined Fester & Chapman P.C. in November 2006. Before joining Fester & Chapman P.C., Mr. Siler worked as an auditor for a local CPA firm in Phoenix, Arizona which specializes in governmental and nonprofit accounting. Mr. Siler obtained his Bachelor of Science Degree in Accountancy from Northern Arizona University, and graduated Cum Laude in August 2003

Nana Yaa Nuamah – Staff Accountant

Ms. Nuamah joined Fester & Chapman P.C. in July 2006, and has since been primarily involved in audits for governmental and not-for-profit entities. She formerly worked for a CPA firm in Milwaukee, Wisconsin. Ms Nuamah graduated from Cardinal Stritch University with a double major in Accounting and Computer Science. She received awards for Best Graduating Student in both majors in addition to graduating Magna Cum Laude, as well as receiving designations as a William McGowan scholar for her contributions to Academics and other extracurricular activities. Ms. Nuamah has been a standing member of the AICPA since 2004.

Kathy Wagner – Staff Accountant

Prior to joining Fester & Chapman P.C. in February 2007, Ms Wagner was a senior tax advisor for H & R Block for 4 ½ years. Prior to that, she was employed for over 7 years with two CPA firms, with Blue Cross/Blue Shield of Florida, and with a family owned construction/engineering firm in Jacksonville, Florida. Ms Wagner prepares tax returns for individuals, corporate, partnership and fiduciary clients, and also works in the audit department of Fester & Chapman P.C. Ms. Wagner obtained her Bachelor of Science Degree in Accountancy from University of Phoenix, Jacksonville, Florida, in September 2000. She is currently attending University of Phoenix obtaining two masters, one in business administration and the other with emphasis in accounting.

Lori Chapman – Staff

Ms. Chapman joined Fester & Chapman P.C. in May 1995. She graduated from the University of Arizona with a Bachelor of Science in May 1977. She currently performs monthly write-up for several clients and prepares individual, trust and estate tax returns. Prior to joining Fester & Chapman P.C., Ms. Chapman was employed by a non-profit educational organization. She managed the accounting department of a ski retail operation for over five years and has worked at the corporate level for a national pizza franchise company, as well as in the banking industry.



HEINFELD, MEECH & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Gary Heinfeld, CPA, CGFM
Nancy A. Meech, CPA, CGFM
Jennifer L. Shields, CPA
Corey Arvizu, CPA

Scott W. Kies, CPA
Kimberly A. Robinson, CPA
Kera Badalamenti, CPA, CGFM

10120 N. Oracle Rd.
Tucson, Arizona 85704
(520) 742-2611
Fax (520) 742-2718

July 9, 2007

Dane Bullard
395 South Main Street
Camp Verde, Arizona 86322

Dear Mr. Bullard:

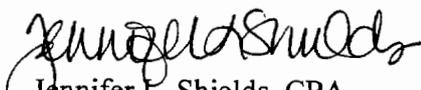
Thank you for the opportunity to provide the Town of Camp Verde, Arizona with a description of our firm's capability to provide professional auditing and accounting services to the Town of Camp Verde, Arizona. As auditors specializing in governmental audits, we have performed over 1,700 financial statement audits and single audits since 1986. Our experience has also equipped us to recognize the significant differences that make each governmental entity unique. With the recent implementation of significant governmental reporting standards, as well as those to be implemented over the next few years, our audit staff has the most extensive governmental training and experience in the industry. In addition, because we work with so many governmental entities, we are committed to providing assistance throughout the year and pride ourselves on being available to answer questions or provide guidance after the audit.

The single most important factor in our firm's success over the past twenty years has been our uncompromising commitment to the highest standards of quality and professionalism. Providing quality service to our clients is our primary objective, and we have developed review procedures and communications that ensure the highest standards of performance.

To learn more about our firm, please visit our home page at www.heinfeldmeech.com. If you would like to request a proposal or further information on our services, please contact me at:

Heinfeld, Meech & Co., P.C.
Certified Public Accountants
3033 North Central Avenue, Suite 300
Phoenix, AZ 85012
Phone: (602) 277-9449, ext 310
Fax: (602) 277-9297
Email: jennifer@heinfeldmeech.com

Sincerely,


Jennifer L. Shields, CPA
Partner

Firm Profile

Heinfeld, Meech & Co., P.C. is an Arizona certified public accounting firm founded in 1986 specializing in providing auditing and consulting services to local governmental entities. Our leadership in industry programs, employee development, financial reporting excellence and quality control all signify that we are completely focused on governmental accounting and keeping our clients and our own professionals informed about significant developments in the industry. The firm has performed over 1,700 audits and has rapidly grown to its present size based on the commitment of the partners and staff to provide exceptional governmental auditing and consulting services. The firm's staff totals 59 with offices in Tucson, Phoenix and Flagstaff, Arizona. All of our staff specialize in providing auditing and consulting services to governmental entities. The staff currently includes the following categories:

Partners	7	Consulting Managers.....	3
Audit Managers.....	5	Senior Consultants.....	4
Director of CACFP Audits.....	1	Staff Consultants	1
Audit Seniors	13	Interns	5
Staff Auditors.....	11	Office Support/Administrative	9

Firm Qualifications

The following qualifications attest to our firm's ability to provide professional services to the City.

- Heinfeld, Meech & Co., P.C. is a properly licensed Arizona Certified Public Accounting firm. The Partners, Gary Heinfeld, Nancy Meech, Jennifer Shields, Corey Arvizu, Scott Kies, Kimberly Robinson and Kera Badalamenti are certified public accountants, as are nine of our other staff members.
- We meet the independence standards of the *GAS*.
- We have no record of substandard work.
- Our quality control for the accounting and auditing practice of Heinfeld, Meech & Co., P.C. was reviewed for the year ended May 31, 2006. An unqualified report was issued August 17, 2006, by the firm of Teaman, Ramirez & Smith, Inc. In addition to an unqualified opinion, no letter of comments was issued. No letter of comments was issued for our previous reviews for the years ended May 31, 2003, 2000, 1997, 1994 and 1990, as well. The quality control review included all governmental audits performed by Heinfeld, Meech & Co., P.C., with an in-depth review of the working papers and reports.
- All auditors meet the continuing education requirements of *GAS*.
- We are registered with the American Institute of Certified Public Accountants (AICPA) Governmental Audit Quality Center, which is committed to the highest standards of quality in governmental audits. Partner Corey Arvizu also serves on the Executive Committee for the Governmental Audit Quality Center.
- We are members of the American Institute of Certified Public Accountants (AICPA), the AICPA Division of Firms, the Arizona State Society of Certified Public Accountants (ASCPA), the Government Finance Officers Association (GFOA) and the Association of Government Accountants (AGA).

Governmental Services Leader

Heinfeld, Meech & Co., P.C. is the industry leader for governmental audit services in the State of Arizona, currently providing audit services to five of the ten largest municipalities in the State. In addition to our work with municipalities, our firm currently provides services to more than 75% of the average daily membership of Arizona's school districts. Our focus and commitment to the governmental sector will ensure that the supervisory staff assigned to your City will be knowledgeable, experienced and qualified governmental auditors and accountants.

Governmental Reporting Standards

As the industry leader in governmental accounting, we commit significant resources to training our professional staff on governmental reporting standards and assisting our clients with the implementation of new reporting standards. Our firm provided implementation guidance and auditing services to seven governmental entities that early implemented the new reporting model for the fiscal year ended 2001, including one of the two Arizona municipalities that early implemented GASB Statement No. 34. For fiscal year 2004, we provided GASB Statement No. 34 guidance and auditing services to 115 governmental entities, including twelve municipalities. Our firm has also conducted numerous trainings on recent and forthcoming reporting standards to include cash and investments disclosure, the new statistical section, and other post-employment benefits.

Range of Services

Auditing and Annual Reporting

- Specializing in OMB A-133 audits (Single Audits).
- Extensive experience in preparing and reviewing Comprehensive Annual Financial Reports for Certificate of Excellence Awards.
- Audits of Local Transportation Assistance Fund schedules
- Audits of Annual Expenditure Limitation Reports
- Attestations on Housing and Urban Development financial data, including HUD-REAC submissions

Taxation

- Tax return preparation for non-profit organizations, associations, and governmental agencies

Consulting Services

- Assistance with financial statement preparation
- Preparation of accounting policies and procedures
- Review of operations
- Review of procurement practices
- Review of inventory procedures
- Review of FLSA compliance
- Preparation of internal audit manuals
- Procurement investigations
- Presentations/workshops for client personnel
- Cost analysis
- Review of cash receipts procedures
- Review of expenditures
- Preparation of Plan of Accounting
- Strategic planning workshops
- Fraud investigations
- Personnel work-load analysis
- Budget reviews

Single Audit Compliance Experience

In connection with the single audits the firm has completed, we have performed Federal compliance testing requirements for numerous governmental entity Federal assistance programs. The following list identifies some of the Federal programs tested during audits of Arizona governments:

- Airport Improvement Program
- Community Development Block Grants, including HUD – REAC electronic submissions
- Water and Waste Disposal Systems for Rural Communities
- Public Safety Partnership Policing and Community Grants Programs
- Federal Transit Capital and Operating Assistance Formula Grants Adult Education
- Public and Indian Housing
- Section 8 Housing Choice Vouchers
- Local Law Enforcement Block Grants Programs
- Capital Fund Program
- Effluent Recharge Demonstration Project
- Highway and Planning Construction

Additional Experience

Our firm's additional experience and training related to the governmental accounting and auditing includes:

- Governmental Accounting Standards Board (GASB) advisory committee on the *User Guide to School District Financial Statements*.
- GASB advisory group member for the *Guide to Implementation of GASB Statement 34 and Related Procurements*. (Second Q & A)
- *GASB Statement 34 Implementation Recommendations* for ASBO International's School Districts Committee (author of three chapters and one appendix in the first edition and rewrote second edition with two new chapters and one appendix).
- Developed accounting software program (F.R.O.G. – Financial Reporting of Governments) to produce governmental financial statements.
- Invested over 1,300 hours of CPE training for our audit staff in the area of governmental reporting.
- We have conducted seminars and presentations on governmental accounting and auditing issues for a number of professional organizations including GFOA, AICPA, GFOAz, New Mexico GFOA, the Texas Association of School Business Officials, the Alabama Association of School Business Officials and the Association of School Business Officials International.

Heinfeld, Meech & Co., P.C.
List of Selected Municipality Clients

Entity.....**City of Kingman**
Scope of work.....Financial statement audit, report preparation assistance,
expenditure limitation report
Audit dates.....June 30, 2001, 2002, 2003, 2004, 2005 and 2006
Engagement Partner.....Jennifer L. Shields
Engagement Manager.....Sara Kirk
Total Staff Hours.....500
Contact Name/Title.....Coral Loyd, CPA, Director of Financial Services
Phone.....(928) 753-5561

Entity.....**City of Safford**
Scope of work.....Financial statement audit, CAFR preparation assistance, review for
submission to GFOA, early implementation assistance fiscal year
2001
Audit dates.....June 30, 1991 through 2006
Engagement Partners.....Corey Arvizu, CPA (fiscal years 2002 through 2006) and
Gary Heinfeld, CPA, CGFM (fiscal years 1991-2001)
Engagement Audit Senior...Catherine Post (fiscal years 2005 and 2006) and Michael Hoerig
(fiscal year 2004)
Total Staff Hours.....450
Contact Name/Title.....Anne Waite, Financial Services Director
Phone.....(928) 348-3100

Entity.....**City of Sierra Vista**
Scope of work.....Financial statement audit and review of CAFR for GFOA submission
Audit dates.....June 30, 1991 through 2006
Engagement Partner.....Corey Arvizu, CPA
Engagement Audit Senior...Marvin M. Mendieta, CPA
Total Staff Hours.....300
Contact Name/Title.....David J. Felix, Finance Manager
Phone.....(520) 458-3315



CPAs & BUSINESS ADVISORS

June 20, 2007

Dave Bullard
Finance Director
395 South Main Street
Camp Verde, AZ 86322

Dear Dave:

Thank you for allowing Eide Bailly LLP the opportunity to provide the Town of Camp Verde with information on our qualifications, background and the services we provide.

When you work with Eide Bailly, you can expect a better overall experience; you will receive genuine advice and attentive service from professionals who are willing to go the extra mile.

We promise that our people, guided by strong principles, will help transform your challenges into new possibilities. Please contact me at 602.264.8612, if you would like to discuss any of our services or if you have questions.

Sincerely,

Eide Bailly LLP

A handwritten signature in black ink, appearing to read 'Andy Spillum', written in a cursive style.

Andy Spillum, CPA
Partner

PEOPLE. PRINCIPLES. POSSIBILITIES.

www.eidebailly.com

1850 N. Central Ave., Suite 400 ■ Phoenix, AZ 85004-4527 ■ Phone 602.264.5844 ■ Fax 602.277.4845 ■ EOE

About Eide Bailly

" ... They always provide us with knowledgeable people who have good technical skills, work hard to understand our business and are responsive to our needs. Everyone at Eide Bailly treats us as a valued customer. We enjoy our relationship and regard them as trusted advisors to our team."

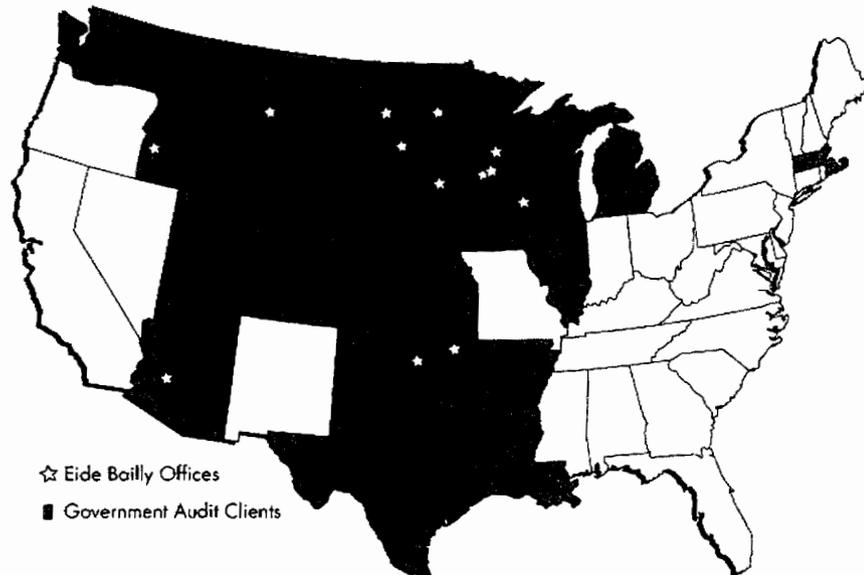
*Jan Elsesser
Client*

You will find professionals at Eide Bailly who have a genuine interest in helping you and your business grow and succeed. We promise that our people, guided by strong principles, will help transform your challenges into new possibilities. Founded in 1917, Eide Bailly is a Top 25 CPA Firm in the nation, with 13 service centers in eight states. Our clients benefit from local, personal service and, at the same time, enjoy access to more than 900 professionals with diverse skill sets and experiences.

What does this mean to you? You will:

- Work with professionals who truly care about your business—and will take the time to get to know you and your organization.
- Gain insights from our industry and service specialists to accomplish your objectives.
- Receive personal attention from your service team members who will work to become your trusted business advisors.

Serving the Governmental Industry





Extended Resources

Many of our clients are expanding into areas where their products and services are sold far beyond their initial markets. To bring focused experience to our clients, as well as to provide local service to clients located in cities where Eide Bailly does not have offices, we have developed a network of quality CPA firms to form the *Practicewise* Network. Through this network, our clients have access to the talents, skills and resources of more than 1,000 additional professionals throughout the central and western United States.

International Business

As our client's needs expand internationally, Eide Bailly continues to offer services that reach beyond the boundaries of the United States. We are a member of HLB International, which has nearly 450 corresponding firms in 100 countries. Member firms have well-established practices of high standing in their business communities. Our service approach emphasizes the strength of both the local firms and the international organization. Accordingly, world-class client services are delivered effectively and efficiently with seamless coordination. Founded in 1969, HLB International is a tremendous resource in helping our clients be successful in the global marketplace.

**HLB International is a world-wide organization of professional accounting firms and business advisors, each of which is a separate and independent legal entity and as such has no liability for the acts and omissions of any other member. HLB International Limited is an English company limited by guarantee which coordinates the international activities of the HLB International organization but provides no professional services to clients. Accordingly, HLB International Limited has no liability for the acts and omissions of any member of the HLB International organization, and vice versa.*

Relevant Experience

To ensure a successful engagement, you want qualified and knowledgeable professionals as part of your team. We are confident we have the talent and skill sets to meet your needs. The following outlines the breadth and depth of our experience; at your request, we can discuss our qualifications more thoroughly with you.

Governmental Experience

The governmental industry represents Eide Bailly's third largest niche area—with more than 300 governmental client's firmwide. These clients include various governmental entities, including cities, counties, fire relief agencies, school districts, state agencies, tribal entities and housing authorities. For more than 40 years, our clients have put their trust in the services of our team. Through serving these clients, our professionals have gained focused expertise in the governmental industry and will provide you with insightful advice that aids in managing the finances of the Town of Camp Verde.

The Firm has 100 full-time professionals who participate in our Governmental Services Group. This Group shares information learned from others and stays up-to-date on industry developments. To gain the greatest benefit of this Group, the knowledge is shared with professionals across the Firm. Our Phoenix office has staff members working in this Governmental Services Group.

Industry Involvement

Eide Bailly governmental professionals are well-positioned in organizations associated with governmental entities. We are members of the AICPA Governmental Audit Quality Center, whose primary purpose is to promote the importance of quality government audits. We have also held leadership roles in the GFOA at both the national and local levels.

Several members of our firmwide government team are members of the GFOA's Special Review Committee for the Certificate of Excellence for Achievement in Financial Reporting. Because we know how important achieving the GFOA Certificate of Excellence for Achievement in Financial Reporting is to clients, we work with them to achieve this certification. Specific ways we have worked with our clients include the following:

- Review GFOA checklist as part of the audit process and ensure that all issues from the checklist have been addressed in the audit
- Frame our audit report so that it is GFOA-compliant
- Review any comments related to deficiencies and corrections received from the GFOA and help clients to make the necessary adjustments to fix the identified issues

Through these involvements, we stay abreast of and have input into new issues in governmental accounting. Your service team is very knowledgeable in emerging issues and how we can help the Town of Camp Verde with these issues.

Continuity of Staff & Professional Growth

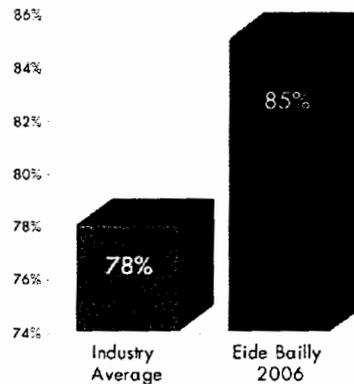
“Every great business exists because of its people—this is evident at Eide Bailly. It is staffed with people who represent the Firm exceptionally well. This is a credit to everyone within the Firm for creating an atmosphere in which people feel valued and can thrive professionally. Not only are the staff friendly and knowledgeable, but they truly care about me as an individual client and want to help ensure my goals are being met.”

*Charles Foley,
Chief Financial Officer
and Treasurer,
Arizona Sports and
Tourism Authority*

Continuity of Staff

To help ensure a strong business relationship and to minimize disruptions, we keep staffing changes to a minimum. Compared to the national average, Eide Bailly experiences a high retention rate, which provides stability in our business relationships. We have been successful in retaining our staff by providing a nurturing and caring environment — and by becoming the workplace of choice for more than 900 people.

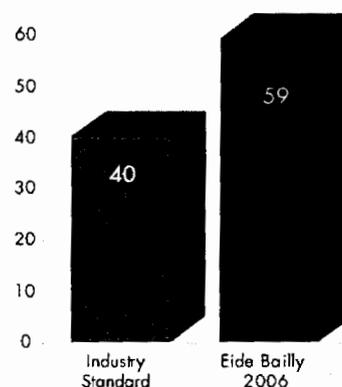
Eide Bailly Firmwide Staff Retention Rate



Professional Growth

Our Firm places a high emphasis on lifelong learning. We continually evaluate our training needs, based on the needs of our clients, to develop and deliver quality learning opportunities for our staff. This past year, through Eide Bailly’s Corporate Learning Department, we provided our client service professionals with an average of 59 hours of professional education, compared with the standard 40 hours required by most states.

Eide Bailly Average Hours Education



A Sampling of Our Governmental Clients

Government and Municipality References

We have selected several clients who have similarities to the Town of Camp Verde. The following is a sampling of the cities and towns we currently serve. Upon request, we can provide contact information for references from any of our clients listed below.

- Arizona Sports and Tourism
- City of Billings, Montana
- City of Boise, Idaho
- City of Fargo, North Dakota
- City of Omaha Housing Authority, Nebraska
- City of Prescott, Arizona
- City of Show Low, Arizona
- City of Sioux Falls, South Dakota
- City of Surprise, Arizona
- Housing Authority of Maricopa
- Rosebud Sioux Tribe
- South Dakota Student Loan
- Tohono O'odham Nation
- Town of Prescott Valley, Arizona

What Our Clients Say

Eide Bailly is the firm of choice for more than 27,000 clients. We recently asked our clients what they valued most about their relationship with our firm. Industry knowledge, attentive service, genuine advice and friendly people were just a few of the responses we received. Our clients are truly the best critics of our service.

"It is evident when working with this Firm that its staff members are passionate about helping their clients because they consistently go the extra mile to meet my needs."

*Michael J. Maus
Client*

Tohono O'odham Nation

Vivian Juan-Sanders
Chairwoman
520.383.6540

City of Boise

Jef Faw
Director of Finance and Administration
208.384.3729

Town of Prescott Valley

Valerie Fenske, CPA
Finance Manager
928.759.3003

City of Prescott

Mark Woodfill, CPA
Finance Director
928.777.1222

City of Show Low

Tad Spader
Director of Finance
928.532.4000



COLBY &
POWELL, PLC

CERTIFIED PUBLIC ACCOUNTANTS

1535 W. Harvard Avenue, Suite 101 · Gilbert, Arizona 85233

Tel: (480) 635-3200 · Fax: (480) 635-3201

June 25, 2007

Town of Camp Verde
ATTN: Dane Bullard
395 South Main Street
Camp Verde, AZ 86322

We appreciate the opportunity to submit our company profile to the Town of Camp Verde.

Our experience in the field of governmental auditing includes audits of municipalities and other governmental entities throughout the state of Arizona. We have employed a structured continuing professional education training program in the firm which updates us about current changes in auditing and accounting requirements. We are qualified to perform this service and to make your audit a beneficial experience.

Attached is additional information we hope you will find useful in your evaluating our firm. Should you have any questions or require additional information, please call.

Sincerely,

A handwritten signature in black ink that reads "Scott J. Graff".

Scott J. Graff, CPA



**RESOLUTION 2005-631
DEVELOPMENT AGREEMENT WITH COURYS**

**A RESOLUTION OF THE TOWN OF CAMP VERDE
APPROVING THE DEVELOPMENT AGREEMENT
BETWEEN THE TOWN AND COURY FOR THE PROPOSED ANNEXATION,
ZONING, AND DEVELOPMENT OF PROPERTY ALONG SR 260, AND
AUTHORIZING THE MAYOR TO EXECUTE THE AGREEMENT.**

RECITALS:

- A. The Town has the authority to enter into development agreements pursuant to ARS §9-500.05.
- B. It is determined in the best interest of the Town that it enters into the development agreement with the Courys for the proposed annexation, zoning and development of their property located along State Route 260.

NOW THEREFORE, BE IT RESOLVED:

1. That the development agreement between the Town and the Courys with the effective date of February 25, 2005 is approved.
2. That the Mayor is authorized to execute the agreement for and on behalf of the Town.

Passed and adopted this 25th day of February 2005.



Mitch Dickinson, Mayor

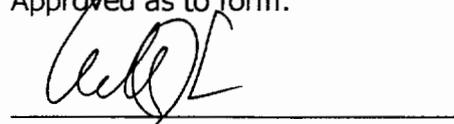
Date: Feb 25, 2005

Attest:



Deborah Barber, Town Clerk

Approved as to form:



Town Attorney

When recorded, return to:

Debbie Barber, Town Clerk
and Bill Lee, Town Manager
The Town of Camp Verde
P.O. Box 710
473 S. Main St.
Camp Verde, AZ

ANNEXATION AND DEVELOPMENT AGREEMENT

THIS ANNEXATION AND DEVELOPMENT AGREEMENT (this "Agreement") is entered into this 26 day of FEBRUARY, 2005 (the "Effective Date"), by and between the **Town of Camp Verde**, an Arizona municipal corporation (the "Town"), **Steven C. Coury**, a married man dealing with his sole and separate property and **Julie Ann Coury**, a married woman dealing with her sole and separate property (Steven C. Coury and Julie Ann Coury shall be referred to herein as the "Owner"). The Town and Owner are sometimes referred to herein collectively as the "**Parties**" or individually as a "**Party**".

RECITALS

A. WHEREAS, **Steven C. Coury and Julie Ann Coury** separately own two parcels of real property comprising a total acreage of 25 acres (the "**Property**") located in an unincorporated area of Yavapai County, which is legally described in **Exhibit A**, which is attached hereto and incorporated herein by reference. Steven C. Coury owns and operates an automobile dealership under the name of "Steve Coury Buick/Pontiac/GMC Truck" (the "**Dealership**") on seven (7) acres of the Property; and

B. WHEREAS, The Dealership has made a significant investment on advertising over the past several years to create an image with the consumer that one of the key advantages to purchasing a vehicle at the Dealership is that the purchaser will not pay city sales tax. By agreeing to be annexed into the Town, the Dealership will lose the investment the Dealership has made in advertising the sales tax advantages of purchasing a vehicle at the Dealership and will lose the competitive advantage with the Dealership's customers and competitors that the lack of a city sales tax gives the Dealership. Owner is willing to forego the economic advantage that the lack of a city sales tax gives the Owner by agreeing to permit the Property to be annexed into the Town, in consideration of, and in return for the Town providing Owner certain Economic Incentives for the existing Dealership, as well as for any new development opportunities Owner may bring to the Property and the Town during the term of this Agreement. It is the intent of the Town that the Economic Incentives compensate Owner for a portion of the losses they will incur upon the annexation of the Property into the Town; and

C. **WHEREAS**, the Parties agree that the current and future development of the Property, as well as the annexation of the Property into the municipal boundaries of the Town, will provide for orderly, controlled and quality growth in the area, will improve and enhance the economic welfare of the residents of the Town, as well as increase the tax revenues to the Town, which revenues would not be generated without such annexation and development or which revenues will likely exceed those which would be generated by alternative uses of the Property; and

D. **WHEREAS**, the Parties intend that this annexation, the current development of the Property and the proposed future development of the Property will be consistent with and complementary to the Camp Verde General Plan (the "**General Plan**"); and

E. **WHEREAS**, the Parties desire that the Property be annexed into the corporate limits of the Town and be developed as an integral part of the Town; and

F. **WHEREAS**, an annexation proposal has been filed with Yavapai County and meetings and hearing have been held and are being scheduled in connection with the annexation of the Property into the Town; and

G. **WHEREAS**, the current zoning of the Property under the Yavapai County zoning ordinance is M1-10A. The Owner has requested C3-2A zoning on the property. The Town agrees that C3-2A zoning is appropriate for the Property and that current development is consistent with C3-2A zoning. The Parties further agree that C3-2A zoning is the most appropriate land use designation for the future development of this Property under the terms of this Agreement because it establishes proper land use regulations and sets forth densities and intensities appropriate to support commercial and automotive based retail uses, in context to the location and topography of the Property. Prior to the execution of this Agreement, the Town has held public hearings and received public comment and has otherwise duly considered all such matters; and

H. **WHEREAS**, one of the Owners has already developed a portion of the Property for automotive based retail uses and the Town is desirous of annexing the Property to increase the tax revenues to the Town arising from and related to the current automotive related uses; and

I. **WHEREAS**, the Owner intends to develop the Property on the remainder of the Property for additional commercial and automotive based retail uses but desires to develop the Property within the Town in order to ensure adequate and dependable public services to the Property. The Town wishes to annex the Property to exercise proper oversight of the Property as well as the future development of the public infrastructure and municipal services in the Town's long range planning area; and

J. **WHEREAS**, in the event Owner pursues any future development of the Property and the Owner needs to construct or cause to be constructed certain additional public and private improvements in and around the Property in order to properly serve the Property, including without limitation certain Public Improvements, which Public Improvements the Parties agree may be financed and constructed pursuant to the terms of this Agreement; and,

K. WHEREAS, the Town also has determined that encouraging the development of the Property pursuant to this Agreement will result in significant planning, economic and other public purpose benefits to the Town and its residents by, among other things: (i) possibly providing for the construction of the Public Improvements; (ii) providing for development of the Property consistent with the Town's General Plan; (iii) increasing tax revenues to the Town arising from or relating to the existing and future improvements to be developed on the Property; (iv) creating new jobs and otherwise enhancing the economic welfare of the residents of the Town; and,

L. WHEREAS, the Parties understand and acknowledge that this Agreement is a "Development Agreement" within the meaning of and entered into pursuant to the terms of A.R.S. § 9-500.05, in order to facilitate the annexation, proper municipal zoning designation and development of the Property by providing for, among other things: (i) conditions, terms restrictions and requirements for the annexation of the Property by the Town; (ii) the permitted uses for the Property; (iii) the density and intensity of such uses; and (iv) other matters related to the development of the Property; and the terms of this Agreement shall constitute covenants running with the Property as more fully described in this Agreement; and,

M. WHEREAS, the Parties also understand and acknowledge that this Agreement is authorized by and entered into in accordance with the terms of A.R.S § 9-500.11. The actions taken by the Town pursuant to this Agreement are for economic development purposes as that term is used in A.R.S. §9-500.11, will assist in the creation and retention of jobs, and will otherwise improve or enhance the economic welfare of the residents of the Town.

NOW THEREFORE, in consideration of the above premises, the promises contained in this Agreement and for good and valuable consideration, the receipt and sufficiency of which the Parties acknowledge, the Parties hereto agree as follows:

ARTICLE I PURPOSE AND SCOPE OF AGREEMENT

1.1 Recitals. The Parties represent to one another that the recitals set forth above, which are incorporated herein by reference, are true and correct, and acknowledge that the Parties may rely thereon.

1.2 Purpose. This Agreement is intended to encourage the use and development of the Property for commercial and automotive based retail uses. The Agreement is intended to create incentives to the Owner to bring commercial opportunities to the Property, which might result in its full development as an integrated commercial development, through the construction of private structures and the placement of Public Infrastructure and the location of viable businesses and employment opportunities on the Property. The Parties realize that without the benefits offered to the Owner through this Agreement that the development of this Property to its full potential will take longer and be less successful than with these benefits. The Parties further

understand and agree that in order for the Owner to receive the benefits associated with a particular phase of development under the terms of this Agreement, the Owner must first develop that particular phase of the Property.

1.3 Property. On the date this Agreement is entered into by the Parties, the Property consists of two parcels of real property; (i) the existing developed parcel, which is approximately seven (7) acres in size (the "**Developed Parcel**"), on which the existing auto dealership is located; and (ii) undeveloped parcels, which collectively are approximately eighteen (18) acres in size (the "**Undeveloped Parcel**"), along with rights-of-way and streets appurtenant thereto. See Map of Property attached hereto as **Exhibit B-1**. The Parties intend, and the objective of this Agreement is to achieve, the annexation and future development of the Property in furtherance of the goals of the Town's General Plan. The purpose of this Agreement is to create an economic tax incentive to the Owner: (A) to preserve and enhance the existing automobile dealership, (B) to encourage the future and full development of the Property, and (C) to facilitate the construction of new commercial development and Public Infrastructure on and around the Property, within the corporate boundaries of the Town. The Parties understand and expect at some time during the Term of this Agreement that the Arizona Department of Transportation ("**ADOT**") may elect to widen Highway 260, and in the process, ADOT may take or condemn a portion of the Property. The Owner may acquire a similar amount of acreage adjacent to or in the vicinity of the Property ("**New Property**") if such an ADOT taking or condemnation were to occur. Therefore, the Parties agree that if the Owner were to lose part of the Property to ADOT, and subsequent adjacent parcels are acquired by Owner, Owner is entitled to request annexation of any New Property acquired by Owner. The New Property, up to the amount acquired by ADOT, will be made a part of this Agreement if annexation is successful. The legal description of the New Property will be appended as **Exhibit A** of this Agreement.

1.4 Economic Incentives. To carryout the objective of this Agreement, **Section 7.1** and the Schedule of Performance attached hereto as **Exhibit B** of this Agreement establish time periods in which: (1) the Owner may actively pursue new commercial and automotive retail based development opportunities for the Property, and (2) the Owner will receive the Economic Incentives from the Town as consideration for Owner agreeing to be annexed into the Town and to reimburse Owner for the risk and investment made in the new commercial and automotive based retail development and any private and Public Improvements.

1.5 Scope. This Agreement is intended to encourage and incentivize the Owner to agree to be annexed into the Town and once annexed, to develop the undeveloped portions of the Property for the benefit of the Owner and the Town. This Agreement and the Schedule of Performance, set forth in Exhibit B, are intended to establish goals and incentives for Owner to attempt to achieve in return for the Economic Incentive benefits offered by the Town. The Agreement and Schedule of benefits are not intended to: (i) mandate any additional performance or future development of the Property by the Owner; (ii) penalize Owner for failure to develop within the timelines set forth on the Schedule of Performance, except to authorize the Town to withhold the applicable economic benefit if the Owner fails to bring development to the Property within the timelines set forth on the Schedule of Performance; (iii) limit the Owner's ability to

receive an Economic Incentive vested pursuant to the terms of this Agreement; or (iv) mandate or limit the number of developments that may be placed on the Property.

ARTICLE II DEFINITIONS

The following terms shall have the meanings set forth below whenever used in this Agreement, except where the context clearly indicates otherwise.

- 2.1 **“Agreement”** means this Annexation and Development Agreement, as amended and restated or supplemented in writing from time to time, and includes all exhibits and schedules hereto. References to Articles, Sections or Exhibits are to this Agreement unless otherwise qualified. The **Recitals A through M**, inclusive, are incorporated herein by reference and form a part of this Agreement but are not intended to expand the scope, number or nature of the Parties’ obligations beyond those expressly set forth in the numbered Articles and Sections of this Agreement.
- 2.2 **“Annexation and Zoning Ordinance”** is defined in **Section 3.1**.
- 2.3 **“Annexation Date”** is the date the Town Council adopts the ordinance annexing the Property, but only if the ordinance becomes final after the annexation of thirty days from the adoption of said ordinance pursuant to A.R.S. § 9-471(D).
- 2.4 **“Applicable Laws”** is defined in **Section 3.8**.
- 2.5 **“A.R.S.”** means the Arizona Revised Statutes as now or hereafter enacted or amended.
- 2.6 **“Certificate of Occupancy”** means a final written acceptance of the completed and inspected development, issued by the Town Council or appropriate administrative staff member of the Town. A Certificate of Occupancy will not be issued until the entire Property or phase thereof is completed in conformance with this Agreement and accepted by the Town.
- 2.7 **“Commencement of Construction”** means the obtaining of a building, excavation, grading or similar permit by Owner for the construction of the subject Improvement.
- 2.8 **“Completion of Construction”** means: (i) the date on which final Certificate of Occupancy has been issued by the Town for any commercial development on the Property; and (ii) for the Public Improvements, acceptance of dedication by the Town Council or appropriate administrative staff member of the Town of the completed Public Improvements for maintenance in accordance with the policies, standards and specifications contained in the applicable Town ordinances, which acceptance shall not be unreasonably withheld, conditioned or delayed.

II. SPECIALIZED GOVERNMENTAL AUDITING

During the past 25 years, the firm's partners have developed a special emphasis in governmental accounting and auditing. Since 1978, the firm or its principals have performed numerous audits for councils of governments and municipalities, many of which receive federal and state government grants that have been subject to the Single Audit Act, OMB Circular A-133. Our firm has been instrumental in assisting our audit clients with the requirements of GASB No. 34. Our audit team remains current on all new accounting and audit pronouncements through professional education courses including in house training programs that allow us to focus our training on the accounting and auditing needs of our governmental audits.

III. AUDIT AND OTHER SPECIALIZED SERVICES

While the range of services provided by most accounting firms has expanded significantly, audits continue to be the dominant component of our practice. In the course of carrying out an audit, the auditing firm should generate information and develop insights that will result in improved controls and safeguards leading to greater efficiencies and clear, concise, and understandable financial reporting that is respected by the financial community. Our professionals have the experience and the training to provide these helpful insights and to ensure a quality audit.

IV. EXPERIENCE

Our recent audit experience has included financial audits of the following entities in Arizona:

Municipalities

Town of Pima
Town of Miami
Town of Patagonia
Town of Quartzsite
Town of Mammoth
City of Holbrook

Town of Kearny
City of Benson
Town of Duncan
Town of Superior
Town of Guadalupe
Town of Thatcher

Councils of Governments/Authority

Northern Arizona Council of Governments
Inter Tribal Council of Arizona

- 2.9 **“Conceptual Plan”** is defined in **Section 3.4.**
- 2.10 **“Current”** as it exists as of the Effective Date of the Agreement.
- 2.11 **“Default”** is defined in **Section 9.1.**
- 2.12 **“Developed Parcel”** is defined in **Section 1.3.**
- 2.13 **“Development”** means and refers to the development of a multi-phased commercial development the Parties envision being developed and constructed on the Property. The different phases of the Property envisioned by the Parties at the time this Agreement is executed are divided into the following phases:
- (i) The existing Steve Coury Buick/Pontiac Dealership facility (the **“Existing Dealership Phase”**).
 - (ii) The development of future additional commercial and automobile related retail facilities with related site development (the **“Future Commercial Development Phase”**).
- 2.14 **“Economic Incentive”** is defined in **Section 7.1**
- 2.15 **“Effective Date”** means the date on which the last Party executes this Agreement, as set forth above. The Effective Date shall be no less than thirty (30) days from the date upon which this Agreement has been adopted and approved by ordinance by the Town Council, and shall not occur before the annexation of the Property by the Town has been completed.
- 2.16 **“Improvements”** means any and all improvements that may be constructed within or adjacent to the Property.
- 2.17 **“Improvement District”** means and refers to the district created to finance the design and construction of the public road improvements, public utilities and other onsite and offsite public infrastructure development.
- 2.18 **“Monthly ADR Tax Report”** is defined in **Section 7.2.2.**
- 2.19 **“New Property”** is defined in **Section 1.3.**
- 2.20 **“Owner”** is defined in the Introductory Paragraph on page 1 and includes any successor thereto.
- 2.21 **“Owner’s Representative”** is defined in **Section 5.3.**

- 2.22 “Party” or “Parties” is designated on the first page of this Agreement.
- 2.23 “Property” is defined in **Recital A**.
- 2.24 “Public Improvements” is defined in **Article VI**.
- 2.25 “Public Use Assessment” is defined in **Section 6.8** of this Agreement.
- 2.26 “Sales Taxes” means for the purposes of this Agreement the two percent (2.0%) general transaction privilege tax imposed under the Tax Code of the Town of Camp Verde and any increase or decrease of such tax during the term of this Agreement imposed on and actually received by the Town during the Rebate Period.
- 2.27 “Sales Tax Rebate” is defined in **Section 7.1.1**.
- 2.28 “Special Fund” is defined in **Section 7.2.2**.
- 2.29 “Schedule of Performance” means and refers to that schedule of performance agreed to by the Parties as set forth in **Exhibit B** attached hereto and incorporated herein by reference.
- 2.30 “Specific Plan of Development” is defined in **Section 3.4**.
- 2.31 “Taxable Activities” is defined in **Section 7.1.1**.
- 2.32 “Term” is defined in **Section 7.4**.
- 2.33 “Undeveloped Parcel” is defined in **Section 1.3**.

ARTICLE III ANNEXATION AND DEVELOPMENT PLANNING

3.1 Annexation. The Owner hereby agrees to execute the Town’s annexation petition for the Property within one month of the Effective Date of this Agreement. Upon receipt of the Annexation Petition, the Town agrees to comply with the provisions of A.R.S. § 9-471 *et seq.* and, if determined to be in the best interest of the Town, adopt the final ordinance annexing the Property into the corporate limits of the Town. The Town’s annexation ordinance (**“Annexation and Zoning Ordinance”**) shall adopt a zoning classification pursuant to **Section 3.2**, below. The final annexation ordinance shall contain a provision providing to the Owner the unilateral right, but not the obligation to call for the immediate rescission of the annexation ordinance by the Town if: (i) a referendum against the Town challenging the validity of the annexation, the C3-2A zoning designation or this Agreement passes the voters of the Town; (ii) the Town does not grant C3-2A zoning to the Property at the time of the adoption of

the annexation ordinance; or (iii) any Party succeeds in litigation challenging the annexation, the C3-2A zoning designation or this Agreement. The Town expressly acknowledges and agrees that the annexation petition and this Agreement will have been executed and delivered to the Town contingent on the Town's adoption of the ordinance described in the preceding sentence, including the rescission provisions. In addition to the foregoing, in the event the Town has not adopted an ordinance annexing and zoning the Property, as provided herein, on or before June 12, 2005, the Owner may elect to terminate this Agreement by withdrawing any petition(s) for annexation of the Property that may be pending by giving written notice thereof to the Town.

- 3.2 **Zoning.** Concurrently with the approval of the final ordinance annexing the Property into the corporate limits of the Town, pursuant to A.R.S. § 9-471(L), the Town shall adopt zoning classifications which permit densities and uses no greater than those permitted by Yavapai County immediately preceding the annexation. The current zoning of the Property under the Yavapai County zoning ordinance is M1-10A. The Town has previously held public meetings on a Zoning Amendment and has fully complied with all other requirements of A.R.S. § 9-462.04 necessary to adopt municipal zoning upon annexation of the Property, as provided in the Annexation and Zoning Ordinance. After the Annexation and Zoning Ordinance have become final under A.R.S. § 9-471(D), the Property shall be zoned C3-2A, the equivalent Town zoning to the current County zoning.
- 3.3 **General Plan Amendment.** The Town has complied with the provisions of A.R.S. § 9-461.06 regarding an amendment to the General Plan ("**General Plan Amendment**") that includes the Property and zoning for C3-2A. Should the Town fail to adopt the General Plan Amendment concurrently or prior to the adoption of the Annexation and Zoning Ordinance, this Agreement shall not become effective and neither Party shall have any obligations under this Agreement. Nothing in this Section is intended to limit the discretion of the Town in reviewing, adopting or declining to adopt the General Plan Amendment.
- 3.4 **Conceptual Plan.** The Owner's conceptual plan for the development of the Property includes continuing the existing automobile based retail use located on the Developed Parcel and developing additional commercial opportunities on the Undeveloped Parcels, and in return the Owner will receive Economic Incentives from the Town based on the Schedule of Performance for additional development.
- 3.5 **Specific Plan of Development.** Upon the Owner's procurement of appropriate commercial development opportunities for all or any portion of the Property, the Owner shall submit to the Town a proposed "**Specific Plan of Development**" for the Property, in accordance with normally applicable Town submission requirements for such applications. The Specific Plan of Development shall guide development of that portion of the Property upon approval of by the Town.

- 3.6** **Commercial Subdivision.** Upon the Owner's procurement of an appropriate commercial development opportunity for the Property, the Owner shall submit to the Town a preliminary plat and supplemental materials for the subdivision of the Property in accordance with normally applicable Town submission requirements for such applications. The Owner diligently shall pursue to completion, subject to the Town's customary review and approval process, the preparation and approval by the Town of a final plat for the subdivision of the Property, such final plat to be recorded in the official records of Yavapai County, Arizona, prior to the Commencement of Construction of the Property or any phase thereof.
- 3.7** **Amendments.** The Parties acknowledge that when and if Owner submits any Specific Plan of Development, that it constitute the vision of the Parties for the future commercial development of the Property but that it shall not mandate that Owner actually bring the commercial development to the Property or to otherwise perform in a particular manner. Therefore, the Parties recognize that it may be necessary from time to time to amend any Specific Plan of Development the Owner may submit to the Town, in order to reflect changes in market conditions and development financing and/or to meet the new requirements of one or more of the potential users of any part of the Property. If after the Town Council has accomplished the necessary review and approvals of the Specific Plan of Development and the Parties find that changes or adjustments are necessary or appropriate, any such changes or amendments shall be subject to review and approval by the Town Council in accordance with the customary review and approval process.
- 3.8** **Applicable Laws.** For the purposes of this Agreement, the term "**Applicable Laws**" means the federal, state, county and Town laws (statutory and common law), rules, regulations, permit requirements, development fees (adopted in accordance with A.R.S. § 9-463.05), and ordinances of the Town which apply to the development of the Property or any phase thereof, at the time of construction. The development of the Property will be subject to the 2003 International Building Codes as adopted by the Town, with local amendments.
- 3.8.1** **Permissible Additions to the Applicable Rules.** Notwithstanding the provisions of **Section 3.8** above, the Town may enact the following provisions, and take the following actions, which shall be applicable to and binding on the development of the Property.
- 3.8.1.1** Future land use ordinances, rules, regulations, permit requirements and other requirements and official policies of the town, excluding development fees or exactions, which are applicable to all similarly-zoned property in the Town and not contrary to the existing land use regulations established in **Section 3.8**, provided such land use ordinances, rules,

regulations, permit requirements, and other requirements and official policies shall not impair the Owner's ability to develop the Property in the manner provided in this Agreement.

- 3.8.1.2** Future land use ordinances, rules, regulations, permit requirements and other requirements and official policies of the Town enacted as necessary to comply with mandatory requirements imposed on the Town by the county, state or federal laws and regulations, court decisions, and other similar superior external authorities beyond the control of the Town, provided that in the event any such mandatory requirement prevents or precludes compliance with this Agreement, if permitted by law, such affected provision of this Agreement shall be modified as may be necessary to achieve minimum permissible compliance with such mandatory requirements.
- 3.8.1.3** Future generally applicable ordinances, rules, regulations and permit requirements (but excluding new development fees or exactions) of the Town reasonably necessary to alleviate legitimate severe threats to public health and safety, in which event any ordinance, rule, regulation, permit requirement or other requirement or official policy imposed in an effort to contain or alleviate such a legitimate severe threat to public health and safety shall be the most minimal and least intrusive alternative practicable and, except in a bona fide emergency, may be imposed only after public hearing and comment and shall not, in any event, be imposed arbitrarily or in a discriminatory fashion.
- 3.8.1.4** Future updates of, and amendments to, existing building, plumbing, mechanical, electrical, dangerous buildings, drainage and similar construction and safety-related codes, such as the Uniform Building Code, which updates and amendments are generally by a nationally recognized construction/safety organization, such as the International Conference of Building Officials ("ICBO"), or by the county, state or federal governments, provided such code updates and amendments shall be applied in the most minimal and least intrusive manner which is practicable under the circumstances.
- 3.8.1.5** Amendments to such construction and safety codes generated by the Town for the purposes of conforming such codes to the conditions generally existing in the Town, provided that such code amendments shall be applied in the most minimal and least intrusive manner which is practicable under the circumstances.

ARTICLE IV FUTURE AND EXISTING LAND USE

4.1. **Non-Conforming Uses.** As of the Effective Date of this Agreement, all legally commenced uses, all existing buildings, and all other structures existing on the Property shall be deemed to be legally nonconforming uses (sometimes referred to as "**grandfathered uses**") and shall be entitled to all rights granted to nonconforming uses under all Applicable Laws. The current and future owners of the Property shall be fully entitled to and shall enjoy said nonconforming rights as to all such zoning, structures, buildings, uses, parking, and all other relevant regulations set forth in Applicable Law. All structures and improvements built after annexation and significant expansions of existing structures as defined in the Town Code must be built to Town Zoning and Code requirements.

4.2. **Rezoning.** At any time during the Term of this Agreement, if a Town approved Specific Plan of Development demonstrates that the Property, or any portion thereof, requires different zoning than is designated for the Property at that time, the Town agrees to initiate procedures to change the zoning to an appropriate designation(s) consistent with the Specific Plan of Development in a manner then set forth in the Town's zoning ordinance for amendments. Following the redesignation of the Property to C3-2A pursuant to the terms of the Town's annexation ordinance, the Town shall not initiate any changes or modifications to the zoning of the Property during the Term of this Agreement, except at the request of the Owner and upon filing of the proper paperwork and fees or as required by Applicable Laws.

4.3. **Fee Waivers.** The Town hereby agrees to waive any and all application and processing fees related to the rezoning or land entitlement processes applicable to the Property. In addition, the Town agrees to waive any building or permit fees for any new buildings constructed on the Property within forty-eight (48) months of the Effective Date of this Agreement, provided this Agreement remains in effect at the time.

ARTICLE V OWNER'S DEVELOPMENT SCHEDULE, PROCESS AND COMPLETION OF IMPROVEMENTS

5.1. **Approvals.** The Town hereby agrees that, in connection with any requests for approval relating to the development of the Property and the construction of any Public Improvements that only the standard plan or review requirements will be imposed on the Owner.

5.2. **Review and Inspection Process.** The Town acknowledges and agrees that in the event that Owner proposes any development of the Property, that the Town will provide an expedited review and construction inspection process, as may be necessary for that particular proposed development, in accordance with the terms in Section 5.4. Accordingly, the Parties agree that if at any time Owner believes an impasse has been reached with the Town staff on any

issue affecting the Property, Owner shall have the right to immediately appeal to the Town Manager for an expedited decision pursuant to this **Section 5**.

5.3 Appointment of Representative. In order to help expedite decisions by the Town relating to the development of the Property, the Town agrees to designate a representative (“**Town Representative**”) of the Town to act as a liaison between the Town and the Owner and between the various departments of the Town and the Owner. The Town Representative shall be available at all reasonable times to serve as such liaison, it being the intention of this **Section 5.3** to provide the Owner with one individual as the Town’s principal representative with respect to the development of the Property. The Owner shall also designate a representative (“**Owner’s Representative**”) who shall serve as a liaison between the Property and the Town. The initial Town Representative shall be Will Wright, Community Development Director, and the initial Owner Representative shall be Steve Coury. The Parties may change their respective representatives at any time, by giving notice to the other Party as provided in **Section 10.4**.

5.4 Owner Assistance. Notwithstanding anything contained herein to the contrary, the Owner acknowledges that the Town may not have sufficient number of personnel to implement an expedited development review and/or expedited construction inspection process. In the event the Owner gives notice to the Town electing to have the Town implement an expedited development review and/or construction inspection process, and the Town responds in writing stating that it does not have the personnel or resources to provide the expedited review or inspection, then the Owner shall engage at its cost such private independent consultants and advisors as are approved by the Town to assist it in the review and/or inspection process; provided, however, that such consultants and advisors shall take instruction from, be controlled by, and be responsible to the Town rather than the Owner and provided further that, to the extent the Town elects to use its own personnel and the Town incurs overtime and similar charges, the Owner shall be responsible only for incremental overtime costs incurred above the Town’s ordinary operation expenses for such personnel.

5.5 Certificate of Occupancy. Promptly after final Completion of Construction of any Improvements on the Property approved by the Town, following the inspection and approval of the Improvements, the Town shall furnish to the Owner a Certificate of Occupancy certifying that the construction of the Improvements has been completed. Upon issuance of the Certificate of Occupancy, the Owner may record the Certificate of Occupancy in the Office of the Yavapai County, Arizona Recorder. In the event that the Town refuses or fails to provide the Certificate of Occupancy, the Town shall, within five (5) business days after written request by the Owner issue a written statement indicating in adequate detail why the Certificate of Occupancy was not issued by the Town and what measures or acts the Town requires of Owner before the Town will issue the Certificate of Occupancy.

**ARTICLE VI
PUBLIC IMPROVEMENTS**

6.1 Public Improvements. If the Owner proposes to develop the Property, pursuant to A.R.S. §34-201(L), the Town may impose additional conditions to the development, as authorized by A.R.S. § 9-463.01, and the Owner shall design, construct or cause to be constructed and dedicated to the Town the Public Improvements subject to the terms and conditions of this Agreement.

6.2 Construction and Phasing. Any Public Improvements required to support the development of all or any portion of the Property may be constructed in phases in accordance with the Specific Plan of Development and Schedule of Performance.

6.3 Design, Bidding, Construction and Dedication. Any Public Improvements that are financed by the Parties pursuant to an Improvement District shall be designed, publicly bid, constructed and dedicated in accordance with Applicable Laws, including without limitation all Town procurement and bidding procedures.

6.4 Town Review and Approval of Plans; Financial Assurances. The Owner recognizes that its development and construction of the Public Improvements pursuant to this Agreement is subject to the Town's normal plan submittal, review and approval processes, day-to-day inspection services, and the financial assurance requirements. The Town will use its best efforts to expedite its regulatory processes, including but not limited to zoning, plat, use permit, variance, design review and building permit processes, subject to the terms of **Article 5** of this Agreement.

6.5 Payment of Public Improvement Costs. The Owner shall pay all Public Improvement Costs as the same become due, subject to **Section 6.7** of this Agreement, if applicable, as a partial consideration for the Economic Incentive payments described in **Section 7.1** of this Agreement.

6.6 Dedication, Acceptance and Maintenance of Public Improvements. Public Improvements are defined herein as streets, utilities, parking facilities, drainage facilities, storm water retention facilities and other on-site and off-site infrastructure including but not limited to water and sewer delivery and treatment facilities, that are or will be owned and/or operated by the Town or an Improvement District appropriately formed to conduct or provide such services (the "**Public Improvements**"). At such time as any Public Improvements are completed, then upon written request of Owner, the Town or Improvement District shall accept dedication of such Public Improvements in accordance with Applicable Laws and upon such reasonable and customary conditions as the Town or Improvement District may impose, including without limitation a two (2) year workmanship and materials contractor's warranty. Upon acceptance, the Public Improvements shall become public facilities and property of the Town or Improvement District and the Town or Improvement District shall be solely responsible for all subsequent maintenance, replacement or repairs; and (except for matters covered by express warranties provided to the Town or Improvement District), the Town or Improvement District shall bear all risk of loss, damage or failure to such Public Improvements, and shall indemnify the Owner and its affiliates, members, managers, agents and representatives, against any claims arising after the Town or Improvement District's acceptance of the Public

Improvements. Until accepted by the Town or Improvement District, Owner shall bear all risk of loss, damage, or failure to the Public Improvements constructed by the Owner and shall indemnify the Town or Improvement District and its officials, employees and Town Council members or Improvement District Board members, from and against any third party claim for bodily injury or loss or damage to tangible or intangible property caused, in whole or in part by negligent or willful acts or omissions of Owner or any of Owner's contractors agents or employees arising out of the design, construction, maintenance and repair of the Public Improvements which may occur, exist or arise prior to acceptance of the Public Improvements by the Town or Improvement District, but shall not include any negligent or willful acts or omissions of the Town or the Improvement District.

6.7 **Creation of Improvement District.** When and if the Owner decides to develop all or a portion of the Property, the Owner shall submit or cause to be submitted to the Town preliminary plans and specifications for the Public Improvements necessary to serve the Property for review and approval. Once the requisite Public Improvement Plans have been prepared by the Owner and approved by the Town, the Parties may agree to use their reasonable efforts to form one or more improvement districts (the "**Improvement District**"), or such other infrastructure financing mechanism the Parties may subsequently agree to, to finance the design and construction of on-site and off-site Public Improvements to serve the Property. The Parties understand and agree that the purpose of any Improvement District or other financing mechanism that the Parties may subsequently agree to, is to raise funds through the issuance of bonds to finance the construction of the required Public Improvements, and that the bonds will be repaid through assessments imposed against parcels, or any leasehold interests therein, within the Improvement District boundaries. The Owner herein agrees to pay its pro-rata share of the assessments levied by any Improvement Districts that are formed.

6.8 **Public Use Assessment.** In addition to the foregoing and in consideration for the initial imposition the Property will have at annexation on Town services, the Owner hereby agrees to pay the Town an annual assessment fee of no less than ten thousand dollars (\$10,000.00) ("**Public Use Assessment**"). This Public Use Assessment shall be made annually, prior to the end of the calendar year, through the Term of this Agreement.

ARTICLE VII ECONOMIC INCENTIVES

7.1 **Incentives to Owner.** The Town has determined that the future development of the Property: (i) will substantially enhance the economic health of the Town; (ii) will result in a net increase or retention of jobs in the Town; (iii) will add to the Town's tax base; (iv) will otherwise improve or enhance the economic welfare of the residents or businesses of the Town; (v) would not otherwise occur in this portion of the Town without these incentives; and (vi) demonstrates the potential to generate revenues and other benefits to the Town, which outweigh or are not disproportionate to the cost associated with these incentives. The Sales Tax Rebates are being offered by the Town as an inducement to Owner to consent to the annexation of the Property into the Town and for the purpose of offsetting Owner's future development and

Public Improvement costs to develop future phases of the Property and in partial consideration of the undertaking of the Owner's obligations under this Agreement. The Developed Parcel Sales Tax Rebate, the Second Dealership Sales Tax Rebate the Undeveloped Parcel Sales Tax Rebate, and the lease or rental of real property sales tax rebate are collectively referred to herein as the "**Sales Tax Rebate**" (also referred to herein as the "**Economic Incentives**"). The Developed Parcel Sales Tax Rebate Period, the Second Dealership Sales Tax Rebate Period and the Undeveloped Parcel Sales Tax Rebate Period are collectively referred to herein as the "**Sales Tax Rebate Period**". Therefore, in recognition of these benefits to the citizens of the Town of Camp Verde as set forth in this Section, the Town shall make the following payments and rebates to and on behalf Owner:

7.1.1 Sales Tax Rebate. The Town shall rebate and pay to Owner fifty percent (50%) of the current two percent (2%) ("**Excise Sales Taxes**") and any increase or decrease of such tax during the term of this Agreement imposed on and actually received by the Town for retail sales activities occurring within the Property (the "**Taxable Activities**") during the Rebate Period, and one hundred percent (100%) of the current two percent (2%) sales tax on the lease or rental of real property imposed on the Property (or any part thereof) and any increase or decrease of such tax during the Rebate Period term of this Agreement, provided that the Owner (as defined herein) has at least a fifty percent (50%) interest in the tenant entity. These rebates shall include:

- **Developed Parcel Sales Tax Rebate.** Fifty Percent (50%) of the current two percent (2%) of any and all Excise Sales Taxes and any increase or decrease of such tax during the term of this Agreement generated on the Developed Parcel and collected by the Town in any fiscal year (July 1st through June 30th), or portion thereof, so long as an auto dealership is operated thereon (the "**Developed Parcel Sales Tax Rebate**"), commencing upon the Town Council's adoption of the annexation ordinance for this Property and continuing for a period of two hundred and forty (240) months thereafter (the "**Developed Parcel Sales Tax Rebate Period**").
- **Second Auto Dealership Sales Tax Rebate.** If, in accordance with the Schedule of Performance, the Owner develops a second auto dealership (the "**Second Dealership**") on all or portion of the Undeveloped Parcel within forty-eight (48) months of the Effective Date of this Agreement, then fifty percent (50%) of the current two percent (2%) of any and all Excise Sales Taxes and any increase or decrease of such tax generated by the Second Dealership and collected by the Town in any fiscal year (July 1st through June 30th) or portion thereof (the "**Second Dealership Sales Tax Rebate**"), commencing upon the Town's issuance of a certificate of occupancy for the Second Dealership and continuing for a period of two hundred and forty (240) months thereafter, so long as an auto dealership is operated thereon (the "**Second Dealership Sales Tax Rebate Period**").

- **Undeveloped Parcel Sales Tax Rebate.** Fifty percent (50%) of the current two percent (2%) of any and all Excise Sales Taxes and any increase or decrease of such tax generated on all or a portion, except as to any portion of the Undeveloped Parcel developed as a Second Dealership, if any, and collected by the Town in any fiscal year (July 1st through June 30th), or portion thereof (the “**Undeveloped Parcel Sales Tax Rebate**”), commencing upon the Town’s issuance of a Certificate of Occupancy on any development commenced on all or a portion of the Undeveloped Parcel in accordance with the Schedule of Performance, but no later than one hundred twenty (120) months after the Effective Date of this Agreement and continuing for a period not to exceed two hundred and forty (240) months thereafter (the “**Undeveloped Parcel Sales Tax Rebate Period**”).
- **Sale or Lease of Real Property Tax Rebate.** One hundred percent (100%) of the current two percent (2%) sales tax on the lease or rental of real property within the Property and any increase or decrease of such tax (the “**Sale or Lease of Real Property Tax Rebate**”), commencing upon the Town Council’s adoption of the annexation ordinance and continuing for a period of two hundred forty (240) months thereafter (the “**Sale or Lease of Real Property Tax Rebate Period**”).

7.1.2 **Independence of Economic Incentives.** Owner may independently choose to develop none, all or portions of the Undeveloped Parcel pursuant to the **Exhibit B** Schedule of Performance in order to obtain the economic incentives related thereto. Failure to bring a Second Dealership or to develop any portion does not preclude development of any other portion, nor does it preclude Owner from gaining the benefit of the Economic Incentives set forth herein, except as specifically stated herein. Owner’s failure, inability or decision not to develop all or any portion of the Property shall not constitute a breach or default under this Agreement.

7.1.3 **Identification Change Incentive.** The Owner will incur as the result of annexation of the Property into the Town of Camp Verde certain expenses associated with changing the locational identity of the existing businesses currently occupying the Property. The Town, upon the annexation ordinance for this Property becoming final, pursuant to the provisions of A.R.S. § 9-471(D), will make a one-time incentive payment to the Owner in the amount of ten thousand dollars (\$10,000) to help defray the cost associated with this identification change within ninety (90) days of passage of the Annexation Ordinance.

7.2 Incentive Obligation of the Town.

7.2.1 Incentive Amounts. The Town hereby agrees to pay the monies generated by the Sales Tax Rebates to Owner in accordance with the terms of this **Section 7** as an Economic Incentive under this Agreement in connection with the annexation of the Property and the future development of the Property. The Town shall make such payments pursuant to periodic economic incentive payments (the “**Economic Incentive Payments**”) to the Owner under **Section 7.2.3** of this Agreement.

7.2.2 Allocation and Deposit of Revenues. The Town shall create a special account (the “**Special Fund**”) that is segregated from other Town accounts and funds and shall deposit the Sales Tax Rebate monies in the Special Fund and hold them in constructive trust for the benefit of the Owner for the purposes of paying Owner the payment obligations of this Agreement. The monies held in the Special Fund shall be deposited in an interest bearing account.

- (a) **Deposit of Sales Taxes.** The first deposit of Sales Tax Rebate monies into the Special Fund shall be made after the annexation ordinance for the Property becomes final and within thirty (30) days following the Town’s receipt of its first monthly transaction privilege tax report from the Arizona Department of Revenue (the “**Monthly ADR Tax Report**”) listing Excise Sales Taxes actually received by the Town from any Taxable Activities on the Property. Subsequent deposits of the Sales Tax Rebate monies shall be made within thirty (30) days following the Town’s receipt of each subsequent Monthly ADR Tax Report until the expiration of the applicable Sales Tax Rebate Period.
- (b) **Vesting of the Economic Incentive.** The Economic Incentive for the Developed Parcel shall be deemed to vest to the benefit of the Owner after the annexation ordinance for the Property becomes final and the Owner’s right to receive the Economic Incentive shall accrue when the Excise Sales Taxes are actually received by the Town from any Taxable Activities on the Developed Parcel. The Economic Incentive for that portion or portions of the Undeveloped Parcel that have received a timely Certificate of Occupancy from the Town shall be deemed to vest to the benefit of the Owner on the date the Owner receives a Certificate of Occupancy from the Town and the Owner’s right to receive the Economic Incentive shall accrue when the Excise Sales Taxes are actually received by the Town from any Taxable Activities on that corresponding portion of the Undeveloped Parcel.
- (c) **Payment of Allocated Revenues Received by the Town.** The Town Administrator (or his designee) shall pay the Economic Incentive Payment for each quarter (or partial quarter if applicable) with respect to the Property.

- (d) **Computation and Report of Revenues.** Within forty-five (45) days following the end of each Town fiscal year, the Town will deliver to the Owner a statistical report of all Excise Sales Taxes generated from Taxable Activities within the Property ("**Computation and Report of Revenues**"). Such report shall specifically identify any offsets, credits, exclusions or other deductions from the Excise Sales Taxes generated by or attributable to the Property, which have been utilized by the Town in computing the Economic Incentive Payments for the purposes of this Agreement.
- (e) **Audit and Contest.** Owner shall have the right to audit and contest the Town Administrator's (or his designee's) determination of the Economic Incentive Payment amount owed to Owner for each quarter (or partial quarter if applicable) with respect to the Property, and of the Town's Computation and Report of Revenues, as determined pursuant to **Section 7.3.2(c) and (d)**, above .

7.2.3 Quarterly Economic Incentive Payments. The Economic Incentive Payments shall be paid by the Town to Owner from the Special Fund on a quarterly basis (the "**Allocated Revenues**"). The first Economic Incentive Payment shall be made by the Town to the Owner within forty-five (45) days after the Town's receipt of its first Monthly ADR Tax Report after the date the annexation ordinance for the Property becomes final. Thereafter, Economic Incentive Payments shall be made by the Town to the Owner within thirty (30) after the end of every calendar quarter until the end of the applicable Sale Tax Rebate Period.

7.2.4 Limitations on Payments to Owner. The Town shall in no event be required to pay to or on behalf of Owner, with respect to any period, any amount greater than the Allocated Revenues actually received by the Town in or prior to such period and credited (or which properly should have been credited) to the Special Fund.

7.3 Assignment. The Town agrees that Owner shall have the right to separately assign from time to time all or portions of the Economic Incentives that the Owner has the right to receive from the Town (or Owner's right to receive all or portions of the Economic Incentive Payments) to the Owner's heirs, devisees, assignees, transferees and successors, with respect to the all or portions of the Property to which the applicable Economic Incentives are attributable, provided that any such assignee shall own all or a portion of the Property. Owner shall provide the Town with copies of all such assignments, and the Town thereupon shall make such Economic Incentive Payments to such assignees in accordance with the terms of the assignments, and such assignees shall have the right to enforce their respective rights to receive such Economic Incentive Payments to the same extent as Owner. Nothing contained in this **Section 7.3** shall be deemed to relieve Owner from making all required applications to or with the Town, or from obtaining all required permits and approvals, in connection with any proposed construction on or development of the Property, subject to the terms and conditions of this Agreement.

7.4 **Term.** Unless terminated earlier pursuant to the terms of this Agreement, the Term of this Agreement shall expire on the thirtieth (30th) anniversary of the Effective Date (the “Term”).

ARTICLE VIII INDEMNITY AND RISK OF LOSS

8.1 **Indemnity by the Owner.** The Owner shall pay, defend, indemnify and hold harmless the Town and its Town Council members, officers, employees and agents from and against all claims, demands, fines, penalties, costs, expenses, damages, losses, obligations, judgments, liabilities, and suits (including reasonable attorneys’ fees, experts’ fees and court costs associated) which arise from or relate in any way to any negligent or willful acts or omissions by the Owner, or its employees, contractors, subcontractors, agents or representatives, undertaken in fulfillment of the Owner’s obligations under this Agreement; provided however, that the provisions of this **Section 8.1** shall not apply to any loss or to any instance in which a claim is asserted based, in whole or in part, upon an act or omission of the Town, its employees, contractors, subcontractors, agents or representatives. The foregoing indemnity obligations of the Owner shall survive the expiration or termination of this Agreement for a period equal to the applicable statute of limitations period.

8.2 **Indemnity by the Town.** The Town shall pay, defend, indemnify and hold harmless the Owner and their respective partners, shareholders, officers, managers, members, agents and representatives from and against all claims, demands, fines, penalties, costs, expenses, damages, losses, obligations, judgments, liabilities and suits (including reasonable attorneys’ and experts’ fees and court costs associated) which arise from or which relate in any way to any negligent or willful act or omission by the Town, its employees, contractors, subcontractors, agents or representatives, undertaken in fulfillment of the Town’s obligations under this Agreement; provided however, that the provisions of this **Section 8.2** shall not apply to any loss or to any instance in which a claim is asserted based, in whole or in part, upon an act or omission of the Owner and/or its Affiliates, or the respective agents, employees, contractors, subcontractors or representatives. The foregoing indemnity obligations of the Town shall survive the expiration or termination of this Agreement for a period equal to the applicable statute of limitations period.

8.3 **Risk of Loss.** The Owner assumes the risk of any and all loss, damage or claims to any portion of the Public Improvements unless and until title to the Public Improvements is transferred to the Town. At the time title to the Public Improvements is transferred to the Town by dedication deed, plat recordation, or otherwise, the Owner will, to the extent allowed by law, assign to the Town any unexpired warranties relating to the design, construction and/or composition of such Public Improvements. Acceptance of the Public Improvements shall be conditioned on the Town’s receipt of a two (2) year warranty of workmanship, materials and equipment, in form and content reasonably acceptable to the Town, provided however that such warranty or warranties may be provided by the Owner’s contractor or contractors directly to the Town and (in that instance) are not required from the Owner, and that any such warranties shall

extend from the date of completion of any Public Improvement, any component thereof, or the work of any specific trade or contractor, as applicable.

8.4 Town Representations. The Town represents and warrants to the Owner that:

8.4.1 The Town has the full right, power and authorization to enter into and perform this Agreement and each of Town's obligations and undertakings under this Agreement, and the Town's execution, delivery and performance of this Agreement have been duly authorized and agreed to in compliance with the requirements of the Town Code.

8.4.2 All consents and approvals necessary to the execution, delivery and performance of this Agreement have been obtained, and no further action needs to be taken in connection with such execution, delivery and performance.

8.4.3 The Town will execute and acknowledge when appropriate all documents and instruments and take all actions necessary to implement, evidence and enforce this Agreement.

8.4.4 The Town knows of no litigation, proceeding, initiative, referendum, investigation or threat of any of the same contesting the powers of the Town or its officials with respect to this Agreement, which has not been disclosed in writing to the Owner.

8.4.5 This Agreement (and each undertaking of the Town contained herein), constitutes a valid, binding and enforceable obligation of the Town, enforceable according to its terms, except to the extent limited by bankruptcy, insolvency and other laws of general application affecting creditors' rights and by equitable principles, whether considered at law or in equity. The Town will use reasonable efforts to defend the validity and enforceability of this Agreement in the event of any proceeding or litigation arising from its terms that names the Town as a party or which challenges the authority of the Town to enter into or perform any of its obligations hereunder. The severability and reformation provisions of **Section 10.9** shall apply in the event of any successful challenge to this Agreement.

8.4.6 The execution, delivery and performance of this Agreement by the Town is not prohibited by, and does not conflict with, any other agreements, instruments or judgments or decrees to which the Town is a party or is otherwise subject.

8.4.7 The Town has been assisted by counsel of its own choosing in connection with the preparation and execution of this Agreement.

8.5 Owner Representations. The Owner represents and warrants to the Town that:

8.5.1 The Owner has the full right, power and authorization to enter into and perform this Agreement and of the obligations and undertakings of the Owner this Agreement, and the execution, delivery and performance of this Agreement by the Owner has been duly authorized and agreed to in compliance with the organizational documents of Owner.

8.5.2 All consents and approvals necessary to the execution, delivery and performance of this Agreement have been obtained, and no further action needs to be taken in connection with such execution, delivery and performance.

8.5.3 The Owner will execute and acknowledge when appropriate all documents and instruments and take all actions necessary to implement, evidence and enforce this Agreement.

8.5.4 As of the date of this Agreement, the Owner knows of no litigation, proceeding or investigation pending or threatened against or affecting the Owner, which could have a material adverse affect on the Owner's performance under this Agreement, which has not been disclosed in writing to the Town.

8.5.5 This Agreement (and each undertaking of the Owner contained herein) constitutes a valid, binding and enforceable obligation of the Owner, enforceable according to its terms, except to the extent limited by bankruptcy, insolvency and other laws of general application affecting creditors' rights and by equitable principles, whether considered at law or in equity. The Owner will use reasonable efforts to defend the validity and enforceability of this Agreement in the event of any proceeding or litigation arising from its terms that names the Owner as a party or which challenges the authority of the Owner to enter into or perform any of its obligations hereunder. The severability and reformation provisions of **Section 10.9** shall apply in the event of any successful challenge to this Agreement.

8.5.6 The execution, delivery and performance of this Agreement by the Owner is not prohibited by, and does not conflict with, any other agreements, instruments, judgments or decrees to which the Owner is a party or to which the Owner is otherwise subject.

8.5.7 The Owner has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Agreement other than normal costs of conducting business and costs of professional services such as the services of architects, engineers and attorneys.

8.5.8 The Owner has been assisted by counsel of its own choosing in connection with the preparation and execution of this Agreement.

**ARTICLE IX
DEFAULT; REMEDIES; TERMINATION**

9.1 Default. A Party hereunder shall be deemed to be in default under this Agreement if such Party breaches any obligation required to be performed by the respective Party hereunder within any time period required for such performance, and such breach continues for a period of ninety (90) days after written notice thereof from the nondefaulting Party ("**Default**"); provided, however, if the breach cannot reasonably be cured within such ninety (90) day period, then the Party shall be in default if it fails to commence the cure of such breach within the ninety (90) day period and diligently pursue the same to completion. Absent written agreement to the contrary, if such breach is not cured within the additional ninety (90) day period, this Agreement may be terminated, at the sole and absolute discretion of the non-breaching Party.

9.2 Dispute Resolution. If a dispute arises out of or relates to this Agreement, or the breach thereof, and if the dispute cannot be settled through negotiation, the Parties agree first to try to settle the dispute through mediation before resorting to arbitration, litigation or some other dispute resolution procedure. In the event that the Parties cannot agree upon the selection of a mediator within seven (7) days, either Party may request the presiding judge of the Superior Court of Yavapai County to assign a mediator from a list of mediators maintained by the Arizona Municipal Risk Retention Pool.

9.3 No Personal Liability. No member, official, employee or agent of the Town shall be personally liable to the Owner, or any successor or assignee, (a) in the event of any default or breach by the Town, (b) for any amount which may become due to the Owner or its successor or assign, or (c) pursuant to any obligation of the Town under the terms of this Agreement.

9.4 Owner's Remedies. In the event the Town is in breach under this Agreement and fails to cure any such breach within the time period required as set forth in **Section 9.1** above, then, in that event, in addition to pursuing any and all other legal and equitable remedies which the Owner may have against the Town, the Owner may elect to terminate this Agreement by written notice delivered to the Town; provided, however, that any such termination shall not affect, and this Agreement and any Economic Incentives granted pursuant to this Agreement, shall continue in full force and effect with respect to those portions of the Property that have been previously developed by Owner and/or upon which Improvements have been constructed or substantial construction has commenced and upon which the applicable Economic Incentives have vested, and the Owner shall continue to make payments pursuant to **Section 6.8** of this Agreement. In the event the Town defaults in its obligation to timely pay the Economic Incentive Payments to the Owner, the Town shall pay a default interest rate at the statutory ten percent (10%) rate of interest on the unpaid amounts, until Owner is paid in full.

9.5 Town's Remedies. In the event that the Owner is in breach under this Agreement and the Owner thereafter fails to cure any such breach within the time period described in **Section 9.1** above, then the Town shall have the right to automatically terminate this Agreement

If to Owner: Steve Coury Buick Pontiac and GMC Trucks, Inc.
Attn: Steven C. Coury and Julie Ann Coury
P.O. Box 1889
6101 E Coury Drive
Hwy 260 & Coury Drive
Cottonwood, AZ 86326

With copies to: Michael J. Phalen
Fennemore Craig, P.C.
3003 North Central Avenue, Suite 2600
Phoenix, Arizona 85012

Or to such other addresses as any Party hereto may from time to time designate in writing and deliver in a like manner. Notices, approvals and other communications provided for herein shall be deemed delivered upon personal delivery, within twenty-four (24) hours following deposit with a nationally recognized overnight courier, or within forty-eight (48) hours following deposit with the United States mail, certified with return receipt requested, as hereinabove provided, prepaid and addressed as set forth above.

10.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona. This Agreement has been made and entered into in Yavapai County, Arizona.

10.6 Successors and Assigns. Except as set forth in **Section 7.3**, this Agreement shall run with the land and all of the covenants and conditions set forth herein shall inure to the benefit of and be binding upon the successors and assigns of the Parties hereto.

10.7 Waiver. No waiver by either Party of any breach of any of the terms, covenants or conditions of this Agreement shall be construed or held to be a waiver of any succeeding or preceding breach of the same for any other term, covenant or condition herein contained.

10.8 Attorneys' Fees. In the event of any actual litigation between the Parties in connection with this Agreement, the Party prevailing in such action shall be entitled to recover from the other Party all of its costs and fees, including reasonable attorneys' fees, which shall be determined by the court and not by the jury.

10.9 Limited Severability. The Town and the Owner each believes that the execution, delivery and performance of this Agreement is in compliance with all Applicable Laws. However, in the unlikely event that any phrase, clause, sentence, paragraph, section, article or other portion of this Agreement is declared void or unenforceable (or is construed as requiring the Town to do any act in violation of any Applicable Laws, constitutional provision, law, regulation, Town Code), such provision shall be deemed severed from this Agreement and this Agreement shall otherwise remain in full force and effect; provide that this Agreement shall retroactively be deemed reformed to the extent reasonably possible in such a manner so that the reformed agreement (and any related agreements effective as of the same date) provide

essentially the same rights and benefits (economic or otherwise) to the Parties as if such severance and reformation were not required. The Parties further agree, in such circumstances, to do all acts and to execute all amendments, instruments and consents necessary to accomplish and to give effect to the purposes of this Agreement, as reformed.

10.10 Schedules and Exhibits. All schedules and exhibits attached hereto are incorporated herein by this reference as though fully set forth herein.

10.11 Entire Agreement. This Agreement constitutes the entire agreement between the Parties hereto pertaining to the subject matter hereof and all prior and contemporaneous agreements, representations, negotiations and understandings of the Parties hereto, oral or written, are hereby superseded.

10.12 Recordation of Agreement. This Agreement shall be recorded in the Official Records of Yavapai County, Arizona, within ten (10) days after its approval and execution by the Town. However, the Agreement shall not become effective until thirty (30) days from the date after approval by Town Council.

10.13 Assignment or Notice of Conveyance. Subject and in addition to the provisions of this Agreement, Owner shall have the right to assign and to collaterally assign all or a portion of Owner's right under this Agreement, including but not limited to Owner's right to receive all or any portion of the Economic Incentives, provided that any such assignee shall be the owner of the Property or a lender that has advanced funds to improve the Property. The Owner must give notice to the Town of any sale of the entire Property or any portion thereof, at least ten (10) days prior to the effective date of the sale.

10.14 No Third Party Beneficiaries. There are no third party beneficiaries to the Agreement, and no person or entity not a Party will have any right or cause of action.

10.15 No Agency Created. Nothing contained in the Agreement will create any partnership, joint venture, or agency relationship between the Parties.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first set forth above.

OWNER:



Steven C. Coury



Julie Ann Coury

THE TOWN:

TOWN OF CAMP VERDE, an Arizona
municipal corporation

By: 

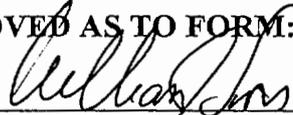
Mayor

ATTEST:

By: 

Town Clerk

APPROVED AS TO FORM:

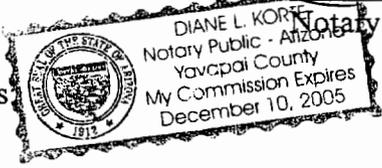
By: 

Town Attorney

STATE OF ARIZONA)
) ss.
County of Yavapai)

The foregoing instrument was acknowledged before me this 26 day of February, 2005, by Mitch Dickinson, Mayor of the Town of Camp Verde, who acknowledged that he/she signed the foregoing instrument on behalf of the Town.

Diane L. Korte
Notary Public



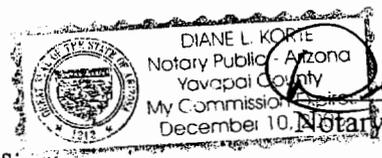
My commission expires:
12-10-05

SEAL

STATE OF ARIZONA)
) ss.
County of Yavapai)

The foregoing instrument was acknowledged before me this 26 day of February, 2005, by Steven C. Coury.

Diane L. Korte
Notary Public

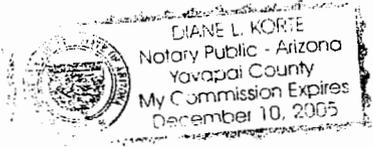


My commission expires:

SEAL

STATE OF ARIZONA)
) ss.
County of Yavapai)

The foregoing instrument was acknowledged before me this 26 day of February, 2005, by Julie Ann Coury.



SEAL

Diane L. Korte

My commission expires:
12-10-05

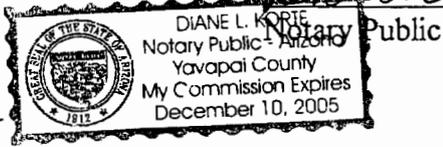


EXHIBIT A
PROPERTY LEGAL DESCRIPTION

A PARCEL OF LAND LOCATED IN THE EAST 1/2 OF SECTION 31, TOWNSHIP 15 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID EAST 1/2, FROM WHICH AN ALUMINUM CAP MARKED "ABCOR ENGINEERING #15858", MARKING THE NORTHWEST

CORNER OF SAID EAST 1/2 BEARS NORTH 00 DEGREES, 05 MINUTES, 20 SECONDS EAST, A DISTANCE OF 5238.54 FEET;

THENCE NORTH 00 DEGREES, 05 MINUTES, 20 SECONDS EAST, ALONG THE WEST LINE OF SAID EAST 1/2, A DISTANCE OF 1623.03 FEET;

THENCE SOUTH 88 DEGREES, 43 MINUTES, 43 SECONDS EAST, ALONG A NORTH LINE OF THE PARCEL OF LAND DESCRIBED IN BOOK 2481 OF OFFICIAL RECORDS, PAGE 486, RECORDS OF YAVAPAI COUNTY, ARIZONA, A DISTANCE OF 1269.07 FEET;

THENCE NORTH 00 DEGREES, 06 MINUTES, 36 SECONDS EAST, ALONG A WEST LINE OF SAID PARCEL, A DISTANCE OF 1038.67 FEET;

THENCE SOUTH 89 DEGREES, 02 MINUTES, 23 SECONDS EAST, ALONG A NORTH LINE OF LAST SAID PARCEL, A DISTANCE OF 334.63 FEET TO THE TRUE POINT OF BEGINNING;

THENCE SOUTH 78 DEGREES, 33 MINUTES, 53 SECONDS EAST, A DISTANCE OF 330.03 FEET;

THENCE NORTH 89 DEGREES, 02 MINUTES, 23 SECONDS WEST, ALONG A NORTH LINE OF THE PARCEL DESCRIBED IN BOOK 2025 OF OFFICIAL RECORDS, PAGE 212, RECORDS OF YAVAPAI COUNTY, ARIZONA, A DISTANCE OF 410.03 FEET;

THENCE NORTH 55 DEGREES, 54 MINUTES, 12 SECONDS EAST, ALONG THE CENTERLINE DESCRIBED IN EASEMENT RECORDED IN BOOK 2615 OF OFFICIAL RECORDS, PAGE 976, RECORDS OF YAVAPAI COUNTY, ARIZONA, A DISTANCE OF 104.46 FEET TO THE TRUE POINT OF BEGINNING.

Exhibit A Property legal description



Mitch Dickinson
For the Town



Steven E. Coury



Julie A. Coury

PARCEL I: ~~907~~ 090-43

A TRACT OF LAND IN THE EAST HALF OF SECTION 31, TOWNSHIP 15 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SECTION 31 (A FOUND BLM BRASS CAP 1964) FROM WHICH THE NORTHEAST CORNER OF SECTION 31 (A FOUND BLM BRASS CAP 1964) BEARS NORTH 00 DEGREES, 07 MINUTES, 26 SECONDS EAST, 5294.76 FEET (RECORD NORTH 00 DEGREES, 07 MINUTES, 26 SECONDS EAST);

THENCE NORTH 00 DEGREES, 06 MINUTES, 24 SECONDS EAST, 1323.54 FEET (RECORD NORTH 00 DEGREES, 07 MINUTES, 28 SECONDS EAST, 1323.62 FEET) TO A FOUND 1/2 INCH REBAR WITH PLASTIC CAP (RLS 9078) AND THE TRUE POINT OF BEGINNING;

THENCE NORTH 88 DEGREES, 27 MINUTES, 16 SECONDS WEST, 664.66 FEET (RECORD NORTH 88 DEGREES, 27 MINUTES, 14 SECONDS WEST, 664.65 FEET) TO A SET 1/2 INCH REBAR WITH PLASTIC CAP (LS 25384);

THENCE NORTH 00 DEGREES, 06 MINUTES, 50 SECONDS EAST, 658.62 FEET (RECORD NORTH 00 DEGREES, 06 MINUTES, 52 SECONDS EAST, 658.62 FEET) TO A SET 1/2 INCH REBAR WITH PLASTIC CAP (LS 25384);

THENCE NORTH 88 DEGREES, 43 MINUTES, 45 SECONDS WEST, 664.69 FEET (RECORD NORTH 88 DEGREES, 43 MINUTES, 43 SECONDS WEST, 664.88 FEET) TO A 1/2 INCH REBAR WITH PLASTIC CAP (LS 25384);

THENCE NORTH 00 DEGREES, 06 MINUTES, 17 SECONDS EAST, 655.45 FEET (RECORD NORTH 00 DEGREES, 06 MINUTES, 18 SECONDS EAST, 655.44 FEET) TO A FOUND 1/2 INCH REBAR WITH PLASTIC CAP (RLS 9078);

THENCE SOUTH 89 DEGREES, 02 MINUTES, 19 SECONDS EAST, 775.71 FEET (RECORD SOUTH 89 DEGREES, 00 MINUTES, 12 SECONDS EAST, 775.73 FEET) TO A SET 1/2 INCH REBAR WITH PLASTIC CAP (LS 25384);

THENCE ALONG THE WEST RIGHT OF WAY OF HIGHWAY 260 AND A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 02 DEGREES, 03 MINUTES, 48 SECONDS, A RADIUS OF 23018.32 FEET (RECORD 23018.32 FEET), A LENGTH OF 828.97 FEET AND A CHORD BEARING SOUTH 34 DEGREES, 39 MINUTES, 15 SECONDS EAST, 828.92 FEET TO A FOUND ARIZONA HIGHWAY DEPARTMENT BRASS CAP STAMPED P.O.C. STA. 476+51.26-1963;

THENCE CONTINUING ALONG THE RIGHT OF WAY AND A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 00 DEGREES, 20 MINUTES, 40 SECONDS, A RADIUS OF 23018.32 FEET (RECORD 23018.32 FEET) A LENGTH OF 138.37 FEET AND A CHORD BEARING SOUTH 35 DEGREES, 51 MINUTES, 29 SECONDS EAST, 138.37 FEET TO A SET 1/2 INCH REBAR WITH PLASTIC CAP (LS 25384);

THENCE SOUTH 00 DEGREES, 09 MINUTES, 59 SECONDS WEST, 539.71 FEET (RECORD SOUTH 00 DEGREES, 07 MINUTES, 26 SECONDS WEST, 539.89 FEET) TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM THE FOLLOWING:

A PARCEL OF LAND LOCATED IN THE EAST 1/2 OF SECTION 31, TOWNSHIP 15 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID EAST 1/2, FROM WHICH AN ALUMINUM CAP MARKED "ABCOR ENGINEERING #15858", MARKING THE NORTHWEST CORNER OF SAID EAST 1/2 BEARS NORTH 00 DEGREES, 05 MINUTES, 20 SECONDS EAST, A DISTANCE OF 5238.54 FEET;

THENCE NORTH 00 DEGREES, 05 MINUTES, 20 SECONDS EAST, ALONG THE WEST LINE OF SAID EAST 1/2, A DISTANCE OF 1623.03 FEET;

THENCE SOUTH 88 DEGREES, 43 MINUTES, 43 SECONDS EAST, ALONG A NORTH LINE OF THE PARCEL OF LAND DESCRIBED IN BOOK 2481 OF OFFICIAL RECORDS, PAGE 486, RECORDS OF YAVAPAI COUNTY, ARIZONA, A DISTANCE OF 1269.07 FEET;

THENCE NORTH 00 DEGREES, 06 MINUTES, 36 SECONDS EAST, ALONG A WEST LINE OF SAID PARCEL, A DISTANCE OF 806.26 FEET;

THENCE NORTH 55 DEGREES, 54 MINUTES, 12 SECONDS EAST, ALONG THE CENTERLINE OF THE EASEMENT DESCRIBED IN BOOK 2815 OF OFFICIAL RECORDS, PAGE 976, RECORDS OF YAVAPAI COUNTY, ARIZONA, A DISTANCE OF 72.55 FEET TO THE TRUE POINT OF BEGINNING;

THENCE NORTH 00 DEGREES, 06 MINUTES, 38 SECONDS EAST, ALONG THE WEST LINE OF THE PARCEL OF LAND DESCRIBED IN BOOK 2025 OF OFFICIAL RECORDS, PAGE 212, RECORDS OF YAVAPAI COUNTY, ARIZONA, A DISTANCE OF 130.73 FEET;

THENCE SOUTH 89 DEGREES, 02 MINUTES, 23 SECONDS EAST, ALONG THE NORTH LINE OF LAST SAID PARCEL, A DISTANCE OF 188.22 FEET;

THENCE SOUTH 55 DEGREES, 54 MINUTES, 12 SECONDS WEST, ALONG SAID CENTERLINE, A DISTANCE OF 227.57 FEET TO THE TRUE POINT OF BEGINNING.

Exhibit A-1 Property legal description

Michelle D. Johnston
For the town

Steven A. Coory

Julie A. Coory

RECORDERS MEMO: LEGIBILITY
QUESTIONABLE FOR GOOD REPRODUCTION

Exhibit B

PROPOSED SCHEDULE OF PERFORMANCE

If the Owner performs the listed Tasks within the specified timeframe.

Then the Town will provide the listed incentive for the specified incentive period.

Owner signs annexation petition within thirty (30) days of Effective Date of this Agreement.

Town provides Developed Parcel Sales Tax Rebate for Developed Parcel Sales Tax Rebate Period and Sale or Lease of Real Property Sales Tax Rebate for the Sale or Lease of Real Property Tax Rebate Period.

Owner develops Second Dealership on a portion of the Undeveloped Parcel (as depicted on Exhibit B-1) within forty-eight (48) months of the Effective Date of this Agreement.

Town provides Second Dealership Sales Tax Rebate for the Second Dealership Sales Tax Rebate Period and Sale or Lease of Real Property Sales Tax Rebate for the Sale or Lease of Real Property Tax Rebate Period.

Owner develops a portion or portions of the Undeveloped Parcel (as depicted on Exhibit B-1) within eighty-four (84) months of the Effective Date of this Agreement.

Town provides Undeveloped Parcel Sales Tax Rebate for the second portion of the Undeveloped Parcel for the Undeveloped Parcel Sales Tax Rebate Period and Sale or Lease of Real Property Sales Tax Rebate for the Sale or Lease of Real Property Tax Rebate Period.

Owner develops a portion or portions of the Undeveloped Parcel (as depicted on Exhibit B-1) within one hundred twenty (120) months of the Effective Date of this Agreement.

Town provides Undeveloped Parcel Sales Tax Rebate for the third portion of the Undeveloped Parcel for the Undeveloped Parcel Sales Tax Rebate Period and Sale or Lease of Real Property Sales Tax Rebate for the Sale or Lease of Real Property Tax Rebate Period.

Exhibit B-1

(Map of Property Depicting Developed Parcel and Undeveloped Parcel)

A PARCEL OF LAND LOCATED IN THE EAST 1/2 OF SECTION 31, TOWNSHIP 15 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID EAST 1/2, FROM WHICH AN ALUMINUM CAP MARKED "ABCOR ENGINEERING #15858", MARKING THE NORTHWEST

CORNER OF SAID EAST 1/2 BEARS NORTH 00 DEGREES, 05 MINUTES, 20 SECONDS EAST, A DISTANCE OF 5238.54 FEET;

THENCE NORTH 00 DEGREES, 05 MINUTES, 20 SECONDS EAST, ALONG THE WEST LINE OF SAID EAST 1/2, A DISTANCE OF 1623.03 FEET;

THENCE SOUTH 88 DEGREES, 43 MINUTES, 43 SECONDS EAST, ALONG A NORTH LINE OF THE PARCEL OF LAND DESCRIBED IN BOOK 2481 OF OFFICIAL RECORDS, PAGE 486, RECORDS OF YAVAPAI COUNTY, ARIZONA, A DISTANCE OF 1269.07 FEET;

THENCE NORTH 00 DEGREES, 06 MINUTES, 36 SECONDS EAST, ALONG A WEST LINE OF SAID PARCEL, A DISTANCE OF 1038.67 FEET;

THENCE SOUTH 89 DEGREES, 02 MINUTES, 23 SECONDS EAST, ALONG A NORTH LINE OF LAST SAID PARCEL, A DISTANCE OF 334.63 FEET TO THE TRUE POINT OF BEGINNING;

THENCE SOUTH 78 DEGREES, 33 MINUTES, 53 SECONDS EAST, A DISTANCE OF 330.03 FEET;

THENCE NORTH 89 DEGREES, 02 MINUTES, 23 SECONDS WEST, ALONG A NORTH LINE OF THE PARCEL DESCRIBED IN BOOK 2025 OF OFFICIAL RECORDS, PAGE 212, RECORDS OF YAVAPAI COUNTY, ARIZONA, A DISTANCE OF 410.03 FEET;

THENCE NORTH 55 DEGREES, 54 MINUTES, 12 SECONDS EAST, ALONG THE CENTERLINE DESCRIBED IN EASEMENT RECORDED IN BOOK 2615 OF OFFICIAL RECORDS, PAGE 976, RECORDS OF YAVAPAI COUNTY, ARIZONA, A DISTANCE OF 104.46 FEET TO THE TRUE POINT OF BEGINNING.

Exhibit A Property legal description

Mitch Duncan
For the Town

Steven E. Coury

Julie A Coury

PARCEL I: ~~107-090-43~~

A TRACT OF LAND IN THE EAST HALF OF SECTION 31, TOWNSHIP 15 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SECTION 31 (A FOUND BLM BRASS CAP 1964) FROM WHICH THE NORTHEAST CORNER OF SECTION 31 (A FOUND BLM BRASS CAP 1964) BEARS NORTH 00 DEGREES, 07 MINUTES, 26 SECONDS EAST, 5294.76 FEET (RECORD NORTH 00 DEGREES, 07 MINUTES, 26 SECONDS EAST);

THENCE NORTH 00 DEGREES, 06 MINUTES, 24 SECONDS EAST, 1323.54 FEET (RECORD NORTH 00 DEGREES, 07 MINUTES, 26 SECONDS EAST, 1323.62 FEET) TO A FOUND 1/2 INCH REBAR WITH PLASTIC CAP (RLS 9078) AND THE TRUE POINT OF BEGINNING;

THENCE NORTH 88 DEGREES, 27 MINUTES, 16 SECONDS WEST, 664.66 FEET (RECORD NORTH 88 DEGREES, 27 MINUTES, 14 SECONDS WEST, 664.65 FEET) TO A SET 1/2 INCH REBAR WITH PLASTIC CAP (LS 25384);

THENCE NORTH 00 DEGREES, 06 MINUTES, 50 SECONDS EAST, 658.62 FEET (RECORD NORTH 00 DEGREES, 06 MINUTES, 52 SECONDS EAST, 658.62 FEET) TO A SET 1/2 INCH REBAR WITH PLASTIC CAP (LS 25384);

THENCE NORTH 88 DEGREES, 43 MINUTES, 45 SECONDS WEST, 664.69 FEET (RECORD NORTH 88 DEGREES, 43 MINUTES, 43 SECONDS WEST, 664.88 FEET) TO A 1/2 INCH REBAR WITH PLASTIC CAP (LS 25384);

THENCE NORTH 00 DEGREES, 06 MINUTES, 17 SECONDS EAST, 655.45 FEET (RECORD NORTH 00 DEGREES, 06 MINUTES, 18 SECONDS EAST, 655.44 FEET) TO A FOUND 1/2 INCH REBAR WITH PLASTIC CAP (RLS 9078);

THENCE SOUTH 89 DEGREES, 02 MINUTES, 19 SECONDS EAST, 775.71 FEET (RECORD SOUTH 89 DEGREES, 00 MINUTES, 12 SECONDS EAST, 775.73 FEET) TO A SET 1/2 INCH REBAR WITH PLASTIC CAP (LS 25384);

THENCE ALONG THE WEST RIGHT OF WAY OF HIGHWAY 260 AND A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 02 DEGREES, 03 MINUTES, 48 SECONDS, A RADIUS OF 23018.32 FEET (RECORD 23018.32 FEET), A LENGTH OF 828.97 FEET AND A CHORD BEARING SOUTH 34 DEGREES, 39 MINUTES, 15 SECONDS EAST, 828.92 FEET TO A FOUND ARIZONA HIGHWAY DEPARTMENT BRASS CAP STAMPED P.O.C. STA. 476+51.26-1963;

THENCE CONTINUING ALONG THE RIGHT OF WAY AND A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 00 DEGREES, 20 MINUTES, 40 SECONDS, A RADIUS OF 23018.32 FEET (RECORD 23018.32 FEET) A LENGTH OF 138.37 FEET AND A CHORD BEARING SOUTH 35 DEGREES, 51 MINUTES, 29 SECONDS EAST, 138.37 FEET TO A SET 1/2 INCH REBAR WITH PLASTIC CAP (LS 25384);

THENCE SOUTH 00 DEGREES, 09 MINUTES, 59 SECONDS WEST, 539.71 FEET (RECORD SOUTH 00 DEGREES, 07 MINUTES, 26 SECONDS WEST, 539.89 FEET) TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM THE FOLLOWING:

A PARCEL OF LAND LOCATED IN THE EAST 1/2 OF SECTION 31, TOWNSHIP 15 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID EAST 1/2, FROM WHICH AN ALUMINUM CAP MARKED "ABCOR ENGINEERING #15858", MARKING THE NORTHWEST CORNER OF SAID EAST 1/2 BEARS NORTH 00 DEGREES, 05 MINUTES, 20 SECONDS EAST, A DISTANCE OF 5238.54 FEET;

THENCE NORTH 00 DEGREES, 05 MINUTES, 20 SECONDS EAST, ALONG THE WEST LINE OF SAID EAST 1/2, A DISTANCE OF 1623.03 FEET;

THENCE SOUTH 88 DEGREES, 43 MINUTES, 43 SECONDS EAST, ALONG A NORTH LINE OF THE PARCEL OF LAND DESCRIBED IN BOOK 2481 OF OFFICIAL RECORDS, PAGE 486, RECORDS OF YAVAPAI COUNTY, ARIZONA, A DISTANCE OF 1269.07 FEET;

THENCE NORTH 00 DEGREES, 08 MINUTES, 36 SECONDS EAST, ALONG A WEST LINE OF SAID PARCEL, A DISTANCE OF 806.26 FEET;

THENCE NORTH 55 DEGREES, 54 MINUTES, 12 SECONDS EAST, ALONG THE CENTERLINE OF THE EASEMENT DESCRIBED IN BOOK 2615 OF OFFICIAL RECORDS, PAGE 976, RECORDS OF YAVAPAI COUNTY, ARIZONA, A DISTANCE OF 72.55 FEET TO THE TRUE POINT OF BEGINNING;

THENCE NORTH 00 DEGREES, 06 MINUTES, 36 SECONDS EAST, ALONG THE WEST LINE OF THE PARCEL OF LAND DESCRIBED IN BOOK 2025 OF OFFICIAL RECORDS, PAGE 212, RECORDS OF YAVAPAI COUNTY, ARIZONA, A DISTANCE OF 130.73 FEET;

THENCE SOUTH 89 DEGREES, 02 MINUTES, 23 SECONDS EAST, ALONG THE NORTH LINE OF LAST SAID PARCEL, A DISTANCE OF 188.22 FEET;

THENCE SOUTH 55 DEGREES, 54 MINUTES, 12 SECONDS WEST, ALONG SAID CENTERLINE, A DISTANCE OF 227.57 FEET TO THE TRUE POINT OF BEGINNING.

Exhibit A-1 Property legal description

Mitchell D. Curran
For the town
Steven E. Coory
Julie A. Coory

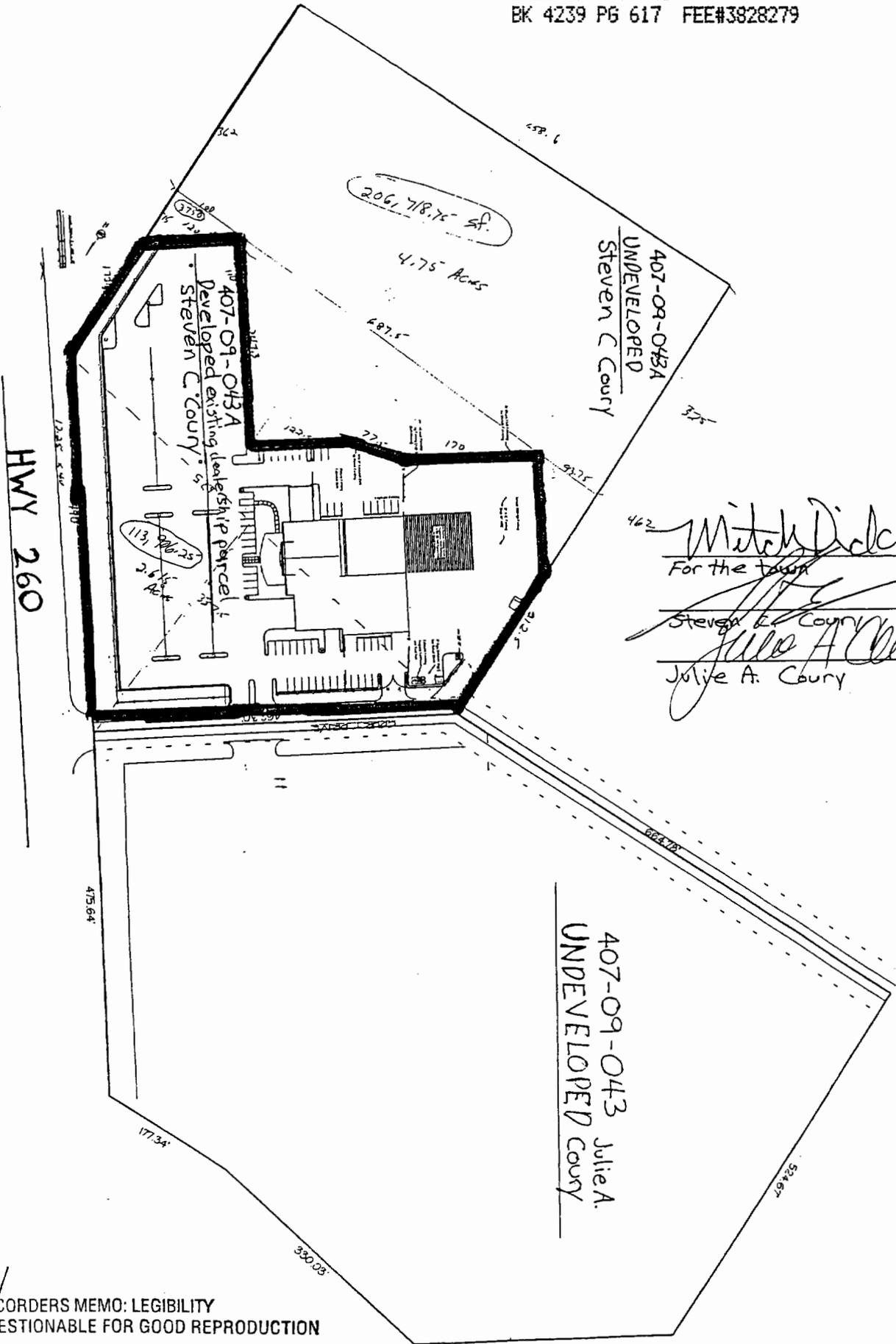
RECORDERS MEMO: LEGIBILITY
QUESTIONABLE FOR GOOD REPRODUCTION

MAP of Property Depicting Developed Parcel
and Undeveloped Parcel

PAGE 38 OF 38
BK 4239 PG 617 FEE#3828279

Total 25.125 Ac. 1,044,436 4^{approx}
 Developed Steven C. Coury 4.16 Ac. 181,710^{4 approx}
 undeveloped Steven C Coury 6.12 Ac. 266,587^{4 approx}
 undeveloped Julie A. Coury 14.84 Ac. 646,659^{4 approx}

= boundaries of existing dealership



462 Mitch Dickerson
 For the town
Steven C. Coury
Julie A. Coury
 Julie A. Coury

RECORDERS MEMO: LEGIBILITY
QUESTIONABLE FOR GOOD REPRODUCTION